

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Town of Argyle, Texas

Fiscal year ended September 30, 2023



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TOWN OF ARGYLE, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2023





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Town of Argyle, Texas

Annual Comprehensive Financial Report For the year ended September 30, 2023

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Introductory Section

For the fiscal year ended
September 30, 2023



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May 30, 2024

The Honorable Mayor, Town Council Members, and the Citizens of Argyle:

Chapter 103 of the Texas Local Government Code requires a municipality shall have its records and accounts audited annually and shall have an annual financial statement prepared based on the audit. This statutory requirement is addressed in the Town of Argyle Code of Ordinances, which includes the objective that the Town's financial statements provide a complete set of financial statements in conformance with generally accepted accounting principles (GAAP) and are audited in accordance with generally accepted auditing standards by a licensed certified public accountant(s). Accordingly, the basic financial statements for the Town of Argyle, Texas for the fiscal year ended September 30, 2023 are hereby issued.

The basic financial statements of the Town include all governmental activities, functions, and organizations for which it is financially accountable pursuant to, and as defined by, the Governmental Accounting Standards Board (GASB). Based on those criteria, no other governmental organizations are included in this report.

This report consists of management's representations concerning the finances of the Town. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making said representations, the Town has established an internal control framework that is designed both to protect the Town's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance the financial statements will be free from material misstatements. As management, we assert that to the best of our knowledge and belief this financial report is complete and reliable in all material respects.

The Town's financial statements have been audited by Vail & Park, PC, Independent Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town, for the fiscal year ended September 30, 2023, are free of material misstatements. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statements. Based on the audit, the auditors concluded

there was a reasonable basis for rendering an unqualified opinion that the Town's financial statements for the fiscal year ended September 30, 2023 are fairly presented in conformity with GAAP. The auditors' report is presented as the first component of the financial section of this report.

GAAP requires management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditor.

Profile of the Town

The Town of Argyle, located in Denton County and founded in 1881, was incorporated in 1963 and is a Type "A" General Law municipality per Texas Local Government Code. The Town occupies approximately 11 square miles and has a current population of approximately 4,780, according to estimates from the North Central Texas Council of Governments (NCTCOG). Bordered on the west by Interstate Highway 35 and having U.S. Highway 377 traversing south to north through the middle of the Town, the Town enjoys an excellent highway corridor plan that will eventually result in various mixed-use retail/commercial developments along the corridors while retaining the Town's "signature" rural-agricultural open space.

The Town operates under the Aldermanic form of government whereby the legislative and policy-making authority for the Town rests solely with the elected governing body, consisting of the Mayor and five Aldermen (Town Council Members), serving in positions 1 through 5. The Mayor and Council Members serve two-year staggered terms and are elected on an at-large basis. As part of the governing body's legislative and policy-making authority, it must adopt an annual operating budget and tax rate, approve Town ordinances and resolutions, appoint various advisory committees and employees, the Municipal Judge, Town Attorney, Town Administrator, and Town Secretary.

The Town Administrator is responsible for implementing the policies and ordinances enacted by the governing body, managing the day-to-day operations of the Town, and appointing the department directors. The Town Administrator, along with the Director of Community Development, also administers the Argyle Municipal Development District.

The Town has adopted a Comprehensive Land Use Plan and Zoning Ordinance, and thus appoints a Planning and Zoning Commission to carry out the statutory duties set forth in the Texas Local Government Code. The Town's Director of Community Development serves as staff liaison to the Planning and Zoning Commission and administers the zoning and subdivision ordinances of the Town.

The Town of Argyle voters have approved three local option sales and use tax proposals; consequently, the Town administers a Type B Municipal Development District, a Crime Control and Prevention District, and a Street Maintenance Sales Tax. The local option

sales and use tax revenue generated for these purposes are used in accordance with their respective provisions of State Law. By law, the governing body appoints an Municipal Development District Board of Directors and a Crime Control and Prevention District (CCPD) Board of Directors for the purpose of administering these programs. The Chief of Police serves as staff liaison to CCPD board.

Services Provided

The Town of Argyle provides general administration, police services, municipal court services, development and planning services, park maintenance, street and drainage maintenance, and wastewater collection system maintenance.

Other Provided Services

Fire and EMS is provided by Denton County Emergency Services District Number 1 and is funded through a District-wide property tax levy. Solid waste collection and recycling services are contracted through Republic Waste Services. The Argyle Water Supply Corporation provides water distribution and storage throughout the Town, as well as billing and collection of sewer service fees on behalf of the Town's Wastewater Utility for the majority of the wastewater customers. The Town has also contracted with the Town of Northlake for wastewater billing and collection of sewer service fees for the portion of Argyle's wastewater customers within the Canyon Falls Municipal Utility District No. 1. The Town contracts with both the Trinity River Authority and the City of Denton for wastewater treatment services.

Economic Conditions and Outlook

As the regional economy continues to prosper, business activity and development interest in the Town continue as well. Significant factors in the Town's economic strength and continued high taxable values are the proximity to major job centers within the Dallas-Fort Worth (DFW) Metroplex, along with the importance of DFW International Airport and the Alliance Airport which are connected by a network of major highways. Another contributing factor to the Town's economic stability is the exemplary schools located in Argyle. Argyle ISD (AISD) is a highly ranked school district which has won eleven consecutive Lone Star Cups and thirteen overall, making them the consistent number one 4A school district in Texas. Liberty Christian School, also located in Argyle, has been awarded the Overall State Championship by the Texas Association of Private and Parochial Schools (TAPPS) 13 times, including 12 of the last 15 years. Both schools continue to attract residents to the Town.

Residential building permit activity saw a decrease this year. In FY 2022-2023, there were 223 single-family residential permits issued; furthermore the Town issued 9 permits for commercial construction. This is in comparison with 221 permits issued in FY2022 and 260 issued in FY2021. Staff anticipates the number of permits to decline as previously approved subdivisions are on the verge of being built out – this includes Argyle Town Village, Lakes of Argyle, Waterbrook, and 5T Phase II and Avalon at Argyle Phase II and

III. Looking to the future, the approved residential development known as Argyle Landing is planned for construction beginning in 2025. This development consists of 198 residential lots to be built over the next few years. Staff continues to take a conservative approach in determining permit activity.

Currently, there are two large master planned residential communities outside the Town's limits, but within portions of the Town of Argyle's Extra Territorial Jurisdiction (ETJ). Extraterritorial jurisdiction by statute is defined as the unincorporated area that is contiguous to the corporate boundaries of the municipality and provides only limited legal ability of a government to exercise authority beyond its normal boundaries. Construction of the first phase of Harvest, a 3,000-lot master planned residential development west of Argyle, began in November 2012 and is expected to spur additional development activity and interest in the area for years to come. Harvest Townside continues to develop with Phase 13 approved for construction in Fall 2022 and consists of 132 residential lots. The Harvest Commercial area, approved for construction in Fall 2022 consists of 8 commercial lots on 66.6 acres. Canyon Falls, another 3,000-lot, master planned development south of Argyle, began construction of homes in 2014. The portion of Canyon Falls within the Town's ETJ, which includes 340 single-family lots, has completed the first phase of construction and building permits continue to be issued. Most recent activity includes the approval for construction of Canyon Falls 9-AR in Fall 2021 with 54 residential lots scheduled for this portion. There is a third planned residential subdivision which began construction in 2020 within the Argyle ETJ called Argyle Crossing which consisted of 79 single-family lots and is built out.

Local option sales and use tax revenue continues to grow steadily. Commercial projects completed include the Argyle Pediatrics office, and finish out projects in the Eagle Crossing development, Waterbrook commercial (Castle development), and the former BPS Jet building on the Evans Tract. New businesses include Independence Title (relocated from Old Town), Argyle Eye Care, Living Young Wellness Spa, A Joy Aesthetics, Revive Massage, Radiant Nutrition, Alliance Oral & Maxillofacial Surgery, Argyle Rehab and Chiropractic, Redeemed Life Counseling, and Argyle Family Counseling. Slate Commercial project is nearing completion and staff anticipates all certificates of occupancy to be issued for the suites within 2025; a restaurant and a dance studio are already in the works.

The Argyle Independent School District also completed major renovations on their transportation facility, maintenance building and Sixth Grade Center at 800 Eagle Drive. A new middle school is anticipated to be under construction in 2024.

Budget

The Fiscal Year (FY) 2023 adopted General Fund expenditures increased 8.14% over FY 2022. The increase is a combination of personnel cost increases, as well as increased contracted services. Additional personnel expenditures include the 2.5% merit adjustment all employees were eligible for police officers received their market adjustment to the general service pay schedule to help with retention of these valuable employees. The

Crime Control Prevention Fund helped fund this pay through an annual transfer. The balance of the increase is in contracted services.

The Town had transitioned to an Information Technology (IT) support contract in FY 2018, and this has continued through the years with an increase in support the Town has seen an increase in the contract cost. There was also a large increase in the third-party inspection services contract due to the number of homes constructed. The components of this increase are primarily higher Ad Valorem revenue, increased sales tax revenue, and increased permit revenue. This was the seventh year of a transfer from Crime Control Prevention District to help fund officer pay increases.

FY 2023 closed the year with actual revenues exceeding budgeted revenues by \$753,794.57. During the FY 2023 budget process, Council approved a transfer from the general fund to the capital improvements fund in the amount of \$1,000,000. The funds are to be set aside with the intention to fund the purchase of land for a future law enforcement and town hall complex. The FY 2023 Adopted Budget reflects ending fund balance of 319 days, which is above the 120 days required in our financial policies.

The 2023 (FY 2023 Budget) certified taxable values increased to \$1,104,820,952 over 2022 taxable values. The increase is a combination of new value-added, and appreciation in existing home values. For FY 2023, the Council approved a property tax rate decrease from \$0.370482 to \$0.365347 per \$100 valuation. This was the third property tax rate decrease in ten years.

Accounting System and Budgetary Control

The Town's accounting records for general governmental operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable. Expenditures are recorded when the services or goods are received, and the liabilities incurred. Accounting records for the Town's utilities are maintained on the accrual basis.

In developing and maintaining the Town's accounting system, consideration is given to the adequacy of the internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe the Town's internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. The Town continues to review additional procedures to enhance the current internal controls.

The annual program of services (budget) serves as the foundation of the Town's financial planning and control. State law requires the annual budget to be adopted by the Town Council before the start of the fiscal year. The proposed budget must be filed with the Town Secretary, for public review, no later than thirty (30) days before the date set for a public hearing by the Town Council to consider adoption of the annual program of services.

Prior to adoption, the Town Administrator and department directors prepare program expenditure estimates for the remainder of the current fiscal year, as well as for the upcoming fiscal year which are compared to estimates of revenue for the same periods. Adjustments are made to the program expenditure estimates as necessary to ensure the proposed program of services is presented within total estimated revenue and available beginning revenue sources.

The Town Administrator is authorized to transfer budgeted amounts between line items within any fund; however, any revisions altering the total approved expenditures of any fund must be approved by the Town Council.

Budgetary control has been established at the fund level. Financial reports are produced showing budget and actual expenditures by line item and are distributed monthly to the departmental management and to others upon request.

Individual line items are reviewed and analyzed for budgetary compliance. Personnel expenditures are monitored and controlled at the position level, and capital expenditures are monitored and controlled item by item. Revenue and expenditure budgets are reviewed monthly.

A budget-to-actual comparison for the General Fund is provided later in this report.

Debt Management

The Town funds its capital program from a combination of current revenues and capital debt. Street improvements are funded by a combination of capital debt and capital improvement fees. Annual debt service requirements for general obligation debt are well below the statutory legal limit of \$1.50 per \$100 assessed property value.

Cash Management

The Town utilizes its investment policy in the management of all cash. The Town's investment policy embraces current state regulations on the investment of public funds and authorizes the Town to invest in fully insured or collateralized certificates of deposit from the depository bank, direct obligations of the United States Government, obligations of an agency of the United States Government and local government investment pools. State law requires public funds deposits be collateralized. Collateral is monitored to ensure the market value of the pledged securities equals or exceeds 102% of the related deposit or investment balance. All collateral shall be subject to verification by the Town Treasurer and the Town's independent auditors.

Tax Appraisal/Collection Responsibilities

Under Texas law enacted in 1979, and subsequent revisions of the State Property Tax Code, the appraised value of taxable property in Argyle is established by the Denton County Appraisal District. The Town of Argyle and other taxing jurisdictions in Denton County provide a pro-rata share of the budgeted expenditures incurred by the Appraisal District, based on the individual levy. The Denton County Tax Assessor-Collector provides tax collection services for the Town and other taxing jurisdictions in Denton County.

Risk Management

A town government is continuously exposed to risk of all kinds, including damage to public property and liability resulting from injury to persons and damage to their property. As a means of providing reasonable protection against these risks, the Town participates in the Texas Municipal League Joint Self-Insurance Fund for its property loss and liability coverage. As a member of the program, the Town is provided the most extensive protection available to Texas cities in the areas of comprehensive general liability, auto liability, losses to municipal building and contents, and for law enforcement and public officials' liability coverage.

Acknowledgments

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Town. We would like to express our appreciation to all staff members who assisted and contributed to its preparation. We would also like to thank the Mayor and Town Council members for their interest and support in planning and conducting the financial operations of the Town in a responsible and progressive manner.

Respectfully Submitted,

Erika McComis
Town Administrator



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Town of Argyle, Texas

List of Elected and Appointed Officials

As of September 30, 2023

Elected Officials

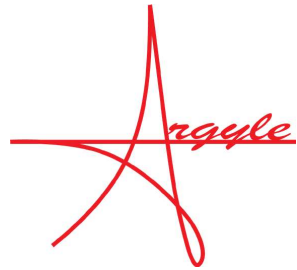
Mayor	Rick Bradford
Council Member – Place 1	Gordon Bathge
Council Member – Place 2	Ronald Schmidt
Council Member – Place 3	Chad Boyd
Council Member – Place 4	Casey Stewart
Council Member – Place 5	Cynthia Hermann

Appointed Officials

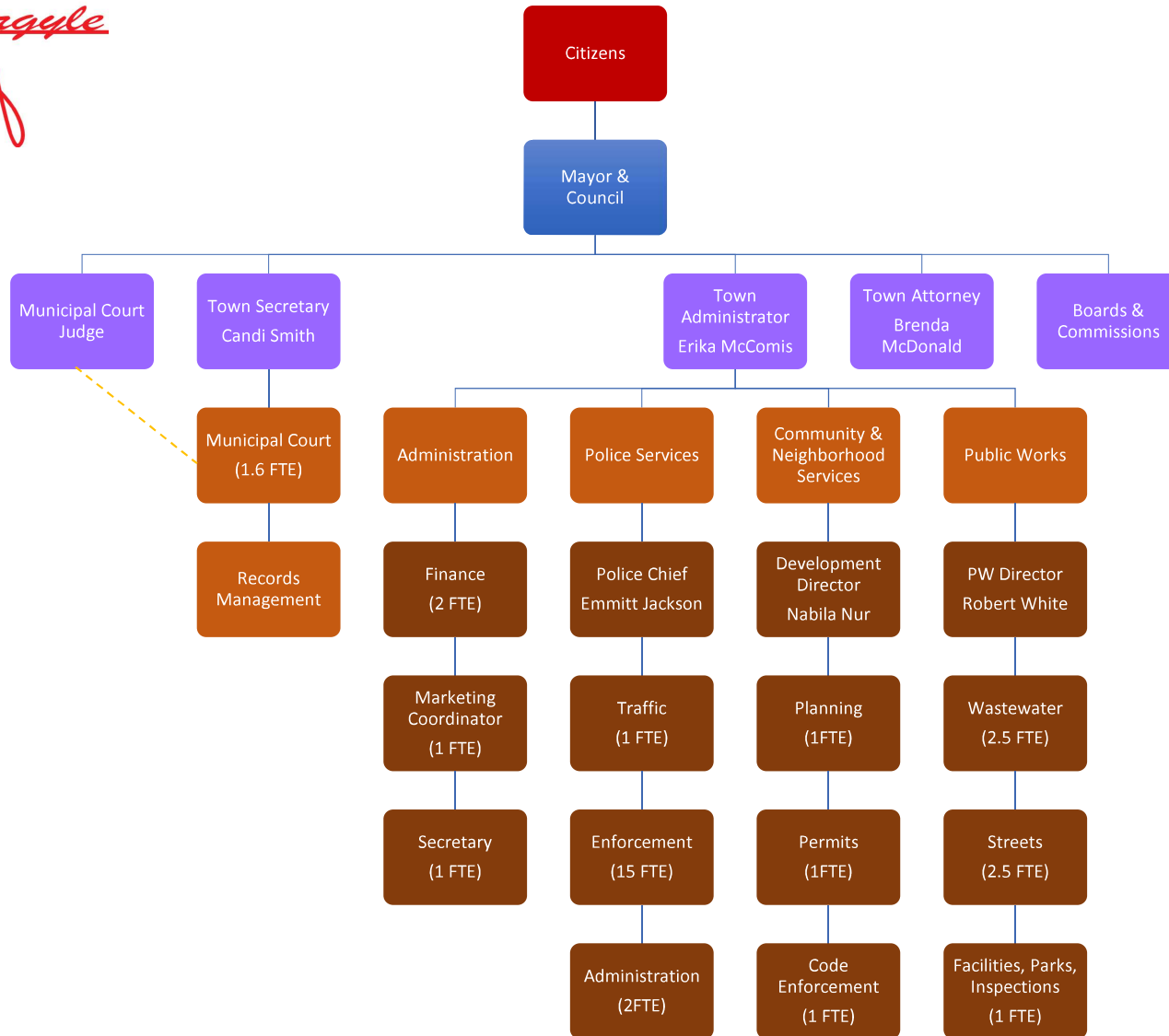
Town Administrator	Erika McComis
Town Secretary	Candi Smith

Department Directors

Police Chief	Emmitt Jackson
Director of Community Services	Nabila Nur
Public Works Director	Robert White



Town of Argyle
FY 2023 Organizational Chart





Financial Section

For the fiscal year ended
September 30, 2023



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REPORT OF INDEPENDENT AUDITOR'S

To the Honorable Mayor and Members of the Town Council
Town of Argyle, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Argyle, Texas (the "Town") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Town basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

A restatement was necessary to correct the beginning balance of the Wastewater Fund (WW) for a developer payable for impact fees that was already paid in prior year which resulted in a credit to WW unreserved fund balance of approximately \$138,000. See "Prior Period Adjustments" footnote.

As discussed in Note P, the financial statements referred to above include only the primary government of the Town, which consists of all funds, organizations, departments, and offices that comprise the Town's legal entity.

These primary government financial statements do not include financial data for the Town's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the Town's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the Town, as of September 30, 2023, the changes in its financial position, or, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the reporting entity of the Town, as of and for the year ended September 30, 2023, and our report thereon, dated September 6, 2024, expressed unmodified opinions on those financial statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of Management for the Financial Statements (continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Argyle, Texas' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Argyle, Texas' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 18-24) general fund budgetary comparison statement (page 69), schedule of changes in Net Pension Liability and Related Ratios (page 70), and Schedule of Contribution - Pensions (page 71), presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2024, on our consideration of the Town internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town internal control over financial reporting and compliance.

Vail + Park, P.C.

Frisco, Texas

September 30, 2024



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**TOWN OF ARGYLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

Our discussion and analysis of the Town of Argyle's financial performance provides an overview of the Town's financial activities for the fiscal year ended September 30, 2023. Please read it in conjunction with the Town's financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$49,432,355.
- The unrestricted net position at the close of the fiscal year is \$11,005,239 and may be used to meet the Town's ongoing/unallocated obligations to citizens and creditors.
- The Town's total net position increased by \$5,744,938. The increase in governmental activities of \$4,868,230 is primarily due to increased property taxes and sales taxes. The increase in business-type activities of \$876,708 is primarily due to increased charges for wastewater fees and services.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$17,080,114, which includes the Municipal Development District (MDD) and Crime Control Prevention District (CCPD). The fund balances increased overall by an amount of \$791,505. This is primarily due to increased property taxes, sales taxes, and charges for wastewater fees and services.
- At the end of the current fiscal year, the unassigned General Fund balance was \$887,646 of total FY23 General Fund budgeted expenditures.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and Statement of Activities. These provide information about the activities of the Town as a whole and present a long-term view of the Town's financial condition. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. Governmental fund statements tell how services were financed in short-term, as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for funding requests and the appropriations from the State. Proprietary fund financial statements report activity for the Town's wastewater operations.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosures for the government-wide statements and the fund financial statements.

