



Town of Argyle · P.O. Box 609 · Argyle, TX · 76226 · emccomis@argyletx.com

MEMORANDUM

To: Mayor and Town Council
From: Erika McComis, TRMC, MMC, CPM, Town Secretary
Date: March 6, 2026

Subject: Acknowledgement of Receipt and Filing of FY 2025 Annual Financial Audit

Chapter 103 of the Texas Local Government Code requires municipalities to have their records and accounts audited annually and to file the resulting annual financial statement, together with the auditor's opinion, in the office of the City Secretary or Clerk within 180 days after the last day of the city's fiscal year.

The Town of Argyle operates on a fiscal year ending September 30. In accordance with the requirements of Chapter 103 of the Texas Local Government Code, the Town's Annual Financial Statement and the Independent Auditor's Report for the fiscal year ending September 30, 2025, have been received and filed in the office of the Town Secretary.

This memorandum serves as formal acknowledgement that the FY 2025 Annual Financial Audit has been received and filed with the Town Secretary's Office in compliance with state law. The audit is available for public inspection in the Town Secretary's Office in accordance with applicable public records requirements.

A handwritten signature in blue ink that reads "Erika McComis".

Erika McComis
Town Secretary/Treasurer



Town of Argyle, Texas
Annual Comprehensive Financial Report
As Prepared by: Finance Department
Fiscal Year Ended
September 30, 2025



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Town of Argyle, Texas
ANNUAL COMPREHENSIVE FINANCIAL REPORT
 For the year ended September 30, 2025

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Introductory Section

For the Fiscal Year Ended
September 30, 2025



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January 23, 2026

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

Chapter 103 of the Texas Local Government Code requires a municipality to 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, 2025 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, an Independent Certified Public Accountants firm. 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, 2025, 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 that there was a reasonable basis for rendering an unmodified opinion that the Town's financial statements for the fiscal year ended September 30, 2025 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 6,800, according to estimates from the North Central Texas Council of Governments (NCTCOG). Bordered on the west by Interstate Highway 35 and having both U.S. Highway 377 and FM 407 traversing through the heart of Argyle, 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 conduct operations consistent with state law and Town Ordinances.

During FY 25 the Town transitioned from an Interim Town Administrator to Town Manager and transitioned from a Finance Director to Town Treasurer position. The Town Manager was responsible for implementing the policies and ordinances enacted by the governing body, managing the day-to-day operations of the Town, and staffing the organization. This administration also includes operations of the Argyle Municipal Development District. The Town Treasurer oversees day-to-day financial operations.

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 (1/4 cent, including the ETJ), a Crime Control and Prevention District (1/4 cent), and a Street Maintenance Sales Tax (1/2 cent). 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 a Municipal Development District (MDD) 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. Solid waste collection and recycling services are contracted through Republic Waste Services.

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. 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, The Town of Flower Mound, 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 in football by the Texas Association of Private and Parochial Schools (TAPPS) five times, including back-to-back wins in 2023 and 2024. Both schools continue to attract residents to the Town.

Within the Town Limits, an approved residential development known as Argyle Landing is planned for construction in 2026. This development consists of 198 residential lots and 2 commercial lots to be built over the next few years. Individual lots are planned to be developed beginning in mid-2026. Staff anticipates a small but consistent pace of large-lot, large home residential permit activity in future years. For example, the Knight's Ridge project approved by Council calls for 25 homes on 75 acres with an average size per home of 5,000 square feet.

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 continues a strong pace of growth, providing customers for Argyle based businesses. All single-family residential phases in Harvest have been built except for a proposed Phase 13, which could include approximately 130 residential lots. The multifamily portion of the north side of the Harvest commercial area is also under construction with an anticipated build out of 349 units.

The Harvest Commercial area, approved for construction in Fall 2022, consists of 8 commercial lots on 66.6 acres. Businesses that have opened include Chase Bank, Chick-fil-a, and McDonalds. The Tom Thumb grocery store is under construction on the site, with an expected opening date of Summer 2026. Under a series of agreements, the Harvest Commercial area provides sales taxes to the Town of Argyle.

The Town has three distinct zones for retail store development and commercial property. Heritage, at the southwest corner of IH35W and Robson Ranch, is subject to a Development Agreement covering 123 acres with plans for both medical use and big box retail. Heath, at the northwest corner of IH35W and FM407 provides ample developable space for large-scale retail, a hotel district and surrounding office, restaurant, and commercial activity. Town Center, at the east side of the intersection of FM407 and US377 provides 60 acres of Town Center development potential which is the focus of a Town Center Area Plan, on-going at this time.

Budget

The budget was developed following a comprehensive review of our financial outlook, department needs, and projected economic conditions. It reflects our commitment to sound fiscal management while ensuring that critical services and infrastructure projects are adequately funded.

The FY 2024-2025 budget process involved several stages of review, starting with department-level budget requests and continuing through workshops that allowed for a thorough evaluation of expenditure priorities. This process was guided by a focus on long-term fiscal health and ensuring alignment with Argyle's strategic goals.

The total proposed budget for FY 2024-2025 was \$12,777,391, representing a -9.38% decrease over the previous year's budget. The decrease reflects the reduction of one-time purchases while providing for the growing needs of the community, particularly in the areas of infrastructure and public safety. On the revenue side, property taxes remained the Town's largest revenue source, with growth projected due to new developments and rising property values. Sales tax revenues also increased, driven by economic activity within the community.

With Argyle's continued growth, maintaining and upgrading infrastructure remains a top priority. Funding for road improvements, water and wastewater system upgrades, and stormwater management projects are found in the General Fund, Capital Improvement Fund, and Wastewater Fund. These infrastructure investments are designed to support the current population and accommodate future growth, ensuring that development remains thoughtful and sustainable.

To effectively manage these projects and ensure a high level of service, Argyle included a 2% cost-of-living adjustment (COLA) for all staff and a merit-based increase of up to 3% in the FY25 Budget. Competitive salaries in the current economic environment help the Town attract and retain skilled employees who are essential for overseeing complex infrastructure improvements. The merit-based increases recognize individual contributions, encouraging staff to perform at high levels, which is critical as Argyle expands its infrastructure to meet growing demands.

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 are incurred. Accounting records for the Town's utilities are maintained on an 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 Manager 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 Manager 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

Any municipal 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 conservative manner.

Respectfully Submitted,



Mike Sims
Town Manager



Town of Argyle, Texas

List of Elected and Appointed Officials

As of September 30, 2025

Elected Officials

Mayor	Ronald Schmidt
Council Member – Place 1	Gustav Svehla
Council Member – Place 2	Martin Brading
Council Member – Place 3	Chad Boyd
Council Member – Place 4	Casey Stewart
Mayor Pro Tem, – Place 5	Cynthia Hermann