Reporting the Town as a Whole – Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities

Government-wide financial statements provide an analysis of the Town's overall financial condition and operation. The primary objective of these statements is to show whether the Town's financial condition has improved or deteriorated as a result of the year's activities.

The Statement of Net Position includes all the Town's assets and liabilities (including long-term items) while the Statement of Activities includes all the revenue and expenses generated by the Town's operations during the year. Government-wide statements utilize the accrual basis of accounting, which is the same method used by most private sector companies.

All the current year's revenue and expenses are taken into account regardless of when cash is received or paid. The Town's revenue is divided into the following categories: 1) charges for services; 2) operating grants and contributions; 3) capital grants and contributions; and 4) general revenues not associated with any specific program function. All of the Town's assets are reported whether they serve the current or future years. Liabilities are also reported regardless of whether they must be paid in the current or future years.

These two statements report the Town's net position and changes in it. The Town's net position (the difference between assets and liabilities) provides one measure of the Town's financial health. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the Town however, non-financial factors should also be considered, such as changes in the Town's request for services from citizens and the condition of the Town's facilities.

In the Statement of Net Position and the Statement of Activities, the Town has two kinds of activities:

Governmental Activities – Town services such as public safety, municipal court, public works, development services and general government are reported here. Town property taxes finance approximately 37% of these activities.

Business-Type Activities - The Town uses proprietary (business-type) funds to account for its wastewater services. The services are supported by monthly charges to citizens.

Reporting the Town's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds. The Town's two kinds of funds - governmental and proprietary - use different accounting approaches.

Governmental Funds – The Town reports most of its basic services in governmental funds. Governmental funds use the modified accrual basis of accounting (a method that measures the receipt and disbursement of cash and other financial assets that can be readily converted to cash) and they report balances that are available for future spending. Governmental fund statements provide a detailed short-term view of the Town's general operations and the basic services it

provides. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Proprietary Funds – The Town uses proprietary (business-type) funds to account for its wastewater operations. The full-accrual basis of accounting is used for all proprietary type funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Government-wide Statement of Net Position

The Town implemented the provisions of GASB Statement No. 34 during the fiscal year 2004. Net position serves as one useful indicator of a government’s financial position. In the case of the Town, assets exceeded liabilities by \$49,432,355 at the end of fiscal year 2023. The increase of \$5,744,938 is a net increase of \$1,099,612 over 2022 and is primarily due to increased property taxes, sales taxes, and charges for wastewater fees and services.

TABLE 1 NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 18,634,035	\$ 18,409,491	\$ 4,967,260	\$ 4,943,563	\$ 23,601,295	\$ 23,353,054
Capital assets, net of accumulated depreciation	27,506,974	24,513,807	9,836,917	9,266,409	37,343,891	33,780,216
Total assets	46,141,009	43,567,021	14,804,177	14,209,972	60,945,186	57,133,270
Deferred outflows of resources	778,053	266,593	-	-	778,053	266,593
Current payables & other liabilities	1,599,801	1,293,317	452,483	572,175	2,052,284	1,865,492
LT bonds and leases payable	7,757,016	8,501,851	2,481,584	2,644,395	10,238,600	11,146,246
Total liabilities	9,356,817	9,795,168	2,934,067	3,216,570	12,290,884	13,011,738
Deferred inflows of resources	-	1,629,448	-	-	-	1,629,448
Net assets						
Net investment in capital asset	20,196,668	16,157,038	7,360,471	6,626,680	27,557,139	22,783,718
Restricted net assets						
Debt retirement	319,304	118,518	-	-	319,304	118,518
Capital improvements	4,161,757	5,663,660	1,309,608	1,221,892	5,471,365	6,885,552
Street maintenance	2,646,098	1,868,089	-	-	2,646,098	1,868,089
Economic development	2,433,210	2,081,919	-	-	2,433,210	2,081,919
Other specific purposes	-	1,633,873	-	-	-	1,633,873
Tax Increment Reinvestment Zone	-	268,740	-	-	-	268,740
Unrestricted	7,805,208	4,902,178	3,200,031	3,144,830	11,005,239	8,047,008
Total net position	\$ 37,562,245	\$ 32,694,015	\$ 11,870,110	\$ 10,993,402	\$ 49,432,355	\$ 43,687,417

The Town’s net investment in capital assets is 55.75% of the Town’s total net position. This includes all capital assets, net of related debt: land, construction in progress, buildings and improvements, general infrastructure, intangibles, vehicles and equipment, leases, and wastewater system, less outstanding debt used to acquire these assets. The Town uses capital assets to provide services to the citizens they serve; consequently, these assets are not available for future spending.

An additional portion of the Town’s net position (21.99%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted/unallocated net position*, \$11,005,239, may be used to meet the Town’s ongoing obligations to citizens and creditors.

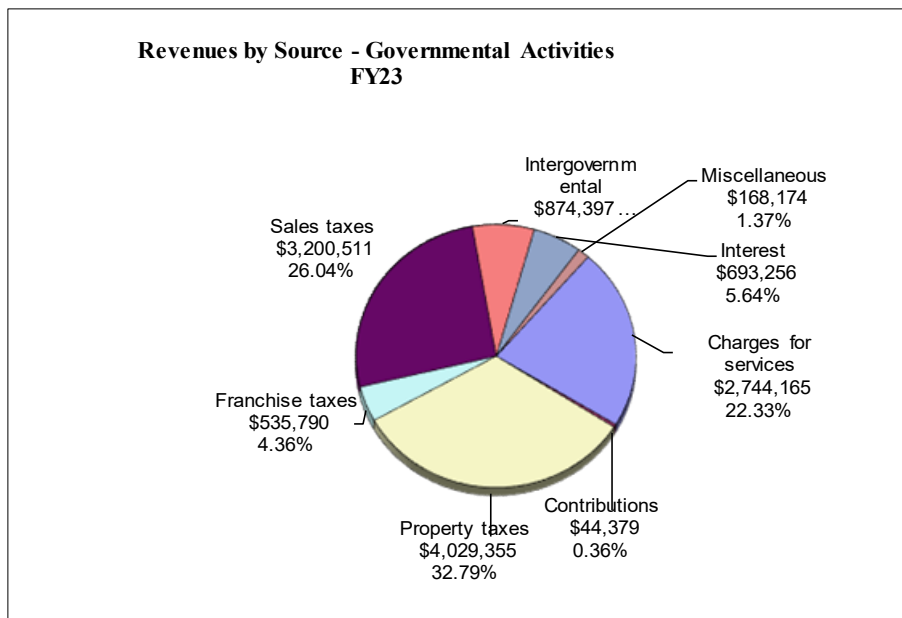
Government-wide Statement of Activities

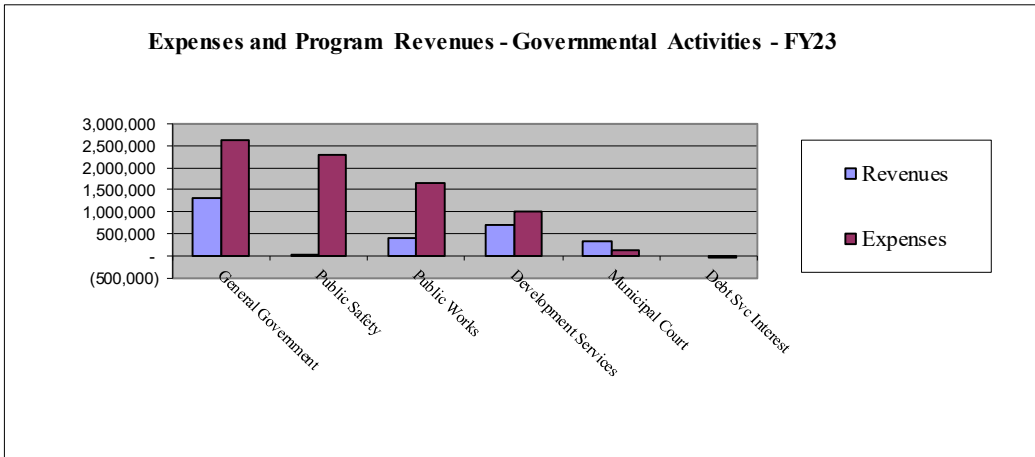
TABLE II
CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues						
Charges for services	\$ 2,744,165	\$ 2,430,854	\$ 2,515,493	\$ 919,842	\$ 5,259,658	\$ 3,350,696
Operating grants and contributions	44,379	14,786	-	-	44,379	14,786
Capital grants and contributions	-	-	-	810,092	-	810,092
General revenues						
Property taxes	4,029,355	3,663,937	-	-	4,029,355	3,663,937
Franchise taxes	535,790	496,355	-	-	535,790	496,355
Sales taxes	3,200,511	2,849,949	-	-	3,200,511	2,849,949
Intergovernmental	874,397	-	-	-	874,397	-
Interest	693,256	206,770	219,553	8,057	912,809	214,827
Miscellaneous	168,174	163,682	-	-	168,174	163,682
Total revenues	12,290,027	9,826,333	2,735,046	1,737,991	15,025,073	11,564,324
Expenses:						
General government	\$ 2,616,292	1,892,174	-	-	2,616,292	1,892,174
Public safety	2,294,228	1,898,264	-	-	2,294,228	1,898,264
Public works	1,656,204	1,234,657	-	-	1,656,204	1,234,657
Development services	1,005,066	872,554	-	-	1,005,066	872,554
Municipal court	126,739	67,190	-	-	126,739	67,190
Interest on long term debt	(40,518)	235,119	57,761	54,148	17,243	289,267
Bond issuance costs	-	-	-	60,654	-	60,654
Wastewater utility	-	-	1,702,490	875,944	1,702,490	875,944
Total expenses	7,658,011	6,199,958	1,760,251	990,746	9,418,262	7,190,704
Increase (decrease) in net assets before transfers	4,632,016	3,626,375	974,795	747,245	5,606,811	4,373,620
Net transfers	236,214	545,619	(236,214)	(412,040)	-	133,579
Increase (decrease) in net position	4,868,230	4,171,994	738,581	335,205	5,606,811	4,507,199
Net position - beginning, as restated	32,694,015	28,522,021	10,993,402	6,446,838	43,687,417	34,968,859
Prior period adjustment	-	-	138,127	3,819,062	138,127	3,819,062
Net position - ending	\$ 37,562,245	\$ 32,694,015	\$ 11,870,110	\$ 10,601,105	\$ 49,432,355	\$ 43,295,120

Governmental Activities

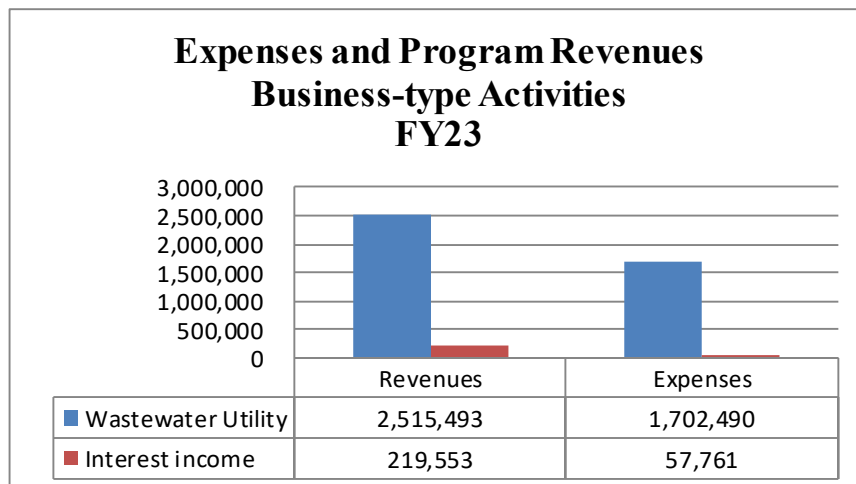
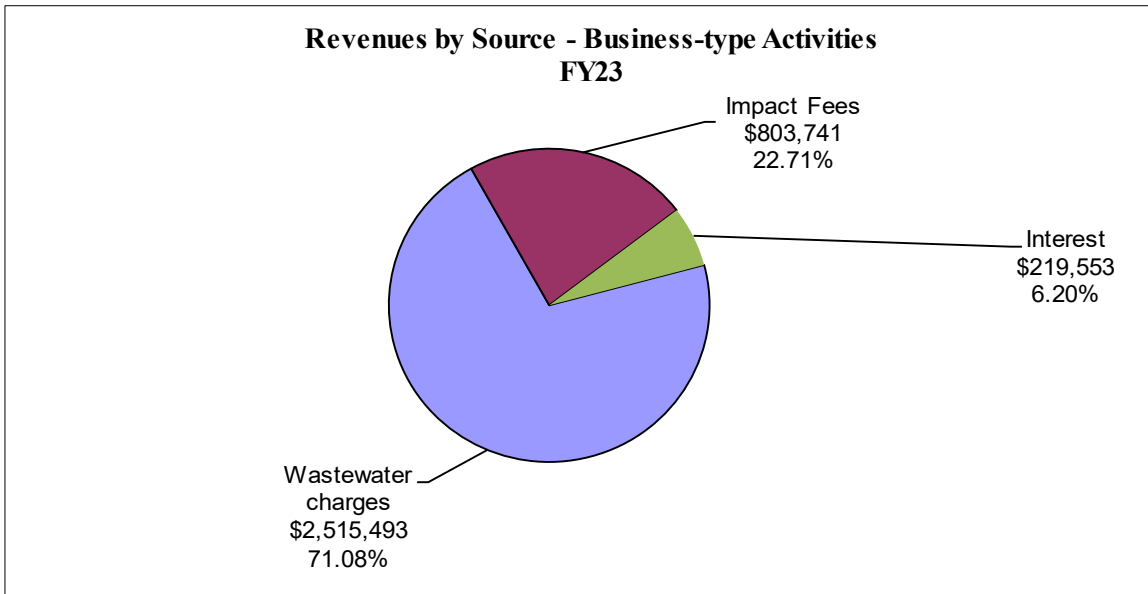
Governmental activities increased the net position of the Town by \$4,868,230. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$7,805,208 for governmental activities.





Business-type Activities

Business-type activities increased the net position of the Town by \$876,708.



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FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As the Town completed the year, its combined governmental funds, as presented in the balance sheet, reported a combined fund balance of \$17,080,114. This represents an increase of \$791,505 from the prior fiscal year.

Revenues for the Town's general fund were \$7,246,999, while total expenses before transfers were \$5,761,790. Other financing sources (uses) include a budgeted transfer from the General Fund of \$100,000 to the Tax Increment Reinvestment Zone Fund \$32,000 to the Debt service and \$1,000,000 to the Capital Improvements Fund. Transfers to the General Fund included \$190,641 from the CCPD Fund, and \$77,526 from the MDD Fund for the FY 2023.

Factors concerning the finances of the wastewater business-type fund were addressed in the previous discussion of the Town's business-type activities.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

TABLE III
TOWN OF ARGYLE CAPITAL ASSETS (NET OF DEPRECIATION)

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 473,246	\$ 473,246	\$ -	\$ -	\$ 473,246	\$ 473,246
Construction in progress	114,669	1,308,831	\$ 1,568,183	663,182	1,682,852	1,972,013
Buildings and improvements	1,748,618	1,894,218	-	-	1,748,618	1,894,218
Infrastructure	24,821,002	20,421,473	-	-	24,821,002	20,421,473
Intangibles	8,380	13,673	8,381	13,674	16,761	27,347
Vehicles and equipment	327,780	381,076	225,317	245,866	553,097	626,942
Graveyard branch collection system	-	-	305,763	-	305,763	-
Wastewater system	-	-	7,729,273	8,343,687	7,729,273	8,343,687
Leased Assets	13,279	21,290	-	-	-	21,290
Total	\$ 27,506,974	\$ 24,513,807	\$ 9,836,917	\$ 9,266,409	\$ 37,330,612	\$ 33,780,216

Governmental activities capital assets had a net increase of \$2,993,167 over FY 2023. The increase was due to the capitalizing the remaining portion of Stonecrest Road project as infrastructure and other normal capital purchases and dispositions, offset by annual depreciation expense of \$1,095,845.

Business-type activities assets had a net decrease of \$570,508 over FY 2023. The decrease is a combination of additions to Construction in progress and normal capital purchases and dispositions as well as the annual depreciation expense of \$343,186. See *Notes to Financial Statements* for more detailed information on capital asset activity.

Long-term Debt

**TABLE IV
TOWN OF ARGYLE OUTSTANDING DEBT**

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Bonds payable	\$ 7,394,206	\$ 8,335,606	\$ 2,476,446	\$ 2,639,729	\$ 9,870,652	\$ 10,975,335
Leases payable	13,056	21,163	-	-	13,056	21,163
Compensated absences	131,207	125,082	5,138	4,666	136,345	129,748
	<u>\$ 7,538,469</u>	<u>\$ 8,481,851</u>	<u>\$ 2,481,584</u>	<u>\$ 2,644,395</u>	<u>\$ 10,020,053</u>	<u>\$ 11,126,246</u>

On September 30, 2023, the Town had bonds payable, leases and accrued compensated absences outstanding of \$10,020,053. The decrease of \$1,106,193 is a result of principal payments made during the year. Debt service payments made include payment on refunded debt. See *Notes to Financial Statements* for more detailed information on long-term debt activity.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The ending General Fund balance for FY 2023 was \$5,250,883. Fund balance is currently 324 days, well above the stated balance of 120 days in the Town's Financial Policies. The fiscal year 2022-2023 budget was based on the prevailing property tax rate of \$.370482 per \$100 of valuation.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Town of Argyle, Attn: Finance Director, P.O. Box 609, Argyle, TX 76226.



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Basic Financial Statements

For the fiscal year ended
September 30, 2023



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Town of Argyle, Texas
Statement of Net Position
September 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 8,233,283	\$ 3,002,316	\$ 11,235,599
Receivables (net of allowance for uncollectibles)	873,409	372,427	1,245,836
Internal balances	(61,265)	61,265	-
Restricted cash and cash equivalents	9,560,369	1,309,608	10,869,977
Capital assets (net of accumulated depreciation):			
Land	473,246	-	473,246
Construction in progress	114,668	1,568,183	1,682,851
Buildings and improvements	1,748,618	-	1,748,618
Vehicles and equipment	327,780	225,317	553,097
Infrastructure	24,821,002	-	24,821,002
Wastewater system	-	7,729,273	7,729,273
Graveyard branch collection system	-	305,763	305,763
Intangible assets	8,381	8,381	16,762
Leased assets	13,279	-	13,279
Total capital assets	27,506,974	9,836,917	37,343,891
Escrow and other assets	28,239	-	28,239
Total assets	46,141,009	14,582,533	60,723,542
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow - pension related	770,053	-	770,053
Deferred charge on refunding	8,000	-	8,000
Total deferred outflows of resources	778,053	-	778,053
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	46,919,062	14,582,533	61,501,595
LIABILITIES			
Current liabilities:			
Accounts payable	329,362	201,014	530,376
Accrued liabilities	183,296	29,825	213,121
Lease payable	13,055	-	13,055
Unearned revenue	1,087,143	-	1,087,143
Non-current liabilities:			
Compensated absences - noncurrent	131,207	5,138	136,345
Due within one year	904,401	165,000	1,069,401
Due in more than one year (net of unamortized bond premium)	6,274,698	2,311,446	8,586,144
Net Pension liability	433,655	-	433,655
Total liabilities	9,356,817	2,712,423	12,069,240
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow - pension related	-	-	-
Total deferred inflow of resources	-	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	9,356,817	2,712,423	12,069,240
NET POSITION			
Net investment in capital assets	20,196,668	7,360,471	27,557,139
Restricted for:			
Debt service	319,304	-	319,304
Capital improvements	4,161,757	1,309,608	5,471,365
Street maintenance	2,646,098	-	2,646,098
Economic development	2,433,210	-	2,433,210
Unrestricted	7,805,208	3,200,031	11,005,239
TOTAL NET POSITION	\$ 37,562,245	\$ 11,870,110	\$ 49,432,355

The accompanying notes to financial statements are an integral part of this statement.