Appointed Officials

Town Manager	Mike Sims
Town Treasurer/Town Secretary	Erika McComis

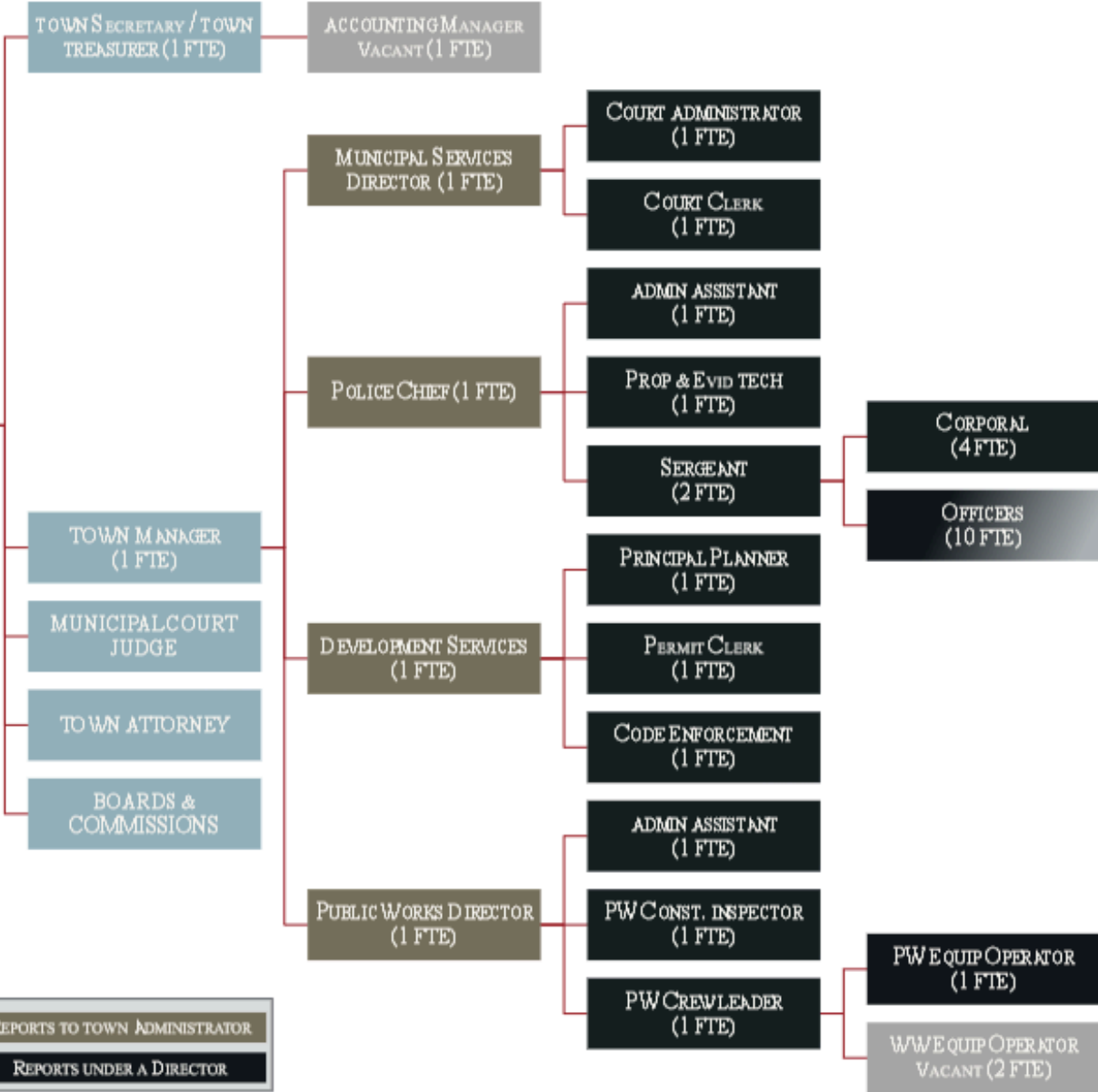
Department Directors

Police Chief	Emmitt Jackson
Director of Community Services	Harrison Wicks
Director of Public Works	Bobby Johnston
Director of Municipal Services	Marissa Barrett



CITIZENS

MAYOR & COUNCIL



LEGEND/COMMENTS

VACANCY	REPORTS TO TOWN ADMINISTRATOR
REPORTS TO COUNCIL	REPORTS UNDER A DIRECTOR



Financial Section

For the Fiscal Year Ended
September 30, 2025



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INDEPENDENT AUDITOR'S REPORT

To the Town Council and Town Manager
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, 2025, and the related notes to the financial statements, which collectively comprise the Town's 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, 2025, 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 Matter – Correction of an Error

As discussed in Note T, during the year ended September 30, 2025, the Town identified and corrected an error in accumulated depreciation for governmental infrastructure assets. Our opinion is not modified with respect to this matter.

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.

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's 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's 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's 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 on pages 17–26, general fund budgetary comparison information on page 81, and pension tables on pages 82–85 be 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's basic financial statements. The accompanying combining and individual nonmajor fund financial statements on pages 90-96 and the budgetary comparison information for the other funds for which the Town legally adopted a budget on pages 98-108, 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 and non-general fund budgetary comparison information 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 section on pages 1-10 and the statistical section on pages 111-129 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 February 17, 2026, on our consideration of the Town's 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's 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's internal control over financial reporting and compliance.

Vail + Park, P.C.

Tom Bean, Texas

February 17, 2026



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Town of Argyle, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2025

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, 2025. 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 \$58,330,731.
- The unrestricted net position at the close of the fiscal year is \$10,250,272 and may be used to meet the Town's ongoing/unallocated obligations to citizens and creditors.
- The Town's total net position increased by \$5,562,573. The increase in governmental activities of \$5,555,901 is primarily due to increased sales taxes and permits. The increase in business-type activities of \$6,672 is primarily due to decreased expenses.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$22,224,376. The fund balances increased overall by an amount of \$6,360,850. This is primarily due to increased permit fees and sales taxes.
- At the end of the current fiscal year, the unassigned General Fund balance was \$5,815,097, which was 90% of total FY25 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.

Town of Argyle, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2025

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 30% 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.

Town of Argyle, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2025

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

Net position serves as one useful indicator of a government's financial position. In the case of the Town, net position totaled \$58,330,731 at the close of FY25. Net assets increased from the prior year's balance by \$5,562,573 or 11% during fiscal year 2025. This increase is primarily a result of increased sales taxes.

Town of Argyle, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2025

TABLE I NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2025	2024 <i>(as restated)</i>	2025	2024	2025	2024 <i>(as restated)</i>
Current and other assets	\$ 22,951,305	\$ 17,225,615	\$ 4,071,850	\$ 3,818,563	\$ 27,023,155	\$ 21,044,178
Capital assets, net of accumulated depreciation	30,725,142	31,753,866	9,893,422	10,297,497	40,618,564	42,051,363
Total assets	53,676,447	48,979,481	13,965,272	14,116,060	67,641,719	63,095,541
Deferred outflows of resources	274,750	517,963	13,750	-	288,500	517,963
Current payables & other liabilities	603,366	1,382,279	357,175	327,785	960,541	1,710,064
LT bonds and leases payable	6,385,146	6,794,727	2,134,881	2,313,650	8,520,027	9,108,377
Total liabilities	6,988,512	8,177,006	2,492,056	2,641,435	9,480,568	10,818,441
Deferred inflows of resources	113,251	26,905	5,669	-	118,920	26,905
Net assets						
Net investment in capital asset	24,346,996	25,195,203	7,758,541	7,989,334	32,105,537	33,184,537
Restricted net assets						
Debt retirement	1,208,285	735,397	-	-	1,208,285	735,397
Capital improvements	7,490,627	4,897,676	-	1,302,194	7,490,627	6,199,870
Street maintenance	3,787,025	2,832,951	-	-	3,787,025	2,832,951
Economic development	3,383,649	1,995,107	-	-	3,383,649	1,995,107
Court security and technology	105,336	-	-	-	105,336	-
Unrestricted	6,527,516	5,637,199	3,722,756	2,183,097	10,250,272	7,820,296
Total net position	\$ 46,849,434	\$ 41,293,533	\$ 11,481,297	\$ 11,474,625	\$ 58,330,731	\$ 52,768,158

The Town's net investment in capital assets is 55% 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 27% represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, \$10,250,272, may be used to meet the Town's ongoing obligations to citizens and creditors.