Town of Argyle, Texas
Statement of Activities
For the Year Ended September 30, 2023

Program Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 2,616,292	\$ 1,304,040	\$ -	\$ -	\$ (1,312,252)	\$ -	\$ (1,312,252)
Municipal court	126,739	324,257	-	-	197,518	-	197,518
Public safety	2,294,228	-	44,379	-	(2,249,849)	-	(2,249,849)
Public works	1,656,204	402,307	-	-	(1,253,897)	-	(1,253,897)
Development services	1,005,066	713,551	-	-	(291,515)	-	(291,515)
Interest expense	(40,518)	-	-	-	40,518	-	40,518
Total governmental activities	<u>7,658,011</u>	<u>2,744,155</u>	<u>44,379</u>	<u>-</u>	<u>(4,869,477)</u>	<u>-</u>	<u>(4,869,477)</u>
Business-type activities:							
Wastewater utility	1,702,490	2,515,493	-	-	-	813,003	813,003
Interest expense	57,761	-	-	-	-	(57,761)	(57,761)
Total business-type activities	<u>1,760,251</u>	<u>2,515,493</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>755,242</u>	<u>755,242</u>
Total Primary Government	<u>\$ 9,418,262</u>	<u>\$ 5,259,648</u>	<u>\$ 44,379</u>	<u>\$ -</u>	<u>\$ (4,869,477)</u>	<u>\$ 755,242</u>	<u>\$ (4,114,235)</u>
Change in net position							
General revenues:							
Property taxes					4,442,336	-	4,442,336
Sales taxes					2,787,530	-	2,787,530
Franchise fees					535,790	-	535,790
Interest					874,407	219,553	1,093,960
Intergovernmental					693,256	-	693,256
Miscellaneous					168,174	-	168,174
Transfers in (out)					236,214	(236,214)	-
Total general revenues and transfers					<u>9,737,707</u>	<u>(16,661)</u>	<u>9,721,046</u>
Change in net position					4,868,230	738,581	5,606,811
Net position - beginning					32,694,015	10,993,402	43,687,417
Prior period adjustments					-	138,127	138,127
Net position - ending					<u>\$ 37,562,245</u>	<u>\$ 11,870,110</u>	<u>\$ 49,432,355</u>

The accompanying notes to financial statements are an integral part of this statement.

Town of Argyle, Texas
Balance Sheet
Governmental Funds
September 30, 2023

	General Fund	Debt Service Fund	Capital Improvements Fund	Street Maintenance Fund	Roadway Impact Fees Fund	Municipal Development District	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS								
Cash and cash equivalents	\$ 5,924,210	\$ 388,922	\$ 1,707,704	\$ 2,500,776	\$ 2,622,107	\$ 2,338,252	\$ 2,311,681	\$ 17,793,652
Receivables (net of allowance for uncollectibles)								
Property taxes	33,757	13,016	-	-	-	-	-	46,773
Sales and beverage taxes	291,157	-	-	145,107	-	-	71,069	507,333
Franchise fees	190,709	-	-	-	-	-	-	190,709
Municipal court	21,202	-	-	-	-	-	-	21,202
Other	32,912	70	-	-	-	74,410	-	107,392
Due from other funds	153,482	221,644	-	215	-	-	64,992	440,333
Escrow and other assets	28,239	-	-	-	-	-	-	28,239
Total assets	<u>6,675,668</u>	<u>623,652</u>	<u>1,707,704</u>	<u>2,646,098</u>	<u>2,622,107</u>	<u>2,412,662</u>	<u>2,447,742</u>	<u>19,135,633</u>
LIABILITIES								
Accounts payable	158,236	-	168,054	-	-	1,500	1,563	329,353
Accrued liabilities	157,235	-	-	-	-	1,787	-	159,022
Unearned revenues	1,001,432	-	-	-	-	-	-	1,001,432
Due to other fund	55,715	292,409	-	-	-	-	153,482	501,606
Total liabilities	<u>1,372,618</u>	<u>292,409</u>	<u>168,054</u>	<u>-</u>	<u>-</u>	<u>3,287</u>	<u>155,045</u>	<u>1,991,413</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	52,167	11,939	-	-	-	-	-	64,106
Total deferred inflows of resources	<u>52,167</u>	<u>11,939</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,106</u>
FUND BALANCES								
Restricted for:								
Debt service	-	319,304	-	-	-	-	-	319,304
Capital improvements	-	-	1,539,650	-	2,622,107	-	-	4,161,757
Street maintenance	-	-	-	2,646,098	-	-	-	2,646,098
Economic development	-	-	-	-	-	2,409,375	23,835	2,433,210
Assigned to:								
Municipal court	-	-	-	-	-	-	65,697	65,697
Community projects	-	-	-	-	-	-	1,108,786	1,108,786
Police	-	-	-	-	-	-	627,487	627,487
Building maintenance	-	-	-	-	-	-	29,490	29,490
Equipment replacement	-	-	-	-	-	-	237,841	237,841
TIRZ	-	-	-	-	-	-	199,561	199,561
Unrestricted	5,250,883	-	-	-	-	-	-	5,250,883
Total fund balances	<u>5,250,883</u>	<u>319,304</u>	<u>1,539,650</u>	<u>2,646,098</u>	<u>2,622,107</u>	<u>2,409,375</u>	<u>2,292,697</u>	<u>17,080,114</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 6,675,668</u>	<u>\$ 623,652</u>	<u>\$ 1,707,704</u>	<u>\$ 2,646,098</u>	<u>\$ 2,622,107</u>	<u>\$ 2,412,662</u>	<u>\$ 2,447,742</u>	<u>\$ 19,135,633</u>

The accompanying notes to financial statements are an integral part of this statement.

Town of Argyle, Texas
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
Governmental Funds
September 30, 2023

Amounts reported for governmental activities in the statement of net position are different because:

Fund balance - total governmental funds		\$ 17,080,114
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		27,506,974
Long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore, are not reported in the funds.		
	Bonds payable	(7,179,099)
	Leases payable	(13,056)
	Deferred charges	8,000
	Net Pension liability	(433,655)
	Accrued interest	(24,274)
		(7,642,084)
Other long-term liabilities are not recognized as current period revenues and, therefore, are deferred in the funds.		
	Deferred outflows and inflows	770,053
	Unavailable revenue	(21,605)
	Compensated absences	(131,207)
		617,241
Net position of governmental activities		<u>\$ 37,562,245</u>

Town of Argyle, Texas
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended September 30, 2023

	General Fund	Debt Service Fund	Capital Improvements Fund	Street Maintenance Fund	Roadway Impact Fees Fund	Municipal Development District	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES								
Taxes:								
Property	\$ 2,795,556	\$ 1,074,427	\$ -	\$ -	\$ -	412,981	\$ 216,219	\$ 4,499,183
Sales and beverage	1,600,418	-	-	797,430	-	-	389,682	2,787,530
Franchise fees	535,790	-	-	-	-	-	-	535,790
Municipal court fines	324,257	-	-	-	-	-	-	324,257
Building permits and fees	1,282,430	-	-	-	-	-	-	1,282,430
Court technology and security fees	-	-	-	-	-	-	21,610	21,610
Park development fees	145,294	-	-	-	-	-	257,013	402,307
Tree reforestation fees	-	-	-	-	-	-	-	-
Development and impact fees	-	-	-	-	713,551	-	-	713,551
Contributions	-	-	-	-	-	-	44,379	44,379
Intergovernmental	86,263	-	606,993	-	-	-	-	693,256
Interest	345,603	15,943	107,740	98,492	101,264	106,326	99,039	874,407
Miscellaneous	131,388	3,461	-	-	-	-	33,325	168,174
Total revenues	<u>7,246,999</u>	<u>1,093,831</u>	<u>714,733</u>	<u>895,922</u>	<u>814,815</u>	<u>519,307</u>	<u>1,061,267</u>	<u>12,346,874</u>
EXPENDITURES								
Current:								
General government	1,559,304	6,700	275,769	-	-	53,831	438,221	2,333,825
Municipal court	122,078	-	-	-	-	-	4,497	126,575
Public safety	2,027,945	-	-	-	-	37,555	105,493	2,170,993
Public works	906,037	-	17,794	3,242	-	-	-	927,073
Development services	1,004,813	-	-	-	-	-	-	1,004,813
Capital outlay:								
Public works	141,613	-	3,737,888	114,670	-	-	-	3,994,171
Public safety	-	-	-	-	-	-	94,840	94,840
Debt service:								
Principal retirement	-	907,000	-	-	-	-	-	907,000
Interest and fiscal charges	-	207,989	-	-	-	-	-	207,989
Total expenditures	<u>5,761,790</u>	<u>1,121,689</u>	<u>4,031,451</u>	<u>117,912</u>	<u>-</u>	<u>91,386</u>	<u>643,051</u>	<u>11,767,279</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,485,209</u>	<u>(27,858)</u>	<u>(3,316,718)</u>	<u>778,010</u>	<u>814,815</u>	<u>427,921</u>	<u>418,216</u>	<u>579,595</u>
OTHER FINANCING SOURCES (USES)								
Lease proceeds	(24,304)	-	-	-	-	-	-	(24,304)
Transfers in	268,167	253,644	1,000,000	-	-	-	139,570	1,661,381
Transfers out	(1,132,000)	(25,000)	-	-	-	(77,526)	(190,641)	(1,425,167)
Total other financing sources and uses	<u>(888,137)</u>	<u>228,644</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>(77,526)</u>	<u>(51,071)</u>	<u>211,910</u>
Net change in fund balances	597,072	200,786	(2,316,718)	778,010	814,815	350,395	367,145	791,505
Fund balances - beginning	4,653,811	118,518	3,856,368	1,868,088	1,807,292	2,058,980	1,925,552	16,288,609
Fund balances - ending	<u>\$ 5,250,883</u>	<u>\$ 319,304</u>	<u>\$ 1,539,650</u>	<u>\$ 2,646,098</u>	<u>\$ 2,622,107</u>	<u>\$ 2,409,375</u>	<u>\$ 2,292,697</u>	<u>\$ 17,080,114</u>

The accompanying notes to financial statements are an integral part of this statement.

Town of Argyle, Texas
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
September 30, 2023

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	791,505
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capital outlay		4,089,011
Depreciation expense		(1,095,843)
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
		1,155,507
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		(56,847)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Lease Payable		(13,056)
Compensated absences		(6,125)
Pension expense		4,078
Change in net position of governmental activities	\$	4,868,230

Town of Argyle, Texas
Statement of Net Position
Proprietary Funds
September 30, 2023

	<u>Wastewater Utility Funds</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 3,002,316
Accounts receivable (net of allowance for uncollectibles)	372,427
Due from other funds	282,909
Total current assets	<u>3,657,652</u>
Noncurrent assets:	
Restricted cash and cash equivalents	1,309,608
Capital assets:	
Construction in progress	1,568,183
Vehicles	13,240
Equipment	417,809
Wastewater collection system	10,236,008
Graveyard branch collection system	687,518
Intangibles	82,103
Accumulated depreciation	<u>(3,167,944)</u>
Total capital assets (net of accumulated depreciation)	<u>9,836,917</u>
Total noncurrent assets	<u>11,146,525</u>
Total assets	<u>14,804,177</u>
 LIABILITIES	
Current liabilities:	
Accounts payable	201,014
Accrued liabilities	29,825
Due to other funds	221,644
Notes payable - current	165,000
Total current liabilities	<u>617,483</u>
Noncurrent liabilities:	
Compensated absences - noncurrent	5,138
Notes payable - noncurrent (net of unamortized bond premium)	<u>2,311,446</u>
Total noncurrent liabilities	<u>2,316,584</u>
Total liabilities	<u>2,934,067</u>
 NET POSITION	
Net investment in capital assets	7,360,471
Restricted for capital improvements	1,309,608
Unrestricted	3,200,031
Total net position	<u>\$ 11,870,110</u>

The accompanying notes to financial statements are an integral part of this statement.

Town of Argyle, Texas
Statement of Revenues, Expenditures and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2023

	<u>Wastewater Utility Funds</u>
OPERATING REVENUES:	
Charges for sales and services:	
Wastewater	\$ 1,612,152
Installation fees	99,600
Total operating revenues	<u>1,711,752</u>
OPERATING EXPENSES:	
Costs of sales and services:	
Salaries and benefits	153,263
Treatment services	634,989
Contractual services	461,558
Material and supplies	7,999
Lift station utilities	4,897
Maintenance	73,056
Administration and other operating expenses	23,542
Depreciation	343,186
Total operating expenses	<u>1,702,490</u>
Operating income	<u>9,262</u>
NONOPERATING REVENUES (EXPENSES):	
Impact fees	803,741
Interest income	219,553
Interest expense	<u>(57,761)</u>
Total nonoperating revenue (expenses)	<u>965,533</u>
Income (loss) before transfers	974,795
Transfers out	(236,214)
Change in net position	738,581
Total net position - beginning	10,993,402
Prior period adjustments	<u>138,127</u>
Total net position - ending	<u>\$ 11,870,110</u>

The accompanying notes to financial statements are an integral part of this statement.

Town of Argyle, Texas
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2023

	Wastewater Utility Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 1,540,537
Cash payments to suppliers for goods and services	(126,210)
Cash payments to employees and professional contractors for services	(1,249,338)
Net cash provided by operating activities	164,989
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to other funds	(236,214)
Net cash used in noncapital financing activities	(236,214)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on notes	(160,000)
Interest paid	(61,044)
Impact fees	803,741
Acquisition and construction	(913,694)
Net cash used in capital and related financing activities	(330,997)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	219,553
Net cash provided by investing activities	219,553
Net increase (decrease) in cash and cash equivalents	(182,669)
Prior period adjustments	138,127
Cash, cash equivalents, and restricted cash, beginning of year	4,356,466
Cash, cash equivalents, and restricted cash, end of year	4,311,924
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	9,262
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	343,186
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(68,239)
Increase (decrease) in accounts payable	147,565
Increase (decrease) in accrued liabilities	(164,281)
Net cash provided by operating activities	\$ 164,989

The accompanying notes to financial statements are an integral part of this statement.



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Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Argyle, Texas (the "Town") is a municipal corporation governed by an elected mayor and a five-member council. The Town provides the following services: public safety (police), community development, public works, municipal court, general administration, and wastewater. The accounting and reporting policies of the Town relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally Accepted Accounting Principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB). The more significant policies of the Town are described below.

1. The Reporting Entity

The accompanying financial statements present the government and its component units, entities for which the government is considered financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations.

As required by accounting principles generally accepted in the United States of America, these financial statements include the primary government and organizations for which the primary government is financial accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financials statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization. An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval by the primary government.

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Blended Component Units

The Argyle Economic Development Corporation, which was created in fiscal year 2003 as the result of a successful 4B sales tax election, the Argyle Crime Control and Prevention District, which was created in fiscal year 2004, and the Argyle Municipal Development District which was created in fiscal year 2021, are blended presented component units of the Town. The component units do not issue separate financial statements.

The financial statements include government-wide statements prepared on an accrual basis of accounting and fund financial statements that present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column. Combining statements for the non-major governmental funds are included in the supplementary section of this report. The Town capitalizes and depreciates all infrastructure assets (streets, bridges, traffic signals, etc.) on a prospective basis effective October 1, 2003.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary Town. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

2. Fund Accounting

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts, which are comprised of funds' assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and from individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statement section of this report into two broad categories as follows:

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENTAL FUND TYPES

The primary government of the Town maintains five major governmental funds that include the general fund, debt service fund, capital improvements fund, street maintenance fund, municipal development district and the roadway impact fees fund. In addition, the Town maintains nine non-major special revenue funds and one non-major capital projects fund. Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, capital improvements fund, street maintenance fund, and the roadway impact fees fund, all of which are considered to be major funds. Data from the other nine governmental funds are combined into a single aggregated presentation. Individual funds data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report. Funds with no balances in assets, liabilities, revenue or expenditures are excluded from reporting.

General Fund

The general fund is the general operating fund of the Town. It is used to account for all financial resources except amounts required to be accounted for in another fund.

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for, and the payment of, general-long term debt, principal, interest, and related costs. The resources of this fund are provided primarily by taxes levied by the Town (General Fund).

Capital Projects Funds

The capital projects funds are used to account for all financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds). These funds are the Capital Improvements Fund, Roadway Impact Fees Fund, and the Street Maintenance Fund.

Special Revenue Funds

Special revenue funds account for revenues that are raised for a specific purpose. The primary government of the Town maintains one major special revenue fund, Street Maintenance Fund, and nine individual non-major special revenue funds. These funds are the Court Technology Fund, Court Security Fund, Parkland Dedication Fund, Tree Reforestation Fund, LEOSE Training Fund, Police Donations Fund, Senior Citizens Organization Fund, Capital Projects Equipment Replacement Fund, Building Maintenance Fund, and Tax Increment Reinvestment Zone (TIRZ).

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPRIETARY FUND TYPES

Wastewater Utility Funds

The proprietary fund is used to account for the operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (cost of sales and services, administrative expenses, and depreciation on capital assets) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges for sales and services or (b) where the governing body had decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control accountability, or other purposes.

The primary government of the Town maintains three wastewater utility funds. These funds are the Wastewater Utility Operating Fund, Wastewater Utility CIP Fund, and the Wastewater Developments Fund.

3. Basis of Accounting

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary funds. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue when all of the eligibility requirements imposed by the provider have been met.

Fund Financial Statements

The modified accrual basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the fund financial statements. Modified accrual basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Governmental fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, in other words, as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued; and (2) principal and interest on general long-term debt which is recognized only when payment is due.

Ad valorem, franchise and sales tax revenues recorded in the General Fund and ad valorem tax revenues recorded in the Debt Service Fund are recognized under the susceptible to accrual concept.

Licenses and permits, charges for services, fines and forfeitures, contributions and miscellaneous revenues are recorded as revenues when received in cash, as the resulting receivable is not measurable. Investment earnings or losses are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized in the accounting period in which they are earned and become measurable and expenditures in the accounting period in which they are incurred and become measurable.

4. Upcoming and Newly Implemented Accounting Pronouncements

The GASB has issued the following statements:

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, improves financial reporting by addressing these relationships and availability payment arrangements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The Town is currently evaluating and has no impact of this Statement.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA), provides guidance on the accounting and financial reporting of contractual arrangements. It defines SBITA; establishes that a SBITA results in a right-to-use subscription asset; provides capitalization criteria; and requires note disclosures. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. The Town is currently evaluating and has no impact of this Statement.

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, increases consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that governing board typically would perform; mitigates costs associated with the reporting of certain defined contribution pension, OPEB and benefit plans other than pension or OPEB plans; and enhances the relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement related to the accounting and financial reporting for Section 457 plans was effective for fiscal years beginning after June 15, 2021, and have no impact on the Town's financial statements.

GASB Statement No. 99, Omnibus 2022, enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement related to extension of use of London Interbank Offered Rate (LIBOR), accounting for Supplemental Nutrition Assistance Program (SNAP) distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, as amended and terminology updates related to Statements No. 53 and 63 are effective immediately and implemented in the current year. All other requirements of this Statement are effective for fiscal years beginning after June 15, 2022, or June 15, 2023. The Town is currently evaluating the impact of this Statement.

GASB Statement No. 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62, enhances the accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The Town this implemented this Statement and has no impact on the Town's financial statements.

GASB Statement No. 101, Compensated Absences, will better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The Town is currently evaluating the impact of this Statement.

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand and demand and time deposits as well as short-term investments in State investment pools. For purposes of the statement of cash flows (proprietary fund types), the Town considers cash deposits and highly liquid investments (including restricted assets) maturing in three months or less when purchased, to be cash equivalents. All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

6. Restricted Assets

Certain bond proceeds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

7. Inventory and Prepaid Items

Inventories, which are expensed as they are consumed, are stated at the lower of cost or market on a first-in, first-out basis. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. At September 30, 2023, the Town had no inventories or prepaid expenses.

8. Interfund Receivables and Payables

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary funds. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the year is referred to as "amounts due to" and "amounts due from" other funds appropriately. Any residual balances outstanding between the governmental activities and proprietary-type activities are reported in the government-wide financial statements as "internal balances."

9. Property Taxes

Taxes are levied on October 1 and are due and payable at that time. Ad valorem taxes attach as an enforceable lien on property as of January 1. All unpaid taxes levied October 1 become delinquent February 1 of the following year and are subject to penalty and interest as the Town Council provides by ordinance. Property tax revenues are recognized when they become available. "Available" includes those property taxes receivable which are expected to be collected within sixty days after year-end.

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property subject to taxation consists of real property and certain personal property situated in the Town. Certain properties of religion, education and charitable organizations, as well as the federal government and the State of Texas are exempt from taxation. Additionally, certain exemptions are granted to property owners in arriving at the net assessed valuation of property subject to Town taxation.

10. Allowance for Doubtful Accounts

The Town uses the direct write-off method of recording proprietary fund bad debts, which approximates the percentage method of recording bad debts. No allowance is provided for uncollectible real property taxes, since all real property taxes will ultimately be collected when title to the property is transferred, except in rare instances in which the taxes are discharged in bankruptcy.

11. Capital Assets

Capital assets, which include property, plants, right to use lease equipment, intangible assets, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are accounted for in the statement of net position, rather than governmental funds. The Town defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at fair market value at date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are expensed. Major outlays for capital assets and improvements are capitalized as projects are constructed. See footnote Note A 13 for depreciable lives.

12. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government has two items that qualify for reporting in this category. The first is the deferred outflow for pension contributions resulting from GASB 68. The second item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price.

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has a deferred inflow from the actuarial pension gain that is presented on the Statement of Net Position from GASB 68. There is only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: property taxes, municipal court and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

13. Depreciation and amortization

Property, plant, equipment, right-to-use leased assets, and infrastructure of the primary government and business-type activities are depreciated/amortized using the straight-line method over the following estimated useful lives:

Infrastructure	40 years
Buildings	15 – 20 years
Machinery and equipment	5 – 12 years
Vehicles	5 – 12 years
Right-to-use leased equipment	3 – 5 years

14. Compensated Absences

The Town's employment policy permits employees to accumulate compensation time, earned vacation and unused sick pay leave. A liability for unpaid accumulated sick leave is not recorded since the Town does not have a policy to pay any sick leave amounts when employees separate from service. All vacation pays and accumulated compensation time is accrued when incurred in the government-wide financial statements.

15. Fund Balances

In accordance with GASB No. 54, *Fund Balance in Reporting and Governmental Fund Type Definitions*, the Town classifies its fund equity into five categories:

- *Non-spendable fund balance* includes amounts that are not in a spendable form or are required to be maintained intact.
- *Restricted fund balance* includes amounts that are constrained to specific purposes by their providers or by enabling legislations.
- *Assigned fund balance* includes amounts a government intends to use for a specific purpose but are neither restricted nor committed. Assignments are made by Town management based on Town Council direction.

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- *Committed fund balance* includes amounts which are constrained to specific purposes by the Town Council through an ordinance or resolution. To be reported as committed, amounts cannot be used for any other purposes unless the Town Council takes the same action to remove or change the constraint.
- *Unassigned fund balance* includes amounts that are available for any purpose. Unassigned fund balances are only reported in the general fund.

The Town's highest level of decision-making authority is governed by the Town Council. Passage of a resolution would be required to establish, modify, or rescind a fund balance commitment. The Town Council has the authority to assign amounts to specific purposes. The Town considers restricted amounts spent when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. Expenditures incurred for purposes for which amounts to any of the unrestricted fund balance classifications could be used are classified using the highest level of spending constraint available at the time of the expenditure. The Town Council adopted Financial Policies in FY16 that establish a General Fund balance requirement of 120 days.

16. Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

17. Net Position

In the government-wide and proprietary funds financial statements, the net position is reported in three components: (1) net investment in capital assets, (2) restricted and (3) unrestricted. Net investment in capital assets represents the Town's total investment in capital assets, net of depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

18. Budgets

The Town prepares annual budgets for the general fund, special revenue funds, debt service fund, and capital projects funds on a GAAP basis in order to provide appropriate budgetary control over revenues and expenditures through comparison of actual data to budgetary data. If a change in the approved budget is required due to unforeseen circumstances, the Council may approve amendments to the budget. All annual appropriations lapse at fiscal year-end. The legal level of budgetary control is established at the fund level.

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE B – CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS

Per GASB Statement No. 40, *Deposit and Investment Risk Disclosures* the following disclosures are presented:

Deposits

Statutes authorize the Town to invest in obligations of the U.S. Treasury or the State of Texas, certain U.S. agencies, certificates of deposit, money market savings accounts, certain municipal securities, repurchase agreements, common trust funds and other investments specifically allowed by Chapter 2256 Public Funds Investments and Chapter 2257 Collateral for Public Funds of the Government Code. The Town’s funds are required to be deposited and invested under the terms of a depository contract and investments policy pursuant to state statute. The depository bank deposits for safekeeping and trust with its agent approved pledged securities authorized by Chapter 2257 Collateral for Public Funds of the Government Code in an amount sufficient to protect Town funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. At September 30, 2023, the Town’s carrying amount of demand deposits was \$22,105,576 while the bank balance also showed \$22,877,693 in deposits at financial banking institutions that are members of the FDIC (Category 1). Amounts deposited in the bank, including the bank balances of the blended component units in the amounts of \$1,493,400 for the Municipal Development District and \$669,100 for the Crime Control Prevention District, were fully insured by the FDIC (Category 1) or collateralized at all times during the year ended September 30, 2023, and thus had no cash deposits that were exposed to custodial credit risk.

Investments

The Town also had \$1,029,827 in the Texas Local Government Investment Pool (TexPool) as follows:

	Amount
Public funds investment pools:	
TexPool General fund	106,322
TexPool MDD fund	855,055
TexPool Roadway Capital Improvement	455
TexPool WW Development	67,995
Total public funds investment pools	\$ 1,029,827

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE B – CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS (CONTINUED)

Cash and cash equivalents held in the TexPool are not categorized in regard to credit risk. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State comptroller has established an advisory board composed of Participants in the TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. Finally, Standard and Poor’s rated the TexPool at AAAM. To maintain the rating, weekly portfolio information must be submitted to Standard and Poors and the office of the Comptroller of Public Accounts for review. TexPool operates in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than the market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares. Deposits held by this public funds investment pool are not subject to custodial credit risk.

Total unrestricted and restricted cash and cash equivalents for the primary government is \$22,105,576 on the statement of net position at September 30, 2023. Of this amount, \$11,171,493 was unrestricted and available for spending at the Town’s discretion.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. As of September 30, 2023, the Town had no investments that were exposed to concentration of credit risk.

Foreign Currency Risk

Foreign currency risk is the risk that an investment dominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. As of September 30, 2023, the Town was not exposed to foreign currency risk.

NOTE C – RECEIVABLES

Receivables as of year-end for the government’s individual major and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds						Proprietary Fund	
	General Fund	Debt Service Fund	Capital Improvement Fund	Street Maintenance Fund	Blended Component Units		Total Governmental Funds	Wastewater Utility Fund
					Municipal Development District	Crime Control & Prevention District		
Receivables:								
Property taxes	\$ 33,757	\$ 13,016	\$ -	\$ -	\$ -	\$ -	\$ 46,773	\$ -
Sales taxes	291,157	-	-	145,107	-	71,069	507,333	-
Franchise fees	190,709	-	-	-	-	-	190,709	-
Municipal court	42,405	-	-	-	-	-	42,405	-
Other	32,912	70	-	-	74,410	-	107,392	-
Customer accounts	-	-	-	-	-	-	-	372,427
Gross receivables	590,940	13,086	-	145,107	74,410	71,069	894,612	372,427
Less: allowance for uncollectibles	(21,203)	-	-	-	-	-	(21,203)	-
Net total receivables	\$ 569,737	\$ 13,086	\$ -	\$ 145,107	\$ 74,410	\$ 71,069	\$ 873,409	\$ 372,427

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE D – DELINQUENT AD VALOREM TAX

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current year. At the end of the current fiscal year, the unavailable revenue reported in the governmental funds related to delinquent ad valorem taxes was \$42,903.

NOTE E – PROPERTY TAX REVENUE

Ad valorem taxes (property taxes) are billed and collected by Denton County Tax Assessor Collector. For the year ended September 30, 2023, the tax rate was \$0.36547 per \$100 assessed valuation.

NOTE F - INTERFUND RECEIVABLES AND PAYABLES

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as due to/from other funds. At September 30, 2023, interfund receivables and payables are as follow:

<u>Primary Government</u>	<u>Due To Funds</u>	<u>Due From Funds</u>
100 General Fund		
Due from MDD & CCPD	\$ -	\$ 153,482
Sales Tax Correction between funds	215	-
Due to Waterbrook TIRZ	55,492	-
203 Tax Increment Reinvestment Zone (TIRZ)		
Due from General Fund	-	55,492
Due from Debt Service Fund	-	9,500
220 Crime Control Prevention District		
Due to General Fund	153,482	-
230 Street Maintenance Fund		
Sales Tax Correction between funds	-	215
410 Debt Service Fund		
Due from WW Operating Fund		221,644
Due to Waterbrook TIRZ	9,500	-
Due to WW Utility & CIP Funds	282,909	-
710 Wastewater Utility Fund		
Due from Debt Service	-	159,342
Due to Debt Service	221,644	-
720 Wastewater CIP Fund		
Due from Debt Service	-	123,567
730 Wastewater Development Fund		
Total	\$ 723,242	\$ 723,242

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE G – GENERAL CAPITAL ASSETS

Capital assets used in governmental fund type operations are accounted for in the statement of net position, rather than in governmental funds. Public domain "infrastructure" general fixed assets including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, were capitalized prospectively starting in fiscal year 2003. The most notable capital additions in FY23 were infrastructure.

The following is a summary of changes in capital assets for governmental activities for the year ended September 30, 2022:

Governmental activities:	Balance September 30, 2022	Increases	Decreases	Balance September 30, 2023
Capital assets not being depreciated:				
Land	\$ 473,246	\$ -	\$ -	\$ 473,246
Construction in progress	1,308,831	3,852,559	(5,046,720)	114,669
Total capital assets not being depreciated	<u>1,782,077</u>	<u>3,852,559</u>	<u>(5,046,720)</u>	<u>587,915</u>
Capital assets being depreciated/amortized:				
Buildings and improvements	4,006,508	78,025	-	4,084,533
Vehicles and equipment	1,562,609	80,596	-	1,643,205
Infrastructure	24,452,317	5,124,552	-	29,576,869
Intangibles	720,711	-	-	720,711
Right-to-use leased equipment	24,367	-	-	24,367
Total capital assets being depreciated/amortized	<u>30,766,512</u>	<u>5,283,173</u>	<u>-</u>	<u>36,049,685</u>
Less: accumulated depreciation/amortization				
Buildings and improvements	(2,112,290)	(223,625)	-	(2,335,915)
Vehicles and equipment	(1,181,533)	(133,892)	-	(1,315,425)
Infrastructure	(4,030,844)	(725,023)	-	(4,755,867)
Intangibles	(707,038)	(5,293)	-	(712,331)
Right-to-use leased equipment	(3,077)	(8,011)	-	(11,088)
Total accumulated depreciation/amortization	<u>(8,034,782)</u>	<u>(1,095,845)</u>	<u>-</u>	<u>(9,130,627)</u>
Total capital assets being depreciated/amortized, net	<u>22,731,730</u>	<u>4,187,328</u>	<u>-</u>	<u>26,919,058</u>
Total governmental activities, net	<u>\$ 24,513,807</u>	<u>\$ 8,039,887</u>	<u>\$ (5,046,720)</u>	<u>\$ 27,506,973</u>

Depreciation for general capital assets is included as an expense for governmental activities on the statement of activities. Depreciation was allocated to each governmental function as follows:

Governmental activities:	
General government	\$ 236,929
Public safety	133,892
Public works	725,023
Total governmental depreciation/amortization expense	<u>\$ 1,095,844</u>

The FY23 proprietary capital additions were related to the addition of highway 377 utility relocation construction-in-progress.

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE H - PROPRIETARY FUNDS PROPERTY, PLANT AND EQUIPMENT

The following is a summary of the property, plant and equipment of the proprietary funds for the year ended September 30, 2023:

<u>Primary Government</u>	<u>Transfers To Funds</u>	<u>Transfers From Funds</u>
100 General Fund		
Debt Service	\$ 32,000	\$ -
MDD	-	77,526
STEP	-	190,641
Capital Improvement Fund	1,000,000	-
Waterbrook TIRZ	100,000	-
203 Tax Increment Reinvestment Zone (TIRZ)		
General Fund	-	100,000
Debt Service	-	25,000
Waterbrook TIRZ	-	14,570
215 Municipal Development District		
General Fund	77,526	-
Economic Development Corporation	-	-
220 Crime Control Prevention District		
General Fund	190,641	-
310 Capital Improvements Fund		
General Fund	-	1,000,000
410 Debt Service Fund		
General Fund	-	32,000
Debt Service	25,000	-
Wastewater CIP Fund	-	221,644

NOTE I - LEASES

Effective October 1, 2021, the Town implemented GASB Statement No. 87, Leases, which required the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

The Town recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At implementation of GASB Statement No. 87 and the commencement of leases beginning after October 1, 2021, the Town initially measured the lease liability at the present value of payments expected to be made during the remaining lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease right-to-use asset was initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease right-to use asset is amortized on a straight-line basis over its useful life.

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE I - LEASES (CONTINUED)

Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term and (3) lease payments.

The Town uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Town is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a re-measurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

The lease rate, term and ending lease liability are as follows:

	<u>Interest Rate</u>	<u>Payable at Commencement</u>	<u>Lease Terms In Years</u>	<u>Ending Balance</u>
Governmental Activities:				
Equipment Leases	0.45%-2.5%	\$ -	3 Years	<u>\$ 13,056</u>
Total Governmental activities				<u>\$ 13,056</u>

The annual requirements to amortize leases payable outstanding as of September 30, 2023

Governmental Activities		
	<u>Interest</u>	<u>Principal</u>
2024	\$ 213	\$ 7,815
2025	67	5,241
2026	-	-
2027	-	-
2028	-	-
	<u>\$ 280</u>	<u>\$ 13,056</u>

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE J - LONG TERM LIABILITIES AND CONTRACTUAL OBLIGATIONS

The following is a summary of changes in long-term debt for the year ended September 30, 2023:

	Balance September 30, 2022	Increases	Decreases	Balance September 30, 2023	Due Within One Year
Governmental activities:					
CO Series 2019 - Street Improvements	\$ 2,020,000	\$ -	\$ (255,000)	\$ 1,765,000	\$ 265,000
GO Series 2014 - Refunding Bonds	62,000	-	(62,000)	-	-
GO Series 2019 - Refunding Bonds	660,000	-	(90,000)	570,000	95,000
GO Series 2020 - Refunding Bonds	2,220,000	-	(225,000)	1,995,000	230,000
CO Series 2021 - Street Improvements	3,085,000	-	(275,000)	2,810,000	280,000
Unamortized bond premium	288,606	-	(249,507)	39,099	34,401
Total bonded indebtedness	<u>8,335,606</u>	<u>-</u>	<u>(1,156,507)</u>	<u>7,179,099</u>	<u>904,401</u>
Compensated absences	125,082	6,125	-	131,207	
Leases payable	21,163	-	(8,107)	13,056	7,814
Total Governmental Obligations	<u>8,481,851</u>	<u>6,125</u>	<u>(1,164,614)</u>	<u>7,323,362</u>	<u>912,215</u>
Deferred charge on refunding	9,000	-	(1,000)	8,000	
Total deferred charge on refunding	<u>9,000</u>	<u>-</u>	<u>(1,000)</u>	<u>8,000</u>	
Business-type activities:					
GO Series 2019 - Refunding Bonds	660,000	-	(80,000)	580,000	85,000
CO Series 2020 - Sewer System Improvements	1,920,000	-	(80,000)	1,840,000	80,000
Unamortized bond premium	59,729	-	(3,283)	56,446	53,344
Total bonded indebtedness	<u>2,639,729</u>	<u>-</u>	<u>(163,283)</u>	<u>2,476,446</u>	<u>218,344</u>
Compensated absences	4,666	471	-	5,138	
Total Business-type Obligations	<u>\$ 2,644,395</u>	<u>\$ 471</u>	<u>\$ (163,283)</u>	<u>\$ 2,481,584</u>	<u>\$ 218,344</u>

There were no significant contracts or encumbrances at September 30, 2023.

LONG TERM DEBT OF THE GOVERNMENTAL ACTIVITIES

On June 5, 2014, the Town issued general obligation refunding bonds series 2014 with the original principal amount of \$531,000 to advance refund \$510,000 of certificates of combination tax and revenue certificates of obligation series 2003. The series 2014 obligations carry an interest rate of 2.080%. The Town's obligation under the 2014 long-term contract expires with the retirement of the bonds in the fiscal year ending February 15, 2023. As of September 30, 2023, the principal balance was \$0.

On January 3, 2021 the Town issued Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2021 in the amount of \$2,665,000. These bonds are for construction and improvement of streets. The bonds were issued with a rate of 3.25% to 5.00% and mature on February 15, 2029. These bonds anticipate transfers from the Street Maintenance Sales Tax Fund to balance the annual debt service. As the intent was road reconstruction, the bonds are amortized over 10 years to model the increased life of the roads which creates a large annual principal payment. The principal balance as of September 30, 2023 was \$1,765,000.

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE J - LONG TERM LIABILITIES AND CONTRACTUAL OBLIGATIONS (CONT.)

On January 3, 2022, the Town issued General Obligation Refunding Bonds in the amount of \$1,895,000 to refund three separate issues comprised of general long-term debt and wastewater debt. The general debt refunded is as follows: 2008 C.O.'s in the amount of \$1,010,000 for the purchase of a church for the current Town Hall facility and the 2009 C.O.'s issued to the renovate the church and police department buildings. The total general debt refunding in the amount of \$980,000 were issued with a rate of 3.00% to 4.00% rate and mature on February 15, 2030. The principal balance as of September 30, 2023 was \$570,000.

On April 23, 2021, the Town issued General Obligation Refunding Bonds in the amount of \$2,640,000 to refund the C.O., Series 2010. The general debt refunded in the amount of \$2,590,000 for the comprehensive Town-wide street reconstruction and improvement project. The total general debt refunding in the amount of \$2,640,000 were issued with a rate of 1.89% rate and mature on February 15, 2031. The principal balance as of September 30, 2023 was \$1,995,000.

On November 10, 2021, the Town issued Combination Tax and Revenue Certificates of Obligation, Series 2021 in the amount of \$3,085,000. These bonds are issued for construction and improvement of streets. The bonds were issued with a rate of 2.00% to 3.00% and mature on February 15, 2032. As the intent was road reconstruction and street improvement, the bonds are amortized over 10 years to model the increased life of the roads which creates a large annual principal payment. The principal balance as of September 30, 2023 was \$2,810,000.

The principal and interest requirements related to these governmental contractual obligations at September 30, 2023 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 870,000	\$ 182,020	\$ 1,052,020
2025	895,000	157,325	1,052,325
2026	930,000	131,687	1,061,687
2027	950,000	103,653	1,053,653
2028	950,000	75,140	1,025,140
2029 - 2033	2,545,000	91,442	2,636,442
	<u>\$ 7,140,000</u>	<u>\$ 741,267</u>	<u>\$ 7,881,267</u>

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE J - LONG TERM LIABILITIES AND CONTRACTUAL OBLIGATIONS (CONT.)

The Town was upgraded from a bond rating of AA to AA+ with stable outlook in November 2018 by Standard & Poor’s. This upgrade was predicated on fiscal years 2015, 2016, and 2017. It was conducted during the refunding process for General Obligation bonds to lower the Town’s debt costs. The upgrade is a positive reflection of the Town’s strong financial position resulting from conservative budgeting and management practices, strong ad valorem values, and proximity in the Dallas-Ft. Worth Metroplex.

Town employees earn one to four weeks of vacation leave, based on tenure with the Town. They are able to accrue no more than two times their annual vacation accrual rate. Town employees accumulate sick leave at the rate of one day per month with a maximum accrual of 320 hours. Vacation and compensatory time are paid upon termination of service with the Town; sick pay is not. The accrual of compensated absences for governmental activities at September 30, 2023 was \$131,207.

LONG TERM DEBT OF THE WASTEWATER UTILITY FUNDS

On January 3, 2019, the Town issued General Obligation Refunding Bonds in the amount of \$915,000 to refund three separate issues comprised of general long-term debt and wastewater debt. The wastewater debt refunded is as follows: 2008 C.O.’s in the amount of \$565,000 for the first phase of the TRA Wastewater Line and the 2009 C.O.’s issued in the amount of \$730,000 for the second phase of the TRA Wastewater Line. The total wastewater debt refunding in the amount of \$915,000 were issued with a rate of 3.00% to 4.00% and mature on February 15, 2030. The remaining principal balance on September 30, 2023, was \$580,000.