Town of Argyle, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2025

Government-wide Statement of Activities

TABLE II
CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:		<i>(as restated)</i>				<i>(as restated)</i>
Program revenues						
Charges for services	\$ 1,726,832	\$ 1,183,372	\$ 2,436,895	\$ 2,413,529	\$ 4,163,727	\$ 3,596,901
Operating grants and contributions	985,978	28,815	-	-	985,978	28,815
General revenues						
Property taxes	5,362,612	4,845,793	-	-	5,362,612	4,845,793
Sales taxes	4,235,840	3,580,700	-	-	4,235,840	3,580,700
Franchise and hotel taxes	615,008	630,996	-	-	615,008	630,996
Intergovernmental	424,836	251,021	-	-	424,836	251,021
Interest	849,945	1,064,503	170,007	177,659	1,019,952	1,242,162
Miscellaneous	115,192	234,309	-	-	115,192	234,309
Total revenues	14,316,243	11,819,509	2,606,902	2,591,188	16,923,145	14,410,697
Expenses:						
General government	1,928,144	2,304,937	-	-	1,928,144	2,304,937
Public safety	2,604,455	2,466,131	-	-	2,604,455	2,466,131
Public works	2,433,835	1,413,299	-	-	2,433,835	1,413,299
Development services	1,405,208	762,433	-	-	1,405,208	762,433
Municipal court	206,536	151,550	-	-	206,536	151,550
Interest on long term debt	182,164	127,388	47,773	52,836	229,937	180,224
Wastewater utility	-	-	2,552,457	2,712,193	2,552,457	2,712,193
Total expenses	8,760,342	7,225,738	2,600,230	2,765,029	11,360,572	9,990,767
Increase (decrease) in net assets before transfers	5,555,901	4,593,771	6,672	(173,841)	5,562,573	4,419,930
Net transfers	-	221,644	-	(221,644)	-	-
Increase (decrease) in net position	5,555,901	4,815,415	6,672	(395,485)	5,562,573	4,419,930
Net position - beginning, as originally stated	42,162,554	36,693,224	11,474,625	11,870,110	53,637,179	48,563,334
Prior period adjustment	(869,021)	(215,106)	-	-	(869,021)	(215,106)
Net position - beginning, as restated	41,293,533	36,478,118	11,474,625	11,870,110	52,768,158	48,348,228
Net position - ending	<u>\$ 46,849,434</u>	<u>\$ 41,293,533</u>	<u>\$ 11,481,297</u>	<u>\$ 11,474,625</u>	<u>\$ 58,330,731</u>	<u>\$ 52,768,158</u>