On November 15, 2020, the Town issued Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2020 in the amount of \$1,995,000. The proceeds will be used for constructing improvements and extensions to the Town’s sanitary sewer system including the acquisition of land and rights of-way; and (ii) paying legal, fiscal, engineering, and architectural fees in connection with these projects. The bonds were issued with a rate of 2.00% to 2.125% and mature on September 30, 2041. The principal balance as of September 30, 2023, was \$1,840,000.

The following is a summary of the Town’s Proprietary Fund long-term future debt service for the fiscal year ended September 30, 2023:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 165,000	\$ 56,744	\$ 221,744
2025	170,000	51,694	221,694
2026	180,000	46,394	226,394
2027	190,000	40,744	230,744
2028	205,000	34,693	239,693
2029 - 2033	605,000	118,943	723,943
2034 - 2038	550,000	64,869	614,869
2039 - 2042	355,000	11,047	366,047
	<u>\$ 2,420,000</u>	<u>\$ 425,127</u>	<u>\$ 2,845,127</u>

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE K – RESTRICTED CASH

At September 30, 2023, the balance of the restricted cash accounts in the Governmental funds and Wastewater Utility Funds was \$9,560,369 and \$1,309,608, respectively.

NOTE L – LITIGATION AND CONTINGENCIES

The Town is involved in lawsuits with other parties from time to time. While the ultimate result of these matters cannot be predicted with certainty, the Town does not expect them to have a materially adverse effect on its Basic Financial Statements.

NOTE M - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission, injuries to employees; and natural disaster. The Town purchases commercial insurance through Texas Municipal League. The Town retains no risk of loss for the following coverage types. The Town accounts for risk management issues in accordance with GASB Statement No. 10, “Accounting and Financial Reporting for Risk Financing and Related Insurance Issues”. Settlement of claims has not exceeded coverage in the past three years.

Type of Coverage

General liability	Errors and Omissions liability
Law enforcement liability	Crime Coverage
Automobile liability	Automobile physical damage
Worker’s Compensation	Real and Personal Property

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE N – INTERFUND TRANSFERS

Inter-fund transfers are reported in the governmental funds and proprietary fund financial statements. In the government-wide statements, inter-fund transfers are eliminated within the governmental activities column and business-type column, as appropriate. Transfers are used to (1) move revenues collected in the special revenue funds to finance various programs in accordance with budgetary authorizations, (2) move receipts restricted for debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due, (3) reimburse one fund for services provided to another fund, and (4) move unrestricted General Fund revenues to Capital Improvements Fund as determined by the Council for capital projects. Interfund transfers between the primary government’s funds consisted of:

Primary Government	Transfers To Funds	Transfers From Funds
100 General Fund		
Debt Service	\$ 32,000	\$ -
MDD	-	77,526
STEP	-	190,641
Capital Improvement Fund	1,000,000	-
Waterbrook TIRZ	100,000	-
203 Tax Increment Reinvestment Zone (TIRZ)		
General Fund	-	100,000
Debt Service	-	25,000
Waterbrook TIRZ	-	14,570
215 Municipal Development District		
General Fund	77,526	-
Economic Development Corporation	-	-
220 Crime Control Prevention District		
General Fund	190,641	-
310 Capital Improvements Fund		
General Fund	-	1,000,000
410 Debt Service Fund		
General Fund	-	32,000
Debt Service	25,000	-
Wastewater CIP Fund	-	221,644
710 Wastewater CIP Fund		
Wastewater CIP Fund	221,644	-
730 Wastewater Development Fund		
Waterbrook TIRZ	14,570	-
Total	<u>\$ 1,661,381</u>	<u>\$ 1,661,381</u>

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE O – DEFINED BENEFIT PENSION PLAN

Plan Description

The Town participates as one of 919 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS’s defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com. All eligible employees of the Town are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee’s contributions, with interest, and the Town-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member’s deposits and interest.

Plan provisions for the Town were as follows:

	<u>Plan Year 2022</u>
Employee deposit rate	7%
Matching ratio (Town to Employee)	2 to 1
Years required for vesting	5
Retirement Eligibility (Age/Service)	60/5, 0/20
Updated Service Credit	100% Repeating Transfers
Annuity to Increase (to retirees)	70% of CPI Repeating
Supplemental Death Benefit to Active Employees	No
Supplemental Death Benefit to Retirees	No

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE O – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Employees Covered by Benefit Terms

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

	2022
Inactive employees or beneficiaries currently receiving benefits	23
Inactive employees entitled to but not yet receiving benefits	46
Active employees	33
Total	102

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the Town matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the Town. Under the state law governing TMRS, the contribution rate for each town is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the Town were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the Town were 14.99 % in calendar years 2022 and 2021. The Town’s contributions to TMRS for the years ended December 30, 2022 and 2021, were \$354,282 and \$324,492, respectively, which exceeded the required contributions.

Net Pension Liability

The Town’s Net Pension Liability (NPL) was measured as of December 31, 2022 and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE O – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions

The Total Pension Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.50% to 11.50% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2023 are summarized in the following table:

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE O – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions (continued)

<u>Asset Class</u>	Target <u>Allocation</u>	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	7.70%
Core Fixed Income	6.0%	4.90%
Non-Core Fixed Income	20.0%	8.70%
Other Public and Private Markets	12.0%	8.10%
Real Estate	12.0%	5.80%
Hedge Funds	5.0%	6.90%
Private Equity	10.0%	11.80%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

Changes in the net pension liability for the Town are summarized in the following table:

	Changes in the Net Pension Liability		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2021	\$ 7,103,689	\$ 7,719,168	\$ (615,479)
Changes for the year:			
Service cost	421,015	-	421,015
Interest	482,364	-	482,364
Difference between expected and actual experience	80,479	-	80,479
Contributions - employer	-	329,600	(329,600)
Contributions - employee	-	169,180	(169,180)
Net investment income	-	(564,999)	564,999
Benefit payments, including refunds of employee contributions	(336,141)	(336,141)	-
Administrative expense	-	(4,876)	4,876
Other changes	-	5,818	(5,818)
Net changes	<u>647,717</u>	<u>(401,417)</u>	<u>1,049,135</u>
Balance at 12/31/2022	<u>\$ 7,751,406</u>	<u>\$ 7,317,751</u>	<u>\$ 433,655</u>

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE O – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in the Net Pension Liability (continued)

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability of the Town, calculated using the discount rate of 6.75%, as well as what the Town’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Town's net pension liability	\$ 1,681,327	\$ 433,655	\$ (563,065)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the fiscal year ended September 30, 2023, the Town recognized pension expense of \$308,576 and the calculation of the expense is summarized in the following table:

Schedule of Pension Expense	
Total service cost	\$ 421,015
Interest on the total pension liability	482,364
Changes in current period benefits	-
Employee contributions (reduction of expense)	(169,180)
Projected earnings on plan investments (reduction of expense)	(521,044)
Administrative expense	4,876
Other changes in fiduciary net position	(5,818)
Recognition of current year outflow (inflow) of resources - liabilities	30,030
Recognition of current year outflow (inflow) of resources - assets	217,209
Amortization of prior year outflows (inflows) of resources - liabilities	(67,116)
Amortization of prior year outflows (inflows) of resources - assets	(83,760)
Total pension expense	\$ 308,576

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE O – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

At September 30, 2023 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Schedule of Deferred Outflows and Inflows of Resources	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 15,665	\$ -
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	512,742	-
Contributions subsequent to the measurement date	241,646	-
Total	\$ 770,053	\$ -

\$241,645 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31	Amount
2023	\$ 40,258
2024	137,302
2025	133,640
2026	217,207
2027	-
Thereafter	-
Total	\$ 528,407

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE P – PUBLIC IMPROVEMENT DISTRICTS

The Town currently has two public improvement districts (PIDs). Both PID's established by the Town state the "Owner proposes that no portion of the Authorized Improvements Cost shall be apportioned to the Town; consequently, no Town property will be assessed, and the Town will not be obligated to pay any assessments levied against the Property or to pay debt service on any revenue bonds secured by assessments levied against the Property." The Town has engaged a PID Administrator for both PIDs identified below. All assessments paid, whether in full or annually with homeowner's property tax bill, flow through an account at the Town and are wired to the respective trustee hired to administer the bonds.

The Highlands of Argyle Public Improvement District No. 1 (the "Highlands PID")

On April 26, 2016, the Town passed and approved Resolution No. 2016-07 authorizing the establishment of the Highlands PID in accordance with Chapter 372, Texas Local Government Code, as amended, which authorization was effective upon publication as required by the act. The purpose of the PID is to finance the actual costs of authorized improvements that confer a special benefit on approximately 111.41 acres within the corporate limits of the Town: (1) just southwest of the Old Town area; (2) south of Old Justin Road; (3) West of U.S. Highway 377 along and adjacent to the Texas & Pacific Railroad Company; and (4) north of Harpole. The property is zoned under Ordinance No. 2015-21 adopted by the Town Council on September 22, 2015, which ordinance establishes the permitted uses of, and standards for the development of, the property.

The Waterbrook of Argyle Public Improvement District (the "Waterbrook PID")

On August 23, 2016, the Town passed and approved Resolution No. 2016-22 authorizing the establishment of the Waterbrook PID in accordance with Chapter 372, Texas Local Government Code, as amended, which authorization was effective upon publication as required by the act. The purpose of the Waterbrook PID is to finance the actual costs of authorized improvements that confer a special benefit on approximately 101.350 acres within the corporate limits of the

Highway 377; and North of Frenchtown Road. The property is zoned under Ordinance No. 2016-08 adopted by the Town Council on April 23, 2016, which ordinance establishes the permitted uses of, and standards for the development of, the property.

The PIDs each have their own financial statements separate from the Town that reflect the PID activities and related issuance and subsequent bond payments, special property assessments, developer reimbursements, and administrative costs. The Highlands PID and the Waterbrook PID financial statements may be available, upon request, at the completion of their audits, upon approval.

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE Q – TAX INCREMENT REINVESTMENT ZONE

Tax Increment Reinvestment Zone (TIRZ) are special zone(s) created by the Town Council under the Texas Tax Code Chapter 311 (Tax Increment Financing Act). A TIRZ is used to finance public improvements within a defined area. These improvements are intended to promote development or redevelopment in the defined area and surrounding areas. Taxes attributable to new improvements (tax increments) are set aside in a special revenue fund to finance public improvements with the boundaries of the zone.

The Argyle Tax Increment Reinvestment Zone No. 1 Board (the “Waterbrook TIRZ”) was created by the Town Council on September 27, 2016 through the adoption of Ordinance No. 2016-18. On August 9, 2016, the Council approved the Development Agreement between the Town of Argyle and Terra Manna, LLC for the Waterbrook Development located on the Southeast corner of FM 407 and US 377. The development agreement included components related to the creation of the Waterbrook PID, as well as the creation of a TIRZ which will be used to buy down the PID assessment on the project and reimburse eligible developer costs.

A portion of the real property ad valorem taxes levied by participating taxing entities and a portion of sales taxes collected in Waterbrook TIRZ are set aside for this purpose beginning with taxes levied after January 1, 2017 tax levies. The amount set aside out of the annually adopted tax levy, is based upon the appraised value each January 1st compared to the base year appraised value of property in the TIRZ as of January 1, 2016 (tax increment).

The Town engaged a TIRZ Administrator in June 2021. On March 24, 2021, the TIRZ Administrator conducted a review in coordination with the Denton County GIS/Mapping Coordinator to determine the values of the Waterbrook TIRZ since its creation. The values are summarized below:

TABLE 1				
REINVESTMENT ZONE NUMBER ONE OF THE TOWN OF ARGYLE				
HISTORICAL TAXABLE AND INCREMENTAL VALUES				
YEAR	CONTRIBUTION TO TIRZ FUND AS OF SEPTEMBER 30	TAXABLE VALUE	INCREMENTAL TAXABLE VALUE	TOWN SALES TAX COLLECTED IN TIRZ
2023	2024	\$145,564,346	\$145,074,952	\$0
2022	2023	\$85,595,436	\$85,106,042	\$0
2021	2022	\$54,515,273	\$54,025,879	\$0
2020	2021	\$31,356,671	\$30,867,277	\$0
2019	2020	\$24,524,050	\$24,034,656	\$0
2018	2019	\$8,686,722	\$8,197,328	\$0
2017	2018	\$22,100,384	\$21,610,990	\$0
2016	2017	\$489,394	\$0	\$0

The County agreed to deposit 50% of the County’s Tax Increment each year, and the Town agreed to deposit 40% of the Town’s Tax Increment and 50% of the Town’s \$0.01 sales tax collected in the Zone each year. There has been no sales tax component as there is no commercial building to date. The Town recognized property tax portion total \$123,647 (\$34,409 from the I&S Fund and \$89,239 from the M&O Fund) in fiscal year 2023. The Town accounts for the TIRZ as a *Special Revenue F*.

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE Q – TAX INCREMENT REINVESTMENT ZONE (CONTINUED)

The funds generated within the boundary are used as follows:

From the County increment: Administration and creation costs for the Waterbrook TIRZ; reimbursement to the developer for approximately \$2.4 million in sewer collection system facilities and farm to market deceleration lanes; and to pay interest on the obligation of the sewer facilities and deceleration lanes.

From the Town increment: Administration and creation costs for the Waterbrook TIRZ; to fund a reserve for the Commercial PID Credit; to fund a set amount to the Commercial Credit after Development Agreement thresholds are met; to reimburse the Developer for certain costs from Sales Tax revenues produced within the boundary.

NOTE R - FIDUCIARY FUNDS

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Town has two fiduciary funds: Highlands PID Agency Fund and Waterbrook PID Agency Fund. As of September 30, 2023, the Fiduciary funds have no fund balances as monies are periodically transferred to clear the fund.

NOTE S - PRIOR PERIOD ADJUSTMENTS

During the fiscal year ended September 30, 2023, the Town Management discovered the following prior period adjustments:

Description	Amount
Fund Balance, as Originally Reported	\$ 10,993,402
Decrease developer payable for impact fees paid in prior year	138,127
Fund Balance, as Restated	\$ 11,131,529

NOTE T - SUBSEQUENT EVENTS

In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through September 30, 2024, the date the financial statements were available to be issued.

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE G – GENERAL CAPITAL ASSETS

Capital assets used in governmental fund type operations are accounted for in the statement of net position, rather than in governmental funds. Public domain "infrastructure" general fixed assets including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, were capitalized prospectively starting in fiscal year 2003. The most notable capital additions in FY23 were infrastructure.

The following is a summary of changes in capital assets for governmental activities for the year ended September 30, 2022:

Governmental activities:	Balance September 30, 2022	Increases	Decreases	Balance September 30, 2023
Capital assets not being depreciated:				
Land	\$ 473,246	\$ -	\$ -	\$ 473,246
Construction in progress	1,308,831	3,852,559	(5,046,720)	114,669
Total capital assets not being depreciated	<u>1,782,077</u>	<u>3,852,559</u>	<u>(5,046,720)</u>	<u>587,915</u>
Capital assets being depreciated/amortized:				
Buildings and improvements	4,006,508	78,025	-	4,084,533
Vehicles and equipment	1,562,609	80,596	-	1,643,205
Infrastructure	24,452,317	5,124,552	-	29,576,869
Intangibles	720,711	-	-	720,711
Right-to-use leased equipment	24,367	-	-	24,367
Total capital assets being depreciated/amortized	<u>30,766,512</u>	<u>5,283,173</u>	<u>-</u>	<u>36,049,685</u>
Less: accumulated depreciation/amortization				
Buildings and improvements	(2,112,290)	(223,625)	-	(2,335,915)
Vehicles and equipment	(1,181,533)	(133,892)	-	(1,315,425)
Infrastructure	(4,030,844)	(725,023)	-	(4,755,867)
Intangibles	(707,038)	(5,293)	-	(712,331)
Right-to-use leased equipment	(3,077)	(8,011)	-	(11,088)
Total accumulated depreciation/amortization	<u>(8,034,782)</u>	<u>(1,095,845)</u>	<u>-</u>	<u>(9,130,627)</u>
Total capital assets being depreciated/amortized, net	<u>22,731,730</u>	<u>4,187,328</u>	<u>-</u>	<u>26,919,058</u>
Total governmental activities, net	<u>\$ 24,513,807</u>	<u>\$ 8,039,887</u>	<u>\$ (5,046,720)</u>	<u>\$ 27,506,973</u>

Depreciation for general capital assets is included as an expense for governmental activities on the statement of activities. Depreciation was allocated to each governmental function as follows:

Governmental activities:	
General government	\$ 236,929
Public safety	133,892
Public works	725,023
Total governmental depreciation/amortization expense	<u>\$ 1,095,844</u>

The FY23 proprietary capital additions were related to the addition of highway 377 utility relocation construction-in-progress.

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE H - PROPRIETARY FUNDS PROPERTY, PLANT AND EQUIPMENT

The following is a summary of the property, plant and equipment of the proprietary funds for the year ended September 30, 2023:

Primary Government	Transfers To Funds	Transfers From Funds
100 General Fund		
Debt Service	\$ 32,000	\$ -
MDD	-	77,526
STEP	-	190,641
Capital Improvement Fund	1,000,000	-
Waterbrook TIRZ	100,000	-
203 Tax Increment Reinvestment Zone (TIRZ)		
General Fund	-	100,000
Debt Service	-	25,000
Waterbrook TIRZ	-	14,570
215 Municipal Development District		
General Fund	77,526	-
Economic Development Corporation	-	-
220 Crime Control Prevention District		
General Fund	190,641	-
310 Capital Improvements Fund		
General Fund	-	1,000,000
410 Debt Service Fund		
General Fund	-	32,000
Debt Service	25,000	-
Wastewater CIP Fund	-	221,644

NOTE I - LEASES

Effective October 1, 2021, the Town implemented GASB Statement No. 87, Leases, which required the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

The Town recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At implementation of GASB Statement No. 87 and the commencement of leases beginning after October 1, 2021, the Town initially measured the lease liability at the present value of payments expected to be made during the remaining lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease right-to-use asset was initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease right-to use asset is amortized on a straight-line basis over its useful life.

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE I - LEASES (CONTINUED)

Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term and (3) lease payments.

The Town uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Town is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a re-measurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

The lease rate, term and ending lease liability are as follows:

	<u>Interest Rate</u>	<u>Payable at Commencement</u>	<u>Lease Terms In Years</u>	<u>Ending Balance</u>
Governmental Activities:				
Equipment Leases	0.45%-2.5%	\$ -	3 Years	<u>\$ 13,056</u>
Total Governmental activities				<u><u>\$ 13,056</u></u>

The annual requirements to amortize leases payable outstanding as of September 30, 2023

Governmental Activities		
	<u>Interest</u>	<u>Principal</u>
2024	\$ 213	\$ 7,815
2025	67	5,241
2026	-	-
2027	-	-
2028	-	-
	<u>\$ 280</u>	<u>\$ 13,056</u>

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE J - LONG TERM LIABILITIES AND CONTRACTUAL OBLIGATIONS

The following is a summary of changes in long-term debt for the year ended September 30, 2023:

	Balance September 30, 2022	Increases	Decreases	Balance September 30, 2023	Due Within One Year
Governmental activities:					
CO Series 2019 - Street Improvements	\$ 2,020,000	\$ -	\$ (255,000)	\$ 1,765,000	\$ 265,000
GO Series 2014 - Refunding Bonds	62,000	-	(62,000)	-	-
GO Series 2019 - Refunding Bonds	660,000	-	(90,000)	570,000	95,000
GO Series 2020 - Refunding Bonds	2,220,000	-	(225,000)	1,995,000	230,000
CO Series 2021 - Street Improvements	3,085,000	-	(275,000)	2,810,000	280,000
Unamortized bond premium	288,606	-	(249,507)	39,099	34,401
Total bonded indebtedness	<u>8,335,606</u>	<u>-</u>	<u>(1,156,507)</u>	<u>7,179,099</u>	<u>904,401</u>
Compensated absences	125,082	6,125	-	131,207	
Leases payable	21,163	-	(8,107)	13,056	7,814
Total Governmental Obligations	<u>8,481,851</u>	<u>6,125</u>	<u>(1,164,614)</u>	<u>7,323,362</u>	<u>912,215</u>
Deferred charge on refunding	9,000	-	(1,000)	8,000	
Total deferred charge on refunding	<u>9,000</u>	<u>-</u>	<u>(1,000)</u>	<u>8,000</u>	
Business-type activities:					
GO Series 2019 - Refunding Bonds	660,000	-	(80,000)	580,000	85,000
CO Series 2020 - Sewer System Improvements	1,920,000	-	(80,000)	1,840,000	80,000
Unamortized bond premium	59,729	-	(3,283)	56,446	53,344
Total bonded indebtedness	<u>2,639,729</u>	<u>-</u>	<u>(163,283)</u>	<u>2,476,446</u>	<u>218,344</u>
Compensated absences	4,666	471	-	5,138	
Total Business-type Obligations	<u>\$ 2,644,395</u>	<u>\$ 471</u>	<u>\$ (163,283)</u>	<u>\$ 2,481,584</u>	<u>\$ 218,344</u>

There were no significant contracts or encumbrances at September 30, 2023.

LONG TERM DEBT OF THE GOVERNMENTAL ACTIVITIES

On June 5, 2014, the Town issued general obligation refunding bonds series 2014 with the original principal amount of \$531,000 to advance refund \$510,000 of certificates of combination tax and revenue certificates of obligation series 2003. The series 2014 obligations carry an interest rate of 2.080%. The Town's obligation under the 2014 long-term contract expires with the retirement of the bonds in the fiscal year ending February 15, 2023. As of September 30, 2023, the principal balance was \$0.

On January 3, 2021 the Town issued Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2021 in the amount of \$2,665,000. These bonds are for construction and improvement of streets. The bonds were issued with a rate of 3.25% to 5.00% and mature on February 15, 2029. These bonds anticipate transfers from the Street Maintenance Sales Tax Fund to balance the annual debt service. As the intent was road reconstruction, the bonds are amortized over 10 years to model the increased life of the roads which creates a large annual principal payment. The principal balance as of September 30, 2023 was \$1,765,000.

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE J - LONG TERM LIABILITIES AND CONTRACTUAL OBLIGATIONS (CONT.)

On January 3, 2022, the Town issued General Obligation Refunding Bonds in the amount of \$1,895,000 to refund three separate issues comprised of general long-term debt and wastewater debt. The general debt refunded is as follows: 2008 C.O.'s in the amount of \$1,010,000 for the purchase of a church for the current Town Hall facility and the 2009 C.O.'s issued to the renovate the church and police department buildings. The total general debt refunding in the amount of \$980,000 were issued with a rate of 3.00% to 4.00% rate and mature on February 15, 2030. The principal balance as of September 30, 2023 was \$570,000.

On April 23, 2021, the Town issued General Obligation Refunding Bonds in the amount of \$2,640,000 to refund the C.O., Series 2010. The general debt refunded in the amount of \$2,590,000 for the comprehensive Town-wide street reconstruction and improvement project. The total general debt refunding in the amount of \$2,640,000 were issued with a rate of 1.89% rate and mature on February 15, 2031. The principal balance as of September 30, 2023 was \$1,995,000.

On November 10, 2021, the Town issued Combination Tax and Revenue Certificates of Obligation, Series 2021 in the amount of \$3,085,000. These bonds are issued for construction and improvement of streets. The bonds were issued with a rate of 2.00% to 3.00% and mature on February 15, 2032. As the intent was road reconstruction and street improvement, the bonds are amortized over 10 years to model the increased life of the roads which creates a large annual principal payment. The principal balance as of September 30, 2023 was \$2,810,000.

The principal and interest requirements related to these governmental contractual obligations at September 30, 2023 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 870,000	\$ 182,020	\$ 1,052,020
2025	895,000	157,325	1,052,325
2026	930,000	131,687	1,061,687
2027	950,000	103,653	1,053,653
2028	950,000	75,140	1,025,140
2029 - 2033	2,545,000	91,442	2,636,442
	<u>\$ 7,140,000</u>	<u>\$ 741,267</u>	<u>\$ 7,881,267</u>

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE J - LONG TERM LIABILITIES AND CONTRACTUAL OBLIGATIONS (CONT.)

The Town was upgraded from a bond rating of AA to AA+ with stable outlook in November 2018 by Standard & Poor’s. This upgrade was predicated on fiscal years 2015, 2016, and 2017. It was conducted during the refunding process for General Obligation bonds to lower the Town’s debt costs. The upgrade is a positive reflection of the Town’s strong financial position resulting from conservative budgeting and management practices, strong ad valorem values, and proximity in the Dallas-Ft. Worth Metroplex.

Town employees earn one to four weeks of vacation leave, based on tenure with the Town. They are able to accrue no more than two times their annual vacation accrual rate. Town employees accumulate sick leave at the rate of one day per month with a maximum accrual of 320 hours. Vacation and compensatory time are paid upon termination of service with the Town; sick pay is not. The accrual of compensated absences for governmental activities at September 30, 2023 was \$131,207.

LONG TERM DEBT OF THE WASTEWATER UTILITY FUNDS

On January 3, 2019, the Town issued General Obligation Refunding Bonds in the amount of \$915,000 to refund three separate issues comprised of general long-term debt and wastewater debt. The wastewater debt refunded is as follows: 2008 C.O.’s in the amount of \$565,000 for the first phase of the TRA Wastewater Line and the 2009 C.O.’s issued in the amount of \$730,000 for the second phase of the TRA Wastewater Line. The total wastewater debt refunding in the amount of \$915,000 were issued with a rate of 3.00% to 4.00% and mature on February 15, 2030. The remaining principal balance on September 30, 2023, was \$580,000.

On November 15, 2020, the Town issued Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2020 in the amount of \$1,995,000. The proceeds will be used for constructing improvements and extensions to the Town’s sanitary sewer system including the acquisition of land and rights of-way; and (ii) paying legal, fiscal, engineering, and architectural fees in connection with these projects. The bonds were issued with a rate of 2.00% to 2.125% and mature on September 30, 2041. The principal balance as of September 30, 2023, was \$1,840,000.

The following is a summary of the Town’s Proprietary Fund long-term future debt service for the fiscal year ended September 30, 2023:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 165,000	\$ 56,744	\$ 221,744
2025	170,000	51,694	221,694
2026	180,000	46,394	226,394
2027	190,000	40,744	230,744
2028	205,000	34,693	239,693
2029 - 2033	605,000	118,943	723,943
2034 - 2038	550,000	64,869	614,869
2039 - 2042	355,000	11,047	366,047
	<u>\$ 2,420,000</u>	<u>\$ 425,127</u>	<u>\$ 2,845,127</u>

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE K – RESTRICTED CASH

At September 30, 2023, the balance of the restricted cash accounts in the Governmental funds and Wastewater Utility Funds was \$9,560,369 and \$1,309,608, respectively.

NOTE L – LITIGATION AND CONTINGENCIES

The Town is involved in lawsuits with other parties from time to time. While the ultimate result of these matters cannot be predicted with certainty, the Town does not expect them to have a materially adverse effect on its Basic Financial Statements.

NOTE M - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission, injuries to employees; and natural disaster. The Town purchases commercial insurance through Texas Municipal League. The Town retains no risk of loss for the following coverage types. The Town accounts for risk management issues in accordance with GASB Statement No. 10, “Accounting and Financial Reporting for Risk Financing and Related Insurance Issues”. Settlement of claims has not exceeded coverage in the past three years.

Type of Coverage

General liability	Errors and Omissions liability
Law enforcement liability	Crime Coverage
Automobile liability	Automobile physical damage
Worker’s Compensation	Real and Personal Property

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE N – INTERFUND TRANSFERS

Inter-fund transfers are reported in the governmental funds and proprietary fund financial statements. In the government-wide statements, inter-fund transfers are eliminated within the governmental activities column and business-type column, as appropriate. Transfers are used to (1) move revenues collected in the special revenue funds to finance various programs in accordance with budgetary authorizations, (2) move receipts restricted for debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due, (3) reimburse one fund for services provided to another fund, and (4) move unrestricted General Fund revenues to Capital Improvements Fund as determined by the Council for capital projects. Interfund transfers between the primary government’s funds consisted of:

Primary Government	Transfers To Funds	Transfers From Funds
100 General Fund		
Debt Service	\$ 32,000	\$ -
MDD	-	77,526
STEP	-	190,641
Capital Improvement Fund	1,000,000	-
Waterbrook TIRZ	100,000	-
203 Tax Increment Reinvestment Zone (TIRZ)		
General Fund	-	100,000
Debt Service	-	25,000
Waterbrook TIRZ	-	14,570
215 Municipal Development District		
General Fund	77,526	-
Economic Development Corporation	-	-
220 Crime Control Prevention District		
General Fund	190,641	-
310 Capital Improvements Fund		
General Fund	-	1,000,000
410 Debt Service Fund		
General Fund	-	32,000
Debt Service	25,000	-
Wastewater CIP Fund	-	221,644
710 Wastewater CIP Fund		
Wastewater CIP Fund	221,644	-
730 Wastewater Development Fund		
Waterbrook TIRZ	14,570	-
Total	<u>\$ 1,661,381</u>	<u>\$ 1,661,381</u>

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE O – DEFINED BENEFIT PENSION PLAN

Plan Description

The Town participates as one of 919 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS’s defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com. All eligible employees of the Town are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee’s contributions, with interest, and the Town-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member’s deposits and interest.

Plan provisions for the Town were as follows:

	<u>Plan Year 2022</u>
Employee deposit rate	7%
Matching ratio (Town to Employee)	2 to 1
Years required for vesting	5
Retirement Eligibility (Age/Service)	60/5, 0/20
Updated Service Credit	100% Repeating Transfers
Annuity to Increase (to retirees)	70% of CPI Repeating
Supplemental Death Benefit to Active Employees	No
Supplemental Death Benefit to Retirees	No

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE O – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Employees Covered by Benefit Terms

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

	2022
Inactive employees or beneficiaries currently receiving benefits	23
Inactive employees entitled to but not yet receiving benefits	46
Active employees	33
Total	102

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the Town matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the Town. Under the state law governing TMRS, the contribution rate for each town is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the Town were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the Town were 14.99 % in calendar years 2022 and 2021. The Town’s contributions to TMRS for the years ended December 30, 2022 and 2021, were \$354,282 and \$324,492, respectively, which exceeded the required contributions.

Net Pension Liability

The Town’s Net Pension Liability (NPL) was measured as of December 31, 2022 and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE O – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions

The Total Pension Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.50% to 11.50% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2023 are summarized in the following table:

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE O – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions (continued)

<u>Asset Class</u>	Target <u>Allocation</u>	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	7.70%
Core Fixed Income	6.0%	4.90%
Non-Core Fixed Income	20.0%	8.70%
Other Public and Private Markets	12.0%	8.10%
Real Estate	12.0%	5.80%
Hedge Funds	5.0%	6.90%
Private Equity	10.0%	11.80%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

Changes in the net pension liability for the Town are summarized in the following table:

	Changes in the Net Pension Liability		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2021	\$ 7,103,689	\$ 7,719,168	\$ (615,479)
Changes for the year:			
Service cost	421,015	-	421,015
Interest	482,364	-	482,364
Difference between expected and actual experience	80,479	-	80,479
Contributions - employer	-	329,600	(329,600)
Contributions - employee	-	169,180	(169,180)
Net investment income	-	(564,999)	564,999
Benefit payments, including refunds of employee contributions	(336,141)	(336,141)	-
Administrative expense	-	(4,876)	4,876
Other changes	-	5,818	(5,818)
Net changes	<u>647,717</u>	<u>(401,417)</u>	<u>1,049,135</u>
Balance at 12/31/2022	<u>\$ 7,751,406</u>	<u>\$ 7,317,751</u>	<u>\$ 433,655</u>

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE O – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in the Net Pension Liability (continued)

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability of the Town, calculated using the discount rate of 6.75%, as well as what the Town’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Town's net pension liability	\$ 1,681,327	\$ 433,655	\$ (563,065)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the fiscal year ended September 30, 2023, the Town recognized pension expense of \$308,576 and the calculation of the expense is summarized in the following table:

Schedule of Pension Expense	
Total service cost	\$ 421,015
Interest on the total pension liability	482,364
Changes in current period benefits	-
Employee contributions (reduction of expense)	(169,180)
Projected earnings on plan investments (reduction of expense)	(521,044)
Administrative expense	4,876
Other changes in fiduciary net position	(5,818)
Recognition of current year outflow (inflow) of resources - liabilities	30,030
Recognition of current year outflow (inflow) of resources - assets	217,209
Amortization of prior year outflows (inflows) of resources - liabilities	(67,116)
Amortization of prior year outflows (inflows) of resources - assets	(83,760)
Total pension expense	\$ 308,576

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE O – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

At September 30, 2023 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Schedule of Deferred Outflows and Inflows of Resources	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 15,665	\$ -
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	512,742	-
Contributions subsequent to the measurement date	241,646	-
Total	\$ 770,053	\$ -

\$241,645 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31	Amount
2023	\$ 40,258
2024	137,302
2025	133,640
2026	217,207
2027	-
Thereafter	-
Total	\$ 528,407

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE P – PUBLIC IMPROVEMENT DISTRICTS

The Town currently has two public improvement districts (PIDs). Both PID's established by the Town state the "Owner proposes that no portion of the Authorized Improvements Cost shall be apportioned to the Town; consequently, no Town property will be assessed, and the Town will not be obligated to pay any assessments levied against the Property or to pay debt service on any revenue bonds secured by assessments levied against the Property." The Town has engaged a PID Administrator for both PIDs identified below. All assessments paid, whether in full or annually with homeowner's property tax bill, flow through an account at the Town and are wired to the respective trustee hired to administer the bonds.

The Highlands of Argyle Public Improvement District No. 1 (the "Highlands PID")

On April 26, 2016, the Town passed and approved Resolution No. 2016-07 authorizing the establishment of the Highlands PID in accordance with Chapter 372, Texas Local Government Code, as amended, which authorization was effective upon publication as required by the act. The purpose of the PID is to finance the actual costs of authorized improvements that confer a special benefit on approximately 111.41 acres within the corporate limits of the Town: (1) just southwest of the Old Town area; (2) south of Old Justin Road; (3) West of U.S. Highway 377 along and adjacent to the Texas & Pacific Railroad Company; and (4) north of Harpole. The property is zoned under Ordinance No. 2015-21 adopted by the Town Council on September 22, 2015, which ordinance establishes the permitted uses of, and standards for the development of, the property.

The Waterbrook of Argyle Public Improvement District (the "Waterbrook PID")

On August 23, 2016, the Town passed and approved Resolution No. 2016-22 authorizing the establishment of the Waterbrook PID in accordance with Chapter 372, Texas Local Government Code, as amended, which authorization was effective upon publication as required by the act. The purpose of the Waterbrook PID is to finance the actual costs of authorized improvements that confer a special benefit on approximately 101.350 acres within the corporate limits of the Town, located on the southeast corner of Farm to Market Road 407; along and adjacent to U.S. Highway 377; and North of Frenchtown Road. The property is zoned under Ordinance No. 2016-08 adopted by the Town Council on April 23, 2016, which ordinance establishes the permitted uses of, and standards for the development of, the property.

The PIDs each have their own financial statements separate from the Town that reflect the PID activities and related issuance and subsequent bond payments, special property assessments, developer reimbursements, and administrative costs. The Highlands PID and the Waterbrook PID financial statements may be available, upon request, at the completion of their audits, upon approval.

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE Q – TAX INCREMENT REINVESTMENT ZONE

Tax Increment Reinvestment Zone (TIRZ) are special zone(s) created by the Town Council under the Texas Tax Code Chapter 311 (Tax Increment Financing Act). A TIRZ is used to finance public improvements within a defined area. These improvements are intended to promote development or redevelopment in the defined area and surrounding areas. Taxes attributable to new improvements (tax increments) are set aside in a special revenue fund to finance public improvements with the boundaries of the zone.

The Argyle Tax Increment Reinvestment Zone No. 1 Board (the “Waterbrook TIRZ”) was created by the Town Council on September 27, 2016 through the adoption of Ordinance No. 2016-18. On August 9, 2016, the Council approved the Development Agreement between the Town of Argyle and Terra Manna, LLC for the Waterbrook Development located on the Southeast corner of FM 407 and US 377. The development agreement included components related to the creation of the Waterbrook PID, as well as the creation of a TIRZ which will be used to buy down the PID assessment on the project and reimburse eligible developer costs.

A portion of the real property ad valorem taxes levied by participating taxing entities and a portion of sales taxes collected in Waterbrook TIRZ are set aside for this purpose beginning with taxes levied after January 1, 2017 tax levies. The amount set aside out of the annually adopted tax levy, is based upon the appraised value each January 1st compared to the base year appraised value of property in the TIRZ as of January 1, 2016 (tax increment).

The Town engaged a TIRZ Administrator in June 2021. On March 24, 2021, the TIRZ Administrator conducted a review in coordination with the Denton County GIS/Mapping Coordinator to determine the values of the Waterbrook TIRZ since its creation. The values are summarized below:

TABLE 1				
REINVESTMENT ZONE NUMBER ONE OF THE TOWN OF ARGYLE				
HISTORICAL TAXABLE AND INCREMENTAL VALUES				
YEAR	CONTRIBUTION TO TIRZ FUND AS OF SEPTEMBER 30	TAXABLE VALUE	INCREMENTAL TAXABLE VALUE	TOWN SALES TAX COLLECTED IN TIRZ
2023	2024	\$145,564,346	\$145,074,952	\$0
2022	2023	\$85,595,436	\$85,106,042	\$0
2021	2022	\$54,515,273	\$54,025,879	\$0
2020	2021	\$31,356,671	\$30,867,277	\$0
2019	2020	\$24,524,050	\$24,034,656	\$0
2018	2019	\$8,686,722	\$8,197,328	\$0
2017	2018	\$22,100,384	\$21,610,990	\$0
2016	2017	\$489,394	\$0	\$0

The County agreed to deposit 50% of the County’s Tax Increment each year, and the Town agreed to deposit 40% of the Town’s Tax Increment and 50% of the Town’s \$0.01 sales tax collected in the Zone each year. There has been no sales tax component as there is no commercial building to date. The Town recognized property tax portion total \$123,647 (\$34,409 from the I&S Fund and \$89,239 from the M&O Fund) in fiscal year 2023. The Town accounts for the TIRZ as a *Special Revenue F*.

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2023

NOTE Q – TAX INCREMENT REINVESTMENT ZONE (CONTINUED)

The funds generated within the boundary are used as follows:

From the County increment: Administration and creation costs for the Waterbrook TIRZ; reimbursement to the developer for approximately \$2.4 million in sewer collection system facilities and farm to market deceleration lanes; and to pay interest on the obligation of the sewer facilities and deceleration lanes.

From the Town increment: Administration and creation costs for the Waterbrook TIRZ; to fund a reserve for the Commercial PID Credit; to fund a set amount to the Commercial Credit after Development Agreement thresholds are met; to reimburse the Developer for certain costs from Sales Tax revenues produced within the boundary.

NOTE R - FIDUCIARY FUNDS

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Town has two fiduciary funds: Highlands PID Agency Fund and Waterbrook PID Agency Fund. As of September 30, 2023, the Fiduciary funds have no fund balances as monies are periodically transferred to clear the fund.

NOTE S - PRIOR PERIOD ADJUSTMENTS

During the fiscal year ended September 30, 2023, the Town Management discovered the following prior period adjustments:

Description	Amount
Fund Balance, as Originally Reported	\$ 10,993,402
Decrease developer payable for impact fees paid in prior year	138,127
Fund Balance, as Restated	\$ 11,131,529

NOTE T - SUBSEQUENT EVENTS

In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through September 30, 2024, the date the financial statements were available to be issued.