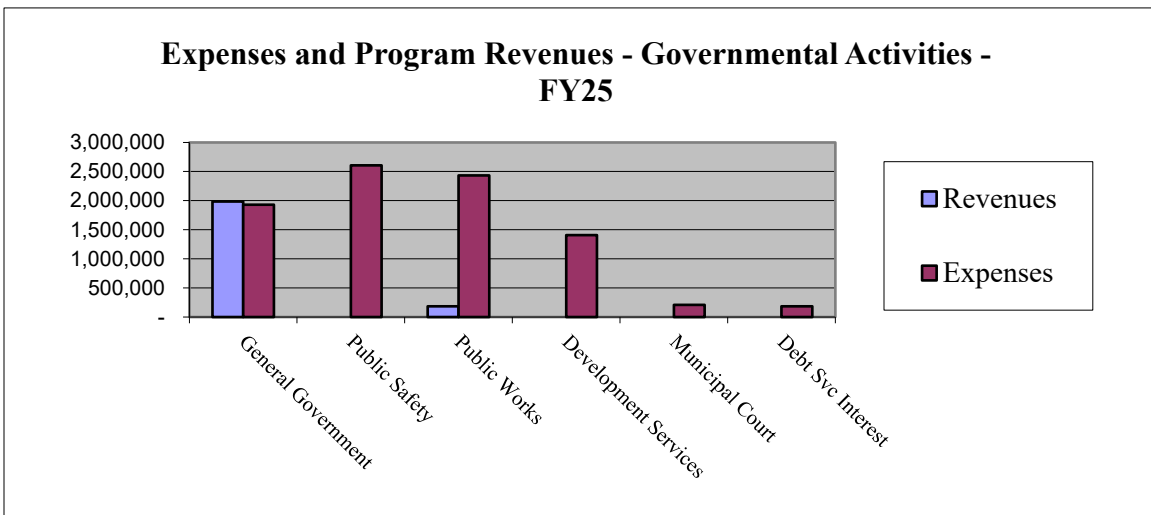
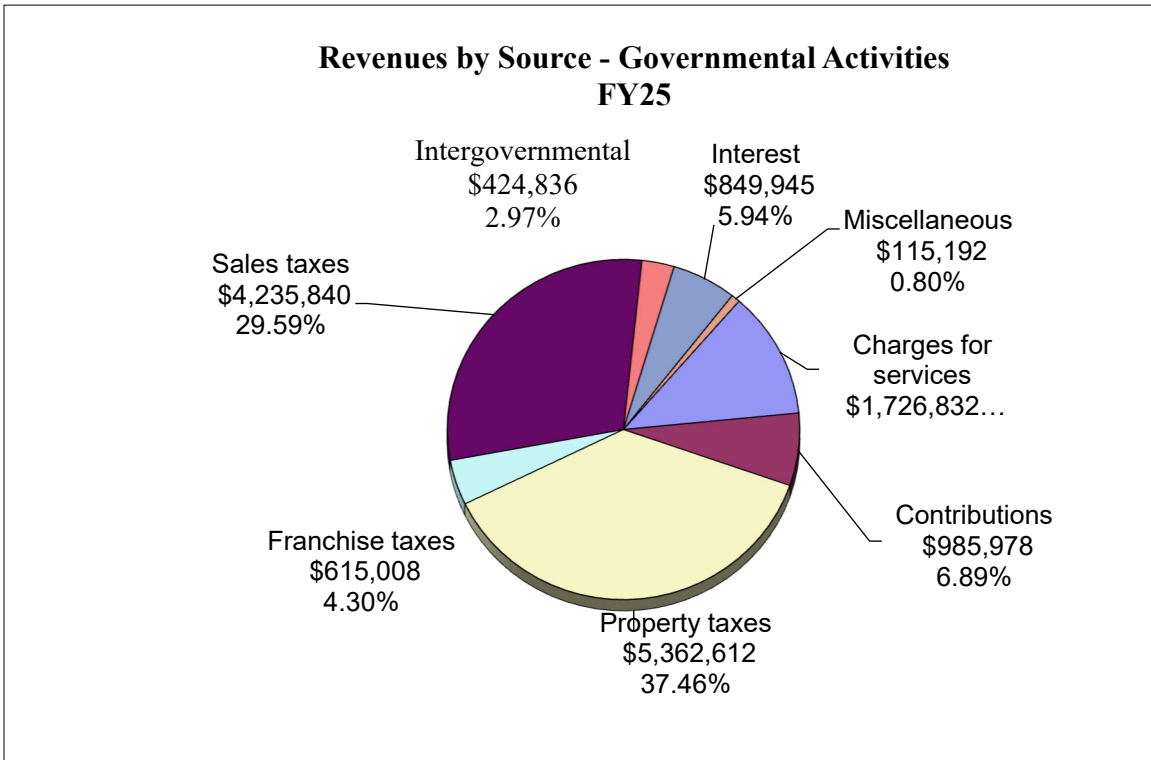
Town of Argyle, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2025