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Required Supplementary Information

For the fiscal year ended
September 30, 2023



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Town of Argyle, Texas
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budgetary and Actual
For the Year Ended September 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Property	\$ 2,848,525	\$ 2,848,525	\$ 2,795,556	\$ (52,969)
Sales and beverage	1,206,000	1,206,000	1,600,418	394,418
Franchise	350,000	350,000	535,790	185,790
Municipal court fines	200,000	200,000	324,257	124,257
Building permits and fees	1,026,860	1,026,860	1,282,430	255,570
Park development fees	-	-	145,294	145,294
Intergovernmental	-	-	86,263	86,263
Interest	-	-	345,603	345,603
Miscellaneous	80,600	80,600	131,388	50,788
Total revenues	<u>5,711,985</u>	<u>5,711,985</u>	<u>7,246,999</u>	<u>1,535,014</u>
EXPENDITURES				
Current:				
General government	1,581,011	1,581,011	1,559,304	21,707
Municipal court	134,493	134,493	122,078	12,415
Public safety	2,068,938	2,068,938	2,027,945	40,993
Public works	812,556	812,556	906,037	(93,481)
Development services	866,394	866,394	1,004,813	(138,419)
Capital outlay:				
General government	-	-	141,613	(141,613)
Total expenditures	<u>5,463,392</u>	<u>5,463,392</u>	<u>5,761,790</u>	<u>(298,398)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>248,593</u>	<u>248,593</u>	<u>1,485,209</u>	<u>1,236,616</u>
OTHER FINANCING SOURCES (USES)				
Lease Proceeds	-	-	(24,304)	24,304
Transfers in	211,526	211,526	268,167	56,641
Transfers out	<u>(265,013)</u>	<u>(265,013)</u>	<u>(1,132,000)</u>	<u>(866,987)</u>
Total other financing sources and uses	<u>(53,487)</u>	<u>(53,487)</u>	<u>(888,137)</u>	<u>(810,346)</u>
Net change in fund balances	195,106	195,106	597,072	426,270
Fund balances - beginning	4,653,811	4,653,811	4,653,811	-
Fund balances - ending	<u>\$ 4,848,917</u>	<u>\$ 4,848,917</u>	<u>\$ 5,250,883</u>	<u>\$ 426,270</u>

Town of Argyle, Texas
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
Lat Ten Plan Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022
A. Total pension liability									
Service cost	\$ 229,039	\$ 263,016	\$ 256,946	\$ 285,184	\$ 335,209	\$ 363,721	\$ 378,610	\$ 396,441	\$ 421,015
Interest	251,574	269,509	290,933	325,060	360,188	387,971	413,709	449,370	482,364
Change of benefit terms	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	(201,849)	(58,176)	(5,180)	28,922	(76,452)	(207,859)	(86,274)	(84,203)	80,479
Changes of assumptions	-	40,352	-	-	-	(4,544)	-	-	-
Benefit payments, including refunds of employee contributions	(42,232)	(36,849)	(66,492)	(35,956)	(251,592)	(191,590)	(139,274)	(234,049)	(336,141)
Net Change in Total Pension Liability	236,532	477,852	476,207	603,210	367,353	347,699	566,771	527,559	647,717
Total Pension Liability - Beginning	3,500,506	3,737,038	4,214,890	4,691,097	5,294,307	5,661,660	6,009,359	6,576,130	7,103,689
Total Pension Liability - Ending (a)	\$ 3,737,038	\$ 4,214,890	\$ 4,691,097	\$ 5,294,307	\$ 5,661,660	\$ 6,009,359	\$ 6,576,130	\$ 7,103,689	\$ 7,751,406
B. Plan Fiduciary Net Position									
Contributions - employer	\$ 172,481	\$ 210,859	\$ 310,701	\$ 236,183	\$ 275,179	\$ 293,760	\$ 298,987	\$ 325,268	\$ 329,600
Contributions - employee	87,926	97,620	98,393	110,292	128,503	137,179	139,709	151,893	169,180
Net investment income	159,797	4,677	232,884	557,079	(146,428)	756,002	446,609	864,407	(564,999)
Benefit payments, including refunds of employee contributions	(42,232)	(36,849)	(66,492)	(35,956)	(251,592)	(191,590)	(139,274)	(234,049)	(336,141)
Administrative expense	(1,668)	(2,848)	(2,627)	(2,883)	(2,825)	(4,264)	(2,884)	(3,990)	(4,876)
Other changes	(137)	(141)	(142)	(146)	(148)	(128)	(113)	27	5,818
Net Change in Plan Fiduciary Net Position	376,167	273,318	572,717	864,569	2,691	990,961	743,036	1,103,558	(401,417)
Plan Fiduciary Net Position - Beginning	2,792,159	3,168,326	3,441,644	4,014,361	4,878,929	4,881,620	5,872,581	6,615,613	7,719,167
Plan Fiduciary Net Position - Ending (b)	3,168,326	3,441,644	4,014,361	4,878,930	4,881,620	5,872,581	6,615,613	7,719,167	7,317,751
C. Net Pension Liability - Ending (a) - (b)	\$ 568,712	\$ 773,246	\$ 676,736	\$ 415,377	\$ 780,040	\$ 136,778	\$ (39,483)	\$ (615,478)	\$ 433,655
D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability	84.78%	81.65%	85.57%	92.15%	86.22%	97.72%	100.60%	108.66%	94.41%
E. Covered Employee Payroll	\$ 1,240,899	\$ 1,394,570	\$ 1,405,610	\$ 1,575,602	\$ 1,835,755	\$ 1,959,706	\$ 1,995,839	\$ 2,230,263	\$ 2,416,851
F. Net Pension Liability as a Percentage of Covered Employee Payroll	45.83%	55.45%	48.15%	26.36%	42.49%	6.98%	-1.98%	-27.60%	17.94%

This schedule is presented to illustrate the requirement to show information for ten year. However, until a full ten year trend is compiled, only available information is presented.

Town of Argyle, Texas
Required Supplementary Information
Schedule of Contributions
Last Ten Fiscal Years

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Actuarially Determined Contribution	202,634	206,003	218,375	251,203	257,628	274,441	257,064	262,725	257,593	241,646
Contributions in relation to the actuarially determined contribution	(211,599)	(209,784)	(227,158)	(274,007)	(256,355)	(278,313)	(299,176)	(334,316)	(387,172)	(357,000)
Contribution deficiency (excess)	(8,965)	(3,780)	(8,783)	(22,804)	1,273	(3,873)	(42,112)	(71,591)	(71,591)	(113,331)
Covered employee payroll	1,371,849	1,396,073	1,515,399	1,827,930	1,835,755	1,959,706	1,995,839	2,230,263	2,416,851	2,416,851
Contributions as a percentage of covered employee payroll	14.77%	14.76%	14.41%	13.74%	14.03%	14.00%	12.88%	11.78%	10.66%	10.00%

This schedule is presented to illustrate the requirement to show information for ten year. However, until a full ten year trend is compiled, only available information is presented.

Notes to Schedule of Contributions

Valuation date:

Notes Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	N/A
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the Town's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes There were no benefit changes during the year.

**TOWN OF ARGYLE, TEXAS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2023**

BUDGETARY INFORMATION

The Town follows these procedures annually in establishing the budgetary data reflected in the budgetary comparison schedules:

1. The Town Administrator submits to the Town Council a proposed budget for the fiscal year commencing the following October 1. The budget includes proposed expenditures and the means of financing them.
2. Prior to October 1, the budget is legally adopted through passage of an ordinance. This budget is reported as the Original Budget in the budgetary comparison schedules.
3. During the fiscal year, changes to the adopted budget may be authorized, as follows:
 - a. Items requiring Town Council action – appropriation of fund balance reserves; transfers of appropriations between funds; new inter-fund loans or advances; and creation of new capital projects or increases to existing capital projects.
 - b. Items delegated to the Town Administrator – appropriation balances from an expenditure account to another within a single fund.
4. Annual budgets are legally adopted and amended as required for the general, special revenue and debt service funds. Project length budgets are adopted for the capital projects funds. All budgets are adopted on a basis consistent with generally accepted accounting principles. Budgets are adopted for the proprietary funds annually only as a management tool. There are no legally mandated budgetary constraints for the proprietary funds.
5. Budget amounts are reflected after all authorized amendments and revisions. This budget is reported as the Final Budget in the budgetary comparison schedules.
6. The appropriated budget is prepared by fund, function and department. The Town's management may make transfers of appropriations within a fund. Transfers of appropriations between funds require the approval of the Town Council. The legal level of budgetary control is the fund level.
7. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances lapse at year-end and do not constitute expenditures or liabilities because the commitments must be re-appropriated and honored during the subsequent year.



Combining Nonmajor Fund Financial Statements

For the fiscal year ended
September 30, 2023



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Town of Argyle, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2023

	Special Revenue Funds									Blended Component Units		Capital Projects	Total
	Court Technology Fund	Court Security Fund	Parkland Dedication Fund	Tree Reforestation Fund	LEOSE Training Fund	Police Donations Fund	Senior Citizens Organization Fund	Building Maintenance Fund	Tax Increment Reinvestment Zone (TIRZ)	Economic Development Corporation	Crime Control Prevention District	Equipment Replacement Fund	Nonmajor Governmental Funds
ASSETS													
Cash and cash equivalents	\$ 13,408	\$ 52,392	\$ 714,759	\$ 394,995	\$ 7,664	\$ 36,114	\$ (968)	\$ 29,490	\$ 134,534	\$ 23,835	\$ 667,617	\$ 237,841	\$ 2,311,681
Sales and beverage taxes receivable											71,069		71,069
Others	-	-	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	64,992	-	-	-	64,992
Total assets	<u>13,408</u>	<u>52,392</u>	<u>714,759</u>	<u>394,995</u>	<u>7,664</u>	<u>36,114</u>	<u>(968)</u>	<u>29,490</u>	<u>199,526</u>	<u>23,835</u>	<u>738,686</u>	<u>237,841</u>	<u>2,447,742</u>
LIABILITIES AND FUND BALANCES													
Liabilities:													
Accounts payable	103	-	-	-	-	-	-	-	(35)	-	1,495	-	1,563
Accrued liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Due to other fund											153,482		153,482
Total liabilities	<u>103</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(35)</u>	<u>-</u>	<u>154,977</u>	<u>-</u>	<u>155,045</u>
Fund balances:													
Restricted for:													
Economic development	-	-	-	-	-	-	-	-	-	23,835	-	-	23,835
Assigned to:													
Municipal court	13,305	52,392	-	-	-	-	-	-	-	-	-	-	65,697
Community projects	-	-	714,759	394,995	-	-	(968)	-	-	-	-	-	1,108,786
Police	-	-	-	-	7,664	36,114	-	-	-	-	583,709	-	627,487
Building maintenance	-	-	-	-	-	-	-	29,490	-	-	-	-	29,490
Equipment replacement	-	-	-	-	-	-	-	-	-	-	-	237,841	237,841
TIRZ	-	-	-	-	-	-	-	-	199,561	-	-	-	199,561
Total fund balances	<u>13,305</u>	<u>52,392</u>	<u>714,759</u>	<u>394,995</u>	<u>7,664</u>	<u>36,114</u>	<u>(968)</u>	<u>29,490</u>	<u>199,561</u>	<u>23,835</u>	<u>583,709</u>	<u>237,841</u>	<u>2,292,697</u>
Total liabilities and fund balances	<u>\$ 13,408</u>	<u>\$ 52,392</u>	<u>\$ 714,759</u>	<u>\$ 394,995</u>	<u>\$ 7,664</u>	<u>\$ 36,114</u>	<u>\$ (968)</u>	<u>\$ 29,490</u>	<u>\$ 199,526</u>	<u>\$ 23,835</u>	<u>\$ 738,686</u>	<u>\$ 237,841</u>	<u>\$ 2,447,742</u>

Town of Argyle, Texas
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended September 30, 2023

	Special Revenue Funds								Blended Component Units		Capital Projects	Total	
	Court Technology Fund	Court Security Fund	Parkland Dedication Fund	Tree Reforestation Fund	LEOSE Training Fund	Police Donations Fund	Senior Citizens Organization Fund	Building Maintenance Fund	Tax Increment Reinvestment Zone (TIRZ)	Economic Development Corporation	Crime Control Prevention District	Equipment Replacement Fund	Nonmajor Governmental Funds
REVENUES													
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 216,219	\$ -	\$ -	\$ -	\$ 216,219
Sales and beverage											389,682		389,682
Franchise fees													
Court technology and security fees	9,758	11,852	-	-	-	-	-	-	-	-	-	-	21,610
Park development fees	-	-	257,013	-	-	-	-	-	-	-	-	-	257,013
Contributions	-	-	-	-	1,113	28,243	523	-	-	-	14,500	-	44,379
Interest	535	2,025	27,631	17,250	348	1,295	77	1,283	3,973	896	33,579	10,147	99,039
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	33,325	33,325
	<u>10,293</u>	<u>13,877</u>	<u>284,644</u>	<u>17,250</u>	<u>1,461</u>	<u>29,538</u>	<u>600</u>	<u>1,283</u>	<u>220,192</u>	<u>896</u>	<u>437,761</u>	<u>43,472</u>	<u>1,061,267</u>
EXPENDITURES													
Current:													
General government	-	557	-	4,573	-	-	4,150	-	428,941	-	-	-	438,221
Municipal court	4,497	-	-	-	-	-	-	-	-	-	-	-	4,497
Public safety	-	-	11,321	-	1,168	8,952	-	-	-	-	84,052	-	105,493
Capital outlay:													
Public safety	-	-	20,252	-	-	-	-	-	-	-	74,588	-	94,840
Total expenditures	<u>4,497</u>	<u>557</u>	<u>31,573</u>	<u>4,573</u>	<u>1,168</u>	<u>8,952</u>	<u>4,150</u>	<u>-</u>	<u>428,941</u>	<u>-</u>	<u>158,640</u>	<u>-</u>	<u>643,051</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,796</u>	<u>13,320</u>	<u>253,071</u>	<u>12,677</u>	<u>293</u>	<u>20,586</u>	<u>(3,550)</u>	<u>1,283</u>	<u>(208,749)</u>	<u>896</u>	<u>279,121</u>	<u>43,472</u>	<u>418,216</u>
OTHER FINANCING SOURCES (USES)													
Transfers in	-	-	-	-	-	-	-	-	139,570	-	-	-	139,570
Transfers out	-	-	-	-	-	-	-	-	-	-	(190,641)	-	(190,641)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>139,570</u>	<u>-</u>	<u>(190,641)</u>	<u>-</u>	<u>(51,071)</u>
Net change in fund balances	<u>5,796</u>	<u>13,320</u>	<u>253,071</u>	<u>12,677</u>	<u>293</u>	<u>20,586</u>	<u>(3,550)</u>	<u>1,283</u>	<u>(69,179)</u>	<u>896</u>	<u>88,480</u>	<u>43,472</u>	<u>367,145</u>
Fund balances - beginning	<u>7,509</u>	<u>39,072</u>	<u>461,688</u>	<u>382,318</u>	<u>7,371</u>	<u>15,528</u>	<u>2,582</u>	<u>28,207</u>	<u>268,740</u>	<u>22,939</u>	<u>495,229</u>	<u>194,369</u>	<u>1,925,552</u>
Fund balances - ending	<u>\$ 13,305</u>	<u>\$ 52,392</u>	<u>\$ 714,759</u>	<u>\$ 394,995</u>	<u>\$ 7,664</u>	<u>\$ 36,114</u>	<u>\$ (968)</u>	<u>\$ 29,490</u>	<u>\$ 199,561</u>	<u>\$ 23,835</u>	<u>\$ 583,709</u>	<u>\$ 237,841</u>	<u>\$ 2,292,697</u>



Budgetary Comparison Information

For the fiscal year ended
September 30, 2023



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Town of Argyle, Texas
Street Maintenance Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budgetary and Actual
For the Year Ended September 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Sales	\$ 550,000	\$ 550,000	\$ 797,430	\$ 247,430
Interest	13,000	13,000	98,492	85,492
Total revenues	<u>563,000</u>	<u>563,000</u>	<u>895,922</u>	<u>332,922</u>
EXPENDITURES				
Current:				
Public works	187,650	187,650	\$ 3,242	184,408
Capital outlay:				
Public works	-	-	114,670	(114,670)
Total expenditures	<u>187,650</u>	<u>187,650</u>	<u>117,912</u>	<u>69,738</u>
Excess (deficiency) of revenues over (under) expenditures	<u>375,350</u>	<u>375,350</u>	<u>778,010</u>	<u>402,660</u>
OTHER FINANCING SOURCES (USES)				
Total other financing sources and uses	-	-	-	-
Net change in fund balances	375,350	375,350	778,010	402,660
Fund balances - beginning	1,868,088	1,868,088	1,868,088	-
Fund balances - ending	<u>\$ 2,243,438</u>	<u>\$ 2,243,438</u>	<u>\$ 2,646,098</u>	<u>\$ 402,660</u>

Town of Argyle, Texas
Municipal Development District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budgetary and Actual
For the Year Ended September 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Sales	\$ 285,000	\$ 285,000	\$ 412,981	\$ 127,981
Interest	-	-	106,326	106,326
Total revenues	<u>285,000</u>	<u>285,000</u>	<u>519,307</u>	<u>234,307</u>
EXPENDITURES				
Current:				
General government	-	-	53,831	-
Public safety	416,920	416,920	37,555	363,089
Capital outlay:	-	-		
Total expenditures	<u>416,920</u>	<u>416,920</u>	<u>91,386</u>	<u>363,089</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(131,920)</u>	<u>(131,920)</u>	<u>427,921</u>	<u>597,396</u>
OTHER FINANCING SOURCES (USES)				
Total other financing sources and uses	-	-	-	-
Net change in fund balances	<u>(131,920)</u>	<u>(131,920)</u>	<u>427,921</u>	<u>597,396</u>
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ (131,920)</u>	<u>\$ (131,920)</u>	<u>\$ 427,921</u>	<u>\$ 597,396</u>

Town of Argyle, Texas
Crime Control & Prevention District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budgetary and Actual
For the Year Ended September 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Sales	\$ 227,200	\$ 227,200	\$ 389,682	\$ 162,482
Contributions	-	-	14,500	14,500
Interest	-	-	33,579	33,579
Total revenues	<u>227,200</u>	<u>227,200</u>	<u>437,761</u>	<u>210,561</u>
EXPENDITURES				
Current:				
Public safety	200,025	200,025	84,052	115,973
Total expenditures	<u>200,025</u>	<u>200,025</u>	<u>84,052</u>	<u>115,973</u>
Excess (deficiency) of revenues over (under) expenditures	<u>27,175</u>	<u>27,175</u>	<u>353,709</u>	<u>326,534</u>
OTHER FINANCING SOURCES (USES)				
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	27,175	27,175	353,709	326,534
Fund balances - beginning	495,229	495,229	495,229	-
Fund balances - ending	<u>\$ 522,404</u>	<u>\$ 522,404</u>	<u>\$ 848,938</u>	<u>\$ 326,534</u>



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Compliance and Internal Control Section

For the fiscal year ended
September 30, 2023



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and Members of the Town Council
Town of Argyle, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Argyle, Texas (the "Town"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Town basic financial statements and have issued our report thereon dated September 30, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Argyle, Texas' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2023-001 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town's of Argyle, Texas' Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Argyle Texas' response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Town of Argyle, Texas' response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vail + Park, P.C.

Frisco, Texas
September 30, 2024

Town of Argyle, Texas
Schedule of Findings and Responses
For the Year Ended September 30, 2023

Finding No. 2023-01: Missing supporting documentation for certain disbursement items selected

Type of Finding: Significant Deficiency

Criteria: The Town was unable to provide supporting documentation such as vendor invoice/voucher package for certain expense items selected for testing as part of our disbursements sample selection. The selected items were not material and were not filed in the related vendor file.

Recommendation: The Town should maintain disbursement support and file the vendor invoice being paid in a file folder that is by vendor name to substantiate Town expenses.

Management's responses: Finance had turnover in personnel during fiscal year 2023 resulting in difficulty locating support for some disbursement transactions.



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Statistical Section

For the fiscal year ended
September 30, 2023



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TOWN OF ARGYLE, TEXAS
 SCHEDULE OF NET POSITION BY COMPONENT
 Last Ten Fiscal Years

B-1

	Fiscal Year										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities											
Net investment in capital position	\$ 2,560,671	\$ 2,416,889	\$ 2,409,501	\$ 5,512,466	\$ 5,654,315	\$ 11,163,507	\$ 9,411,671	\$ 10,438,118	17,678,131	\$ 16,157,038	\$ 20,196,668
Restricted	2,083,447	1,435,797	1,530,126	1,897,972	2,637,635	4,036,216	7,219,075	6,826,428	7,376,509	10,788,211	9,560,369
Unrestricted	544,279	1,671,466	1,390,017	1,827,510	1,996,236	2,179,909	1,683,603	2,273,990	3,467,381	5,748,766	7,805,208
Total governmental activities net assets	<u>\$ 5,188,397</u>	<u>\$ 5,524,153</u>	<u>\$ 5,329,644</u>	<u>\$ 9,237,948</u>	<u>\$ 10,288,186</u>	<u>\$ 17,379,632</u>	<u>\$ 18,314,349</u>	<u>\$ 19,538,536</u>	<u>\$ 28,522,021</u>	<u>\$ 32,694,015</u>	<u>\$ 37,562,245</u>
Business-type activities											
Net investment in capital position	\$ 265,738	\$ 373,181	\$ 302,909	\$ 1,502,777	\$ 1,415,460	\$ 2,164,751	\$ 4,510,097	\$ 4,562,719	\$ 6,561,242	\$ 6,626,680	\$ 7,360,471
Restricted	387,143	510,257	435,256	402,828	395,395	410,396	646,237	884,099	1,283,870	1,221,892	1,309,608
Unrestricted	149,467	12,528	75,507	221,298	478,541	806,688	1,048,166	1,000,020	2,755,993	3,144,830	3,200,031
Total business-type activities net assets	<u>\$ 802,348</u>	<u>\$ 895,966</u>	<u>\$ 813,671</u>	<u>\$ 2,126,904</u>	<u>\$ 2,289,396</u>	<u>\$ 3,381,835</u>	<u>\$ 6,204,500</u>	<u>\$ 6,446,838</u>	<u>\$ 10,601,105</u>	<u>\$ 10,993,402</u>	<u>\$ 11,870,110</u>
Primary government											
Net investment in capital position	\$ 2,826,409	\$ 2,790,070	\$ 2,712,410	\$ 7,015,243	\$ 7,069,775	\$ 13,328,258	\$ 13,921,768	\$ 15,000,837	\$ 24,239,373	\$ 22,783,718	\$ 27,557,139
Restricted	2,470,590	1,946,055	1,965,382	2,300,800	3,033,030	4,446,612	7,865,312	7,710,527	8,660,379	12,010,103	10,869,977
Unrestricted	693,746	1,682,994	1,465,523	2,048,809	2,474,777	2,986,597	2,731,769	3,274,010	6,223,374	8,893,595	10,982,530
Total primary government net assets	<u>\$ 5,990,745</u>	<u>\$ 6,420,119</u>	<u>\$ 6,143,315</u>	<u>\$ 11,364,852</u>	<u>\$ 12,577,582</u>	<u>\$ 20,761,467</u>	<u>\$ 24,518,849</u>	<u>\$ 25,985,374</u>	<u>\$ 39,123,126</u>	<u>\$ 43,687,416</u>	<u>\$ 49,409,646</u>

Source: Statement Net Position

TOWN OF ARGYLE, TEXAS
 CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
 (accrual basis of accounting)

B-2

Expenses	Fiscal Year										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities:											
General Government	\$ 754,240	\$ 800,749	\$ 815,471	\$ 991,022	\$ 881,297	\$ 1,060,987	\$ 1,109,901	\$ 1,609,190	\$ 2,132,561	\$ 1,892,173	\$ 2,616,292
Public Safety	977,878	934,970	1,036,907	859,878	1,084,847	1,384,772	1,517,963	1,655,752	1,618,662	1,898,264	2,294,228
Municipal Court	168,701	125,067	138,908	88,206	90,276	105,139	115,643	117,595	136,705	67,190	126,739
Public Works	546,050	519,611	664,592	704,603	868,327	1,804,747	1,156,548	1,201,440	1,331,292	1,234,657	1,656,206
Development Services	260,348	291,735	328,032	275,464	338,244	498,067	663,866	677,426	900,614	872,554	1,005,066
Interest on Long Term Debt	226,347	216,600	201,061	192,831	185,099	177,996	152,295	265,222	154,933	235,119	(40,518)
Bond Issue Costs	-	-	-	-	-	-	-	62,802	-	-	-
Total governmental activities expenses	2,933,564	2,888,732	3,184,972	3,112,005	3,448,091	5,031,708	4,716,216	5,589,427	6,274,767	6,199,958	7,658,014
Business-type activities:											
Wastewater utility	372,228	463,095	484,468	512,434	383,849	402,521	596,995	711,962	990,746	1,096,415	1,760,251
Total business-type activities expenses	372,228	463,095	484,468	512,434	383,849	402,521	596,995	711,962	990,746	1,096,415	1,760,251
Total primary government expenses	\$ 3,305,792	\$ 3,351,827	\$ 3,669,440	\$ 3,624,439	\$ 3,831,939	\$ 5,434,229	\$ 5,313,211	\$ 6,301,389	\$ 7,265,513	\$ 7,296,373	\$ 9,418,265
Program Revenues											
Governmental activities:											
Charges for services:											
General Government	\$ 9,560	9,027	9,593	26,827	2,562	541,127	534,491	599,078	1,118,369	1,062,365	1,304,050
Public Safety	16,001	238	1,023	550	664	-	-	-	-	-	-
Municipal Court	270,421	135,168	239,813	289,463	309,913	337,811	264,096	211,666	309,178	220,000	324,257
Public Works	107,550	158,526	96,989	100,503	173,809	44,030	67,025	239,982	247,092	482,647	402,307
Development Services	284,534	313,151	366,651	307,832	420,272	150,040	265,204	356,377	491,378	665,842	713,551
Operating grants and contributions	25,807	57,909	55,032	60,187	45,959	14,633	20,716	37,773	12,150	14,786	44,379
Capital grants and contributions	1,350	11,808	2,878	1,772,418	-	4,724,210	-	-	-	-	-
Total governmental activities program revenues	715,223	685,827	771,980	2,557,781	953,177	5,811,851	1,151,532	1,444,876	2,178,167	2,445,640	2,788,544
Business-type activities:											
Charges for services:											
Wastewater utility	307,798	351,202	361,970	404,028	422,141	662,468	1,014,977	827,203	919,842	1,898,331	2,515,493
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	87,306	221,490	48,018	1,103,911	92,374	812,764	2,529,462	240,114	810,092	108,035	803,741
Total business-type activities program revenues	395,104	572,692	409,989	1,507,939	514,514	1,475,232	3,544,439	1,067,317	1,729,934	2,006,366	3,319,234
Total primary government program revenues	\$ 1,110,327	\$ 1,258,519	\$ 1,181,969	\$ 4,065,719	\$ 1,467,692	\$ 7,287,083	\$ 4,695,971	\$ 2,512,193	\$ 3,908,101	\$ 4,452,006	\$ 6,107,778
Net (Expense) Revenue											
Governmental Activities	\$ (2,218,341)	(2,202,905)	(2,412,992)	(554,224)	(2,494,913)	780,143	(3,564,684)	(4,144,551)	(4,096,600)	(3,754,318)	4,869,477
Business-type Activities	22,876	109,597	(74,479)	995,505	130,666	1,072,711	2,947,444	355,355	739,188	909,951	755,242
Total Primary government net expense	\$ (2,195,465)	\$ (2,093,308)	\$ (2,487,472)	\$ (448,719)	\$ (2,364,247)	\$ 1,852,854	\$ (617,240)	\$ (3,789,196)	\$ (3,357,412)	\$ (2,844,367)	\$ 5,624,719
General Revenues											
and Other Changes in Net Position											
Governmental Activities:											
Taxes											
Property Taxes	\$ 1,748,106	\$ 1,665,290	1,708,885	1,838,958	2,079,623	2,252,713	2,531,290	2,681,177	3,057,351	3,663,937	4,029,355
Sales Taxes	357,641	391,252	461,162	498,650	620,659	779,909	1,366,439	1,157,362	1,892,816	2,849,949	3,200,511
Franchise Taxes	329,781	336,248	368,632	388,363	375,826	387,457	392,400	296,761	288,088	496,355	535,790
Interest	74,933	76,595	40,626	23,370	26,199	46,681	117,016	188,712	43,340	206,770	874,407
Intergovernmental	-	-	-	-	-	-	500,000	-	957,500	-	693,256
Miscellaneous	25,893	67,974	7,409	457	49,172	29,329	29,202	15,389	543,504	163,682	168,174
Transfers in (out)	-	23,000	-	28,300	28,300	72,895	-	160,000	412,040	545,619	236,214
Total Governmental Activities	2,536,354	2,560,359	2,586,714	2,778,097	3,179,778	3,568,984	4,936,347	4,499,401	7,194,639	7,926,312	9,737,707
Business-type Activities:											
Interest Earnings	16,298	15,719	8,424	4,782	5,197	7,993	19,728	35,221	8,057	27,965	219,553
Transfers in (out)	-	-	-	15,870	54,859	-	-	(160,000)	(412,040)	(545,619)	(236,214)
Total Business-type Activities	16,298	15,719	8,424	20,652	60,056	7,993	19,728	(124,779)	(403,983)	(517,654)	(16,661)
Total Primary Government	\$ 2,552,652	\$ 2,576,078	\$ 2,595,138	\$ 2,798,750	\$ 3,239,834	\$ 3,576,977	\$ 4,956,075	\$ 4,374,622	\$ 6,790,656	\$ 7,408,658	\$ 9,721,046
Change in Net Position											
Governmental Activities	\$ 318,013	\$ 357,454	\$ 173,722	\$ 2,223,873	\$ 684,865	\$ 4,349,127	\$ 1,371,663	\$ 354,850	\$ 3,098,039	\$ 4,171,994	\$ 14,607,184
Business-type Activities	39,174	125,316	(66,055)	1,016,158	190,721	1,080,704	2,967,172	230,576	335,205	392,297	738,581
Total Primary Government	\$ 357,187	\$ 482,770	\$ 107,666	\$ 3,240,031	\$ 875,587	\$ 5,429,831	\$ 4,338,835	\$ 585,426	\$ 3,433,244	\$ 4,564,291	\$ 15,345,765

TOWN OF ARGYLE, TEXAS
 FUND BALANCES, GOVERNMENTAL FUNDS
 Last Ten Fiscal Years

B-3

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund											
Unassigned	\$ 1,365,298	\$1,680,523	\$1,919,158	\$2,257,770	\$2,421,514	\$2,427,523	\$2,334,528	\$3,238,631	\$4,225,261	\$4,629,507	\$5,250,883
Reserved for other *	-	-	-	-	-	-	-	-	-	-	-
Total general fund	<u>\$ 1,365,298</u>	<u>\$ 1,680,523</u>	<u>\$ 1,919,158</u>	<u>\$ 2,257,770</u>	<u>\$ 2,421,514</u>	<u>\$ 2,427,523</u>	<u>\$ 2,334,528</u>	<u>\$ 3,238,631</u>	<u>\$ 4,225,261</u>	<u>\$ 4,629,507</u>	<u>\$ 5,250,883</u>
All Other Governmental Funds											
Restricted for:											
Capital Projects	\$ 947,574	\$166,424	\$147,433	\$247,287	\$804,521	\$194,107	\$2,513,326	\$1,949,005	\$ -	\$ -	\$ -
Debt Service	124,106	122,312	126,536	158,368	203,279	227,264	240,161	194,146	105,131	118,518	319,304
Street Maintenance	305,662	261,292	266,958	301,846	433,253	525,155	845,541	1,192,594	1,633,219	1,868,089	2,646,098
Capital funds	349,532	512,535	612,663	717,157	897,966	1,064,993	1,311,960	637,197	1,783,315	5,663,660	4,161,757
Economic Development	-	-	-	-	-	1,417,534	1,545,186	1,685,253	1,812,329	2,081,919	2,433,210
Assigned to:											
Equipment replacement	74,911	59,666	34,242	55,798	95,747	117,438	249,625	280,939	192,956	194,369	237,841
Municipal Court	-	-	-	-	-	-	-	-	43,370	46,581	65,697
Community Projects	-	-	-	-	-	-	-	-	614,305	846,588	1,108,786
Building Maintenance	-	-	-	-	-	-	-	-	28,002	28,207	29,490
Police	-	-	-	-	-	-	-	-	24,422	518,128	627,487
Crime Control	-	-	-	-	-	293,930	232,767	258,145	361,713	-	-
TIRZ No. 1	-	-	-	-	-	-	12,363	147,701	(212,347)	268,740	199,561
Unassigned, reported in:											
Special revenue funds	281,662	313,568	342,295	417,516	202,870	195,795	268,146	481,448	-	-	-
Total all other governmental funds	<u>\$ 2,083,447</u>	<u>\$1,435,797</u>	<u>\$1,530,126</u>	<u>\$1,897,972</u>	<u>\$2,637,635</u>	<u>\$4,036,216</u>	<u>\$7,219,075</u>	<u>\$6,826,428</u>	<u>\$6,386,415</u>	<u>\$11,634,799</u>	<u>\$11,829,231</u>
Total fund balances	<u>\$ 3,448,745</u>	<u>\$ 3,116,320</u>	<u>\$ 3,449,284</u>	<u>\$ 4,155,742</u>	<u>\$ 5,059,149</u>	<u>\$ 6,463,739</u>	<u>\$9,553,603</u>	<u>\$ 10,065,059</u>	<u>\$ 10,611,676</u>	<u>\$ 16,264,306</u>	<u>\$ 17,080,114</u>

*Includes prepaid items, inventory and encumbrances

TOWN OF ARGYLE, TEXAS
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
 Last Ten Fiscal Years

B-4

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
REVENUES:											
General Property Taxes	1,656,152	1,709,472	1,831,513	2,078,389	2,210,993	2,529,268	2,689,109	3,079,983	3,063,946	3,476,659	4,086,202
Sales Tax	391,252	461,162	498,650	620,659	779,909	1,351,975	1,394,486	1,862,040	2,255,815	2,849,949	3,200,511
Franchise Tax	336,248	368,632	388,363	375,826	387,457	403,452	389,770	379,701	383,904	496,355	535,790
Municipal court fines	270,421	135,168	239,813	289,463	309,913	337,811	264,096	200,059	290,373	207,532	324,257
Building permits & fees	284,534	313,151	366,651	307,832	420,272	541,127	534,491	599,078	1,118,369	1,062,365	1,282,430
Court Technology and security fees	-	-	-	-	-	-	-	11,607	18,805	12,468	21,610
Park development fees	9,133	24,069	33,999	39,502	35,924	44,030	65,805	72,432	154,385	389,637	402,307
Tree reforestation fee	-	-	-	-	-	-	-	167,550	92,707	93,010	10
Roadway impact fees	107,550	158,526	96,989	100,503	173,809	150,040	265,204	356,377	491,378	665,842	713,551
Contributions	-	-	-	-	1,593	14,633	20,716	37,773	12,150	14,786	44,379
Intergovernmental	15,000	-	-	-	-	500,000	-	231,220	957,500	-	693,256
Interest	76,996	39,691	22,206	25,045	45,528	117,016	188,712	131,457	43,340	206,770	874,397
Miscellaneous	49,062	34,222	38,019	98,389	32,349	15,152	16,609	8,726	543,504	163,682	168,174
Total Revenues	3,196,348	3,244,093	3,516,203	3,935,607	4,397,746	6,004,504	5,828,998	7,138,003	9,426,176	9,639,055	12,346,874
EXPENDITURES:											
General Government	588,284	636,686	791,846	862,148	745,971	933,021	919,358	1,490,572	2,070,240	1,826,208	2,333,825
Municipal Court	169,281	125,790	95,758	90,757	90,034	107,836	114,723	119,872	147,220	137,461	126,575
Public Safety	969,916	861,473	1,028,287	952,918	1,051,060	1,361,263	1,435,526	1,641,321	1,638,016	1,856,869	2,170,993
Public Works	417,662	397,652	417,235	597,900	643,910	1,527,011	647,241	684,566	549,441	510,082	927,073
Development Services	242,235	290,471	341,880	278,259	339,088	507,221	660,702	688,519	927,412	942,825	1,004,813
Capital outlay:											
General Government	-	-	-	-	-	-	-	40,003	39,960	2,149,351	3,994,171
Public Safety	26,573	39,809	49,321	-	-	-	160,455	126,741	162,147	60,177	94,840
Public Works	182,646	812,642	26,327	-	222,168	936,423	1,137,436	1,136,500	2,885,120	-	-
Development Services	-	-	-	-	-	-	-	17,591	65,000	-	-
Debt Service-											
Principal Retirement	220,000	220,000	257,000	281,000	285,000	424,000	523,000	3,076,000	580,000	608,000	907,000
Interest and Fiscal Charges	227,355	219,496	201,100	193,718	185,994	178,096	135,353	297,745	185,047	212,396	207,989
Paying Agent Fees	891	800	2,787	750	4,011	-	-	62,802	-	-	-
Total Expenditures	3,044,843	3,604,819	3,211,539	3,257,449	3,567,235	5,974,871	5,733,794	9,382,232	9,249,603	8,303,369	11,767,279
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	151,505	(360,726)	304,664	678,158	830,511	29,633	95,204	(2,244,229)	176,573	1,335,686	579,595
OTHER FINANCING SOURCES (USES):											
Transfers In (out)	23,000	28,300	28,300	28,300	72,895	-	160,000	115,686	412,040	545,619	236,214
Bond Proceeds	-	-	-	-	-	-	2,665,000	2,640,000	-	3,085,000	-
Refunding bonds issued	-	531,000	-	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	(510,000)	-	-	-	-	-	-	-	-	-
Premium on refunded bonds issued	-	(21,000)	-	-	-	-	105,000	-	-	239,007	-
Insurance proceeds	-	-	-	-	-	-	64,660	-	-	-	-
Grants; Sale of Assets; Other	-	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	23,000	28,300	28,300	28,300	72,895	-	2,994,660	2,755,686	412,040	3,869,626	236,214
NET CHANGE IN FUND BALANCES	174,505	(332,426)	332,964	706,458	903,407	29,633	3,089,864	511,457	588,613	5,205,312	815,809
Debt service as a percentage of noncapital expenditures	15.7%	15.8%	14.5%	14.6%	14.2%	12.0%	14.3%	16.9%	14.3%	9.9%	9.5%

TOWN OF ARGYLE, TEXAS
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 Last Ten Fiscal Years

C-1

Fiscal Year Ended Sept. 30,	Estimated Market Value		Less:	Total Taxable Assesed Value	Total Direct Tax Rate
	Real Property	Personal Property	Tax-Exempt Property		
2013	581,057,492	21,009,569	\$ (180,780,230)	\$ 421,286,831	0.39750
2014	615,425,225	24,525,946	\$ (185,859,233)	\$ 454,091,938	0.39750
2015	693,896,627	18,957,985	\$ (204,599,343)	\$ 508,255,269	0.39750
2016	752,600,191	16,731,535	\$ (234,750,736)	\$ 534,580,990	0.39750
2017	859,238,792	25,376,149	\$ (265,181,610)	\$ 619,433,331	0.39750
2018	937,110,132	27,296,385	\$ (289,997,239)	\$ 674,409,278	0.39750
2019	1,018,124,893	25,130,610	\$ (298,026,581)	\$ 745,228,922	0.39750
2020	1,108,722,796	28,638,589	\$ (325,883,352)	\$ 811,478,033	0.39750
2021	1,220,202,315	32,354,989	\$ (339,299,930)	\$ 913,257,374	0.37819
2022	1,216,172,065	29,670,434	\$ (342,649,702)	\$ 903,192,797	0.37048
2023	1,557,690,015	27,163,364	\$ (520,513,968)	\$ 1,064,339,411	0.36535

Source: Denton County Central Appraisal District

TOWN OF ARGYLE, TEXAS
 RATIO OF GENERAL BONDED DEBT OUTSTANDING
 Last Ten Fiscal Years

D-1

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
	General Obligation Bonds	Certificates of Obligation	Total		
2012	115,000	5,975,000	6,090,000	1.47%	1,818
2013	-	5,870,000	5,870,000	1.39%	1,716
2014	531,000	5,140,000	5,671,000	1.25%	1,620
2015	474,000	4,940,000	5,414,000	1.07%	1,428
2016	418,000	4,715,000	5,133,000	0.96%	1,344
2017	363,000	4,485,000	4,848,000	0.78%	1,237
2018	304,000	4,120,000	4,424,000	0.66%	1,095
2019	1,151,000	5,435,000	6,586,000	0.91%	1,579
2020	3,650,000	2,500,000	6,150,000	0.76%	1,427
2021	3,305,000	4,260,000	7,565,000	0.83%	1,639
2022	3,602,000	7,025,000	10,627,000	1.18%	1,594
2023	3,145,000	6,415,000	9,560,000	0.90%	1,709

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

(1) See Exhibit C-1 for property value data.