Governmental Activities

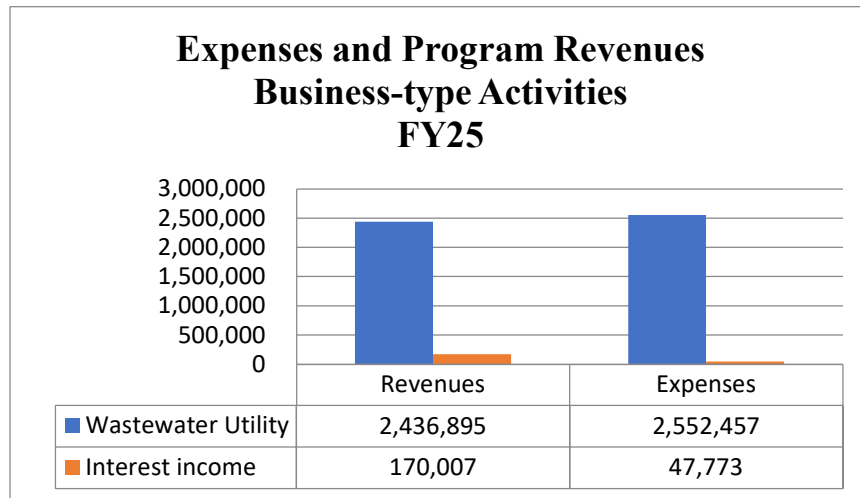
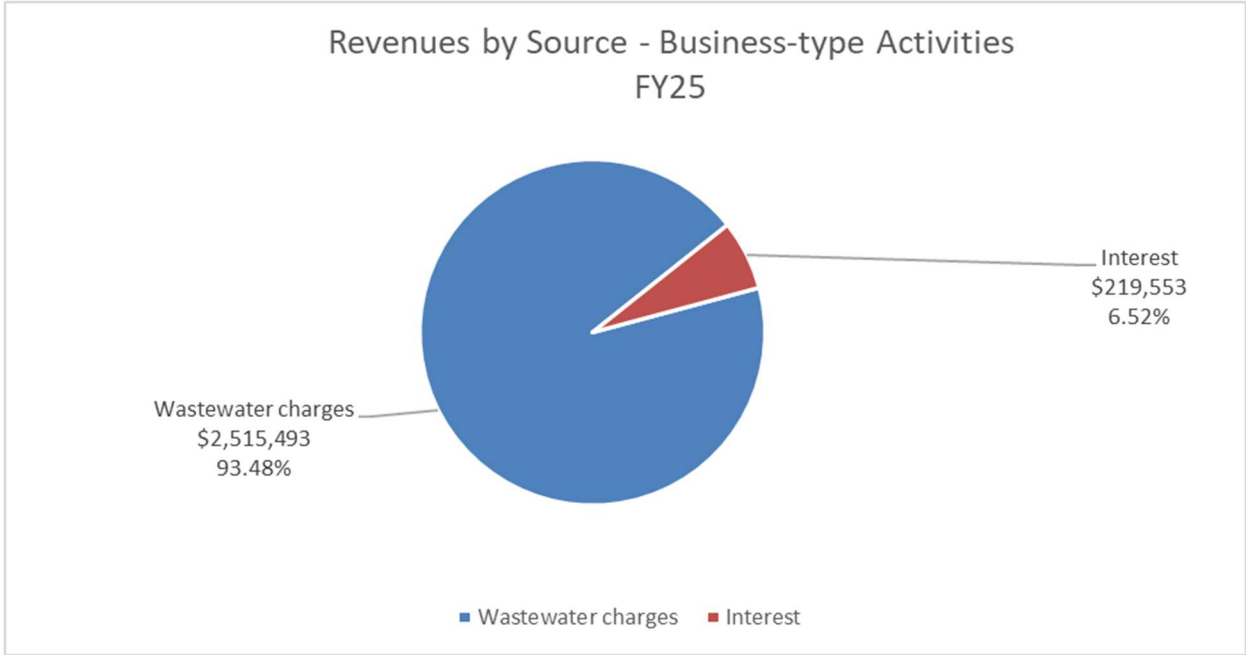
Governmental activities increased the net position of the Town by \$5,555,901. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$6,527,516 for governmental activities.



Town of Argyle, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS
 September 30, 2025

Business-type Activities

Business-type activities net position of the Town increased by \$6,672.



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 \$22,224,376. This represents an increase of \$6,360,850 from the prior fiscal year.

Town of Argyle, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS
 September 30, 2025

Revenues for the Town's general fund were \$9,365,526, while total expenses before transfers were \$6,252,908. Other financing sources (uses) include a budgeted transfer from the General Fund of \$1,389,828 to the Capital Improvements Fund. Transfers to the General Fund included \$100,000 from the Street Maintenance Fund, \$162,650 from nonmajor governmental funds, and \$47,003 from the MDD Fund for the FY 2025.

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	
	2025	2024	2025	2024	2025	2024
		<i>(as restated)</i>				<i>(as restated)</i>
Land	\$ 4,803,276	\$ 4,803,277	\$ -	\$ -	\$ 4,803,276	\$ 4,803,277
Construction in progress	68,213	-	53,093	-	121,306	-
Buildings and improvements	1,369,616	1,553,580	-	-	1,369,616	1,553,580
Infrastructure	23,949,479	24,874,095	-	-	23,949,479	24,874,095
Intangibles	-	3,087	-	3,088	-	6,175
Vehicles and equipment	494,816	445,664	172,953	198,559	667,769	644,223
Graveyard branch collection system	-	-	271,472	288,617	271,472	288,617
Wastewater system	-	-	9,395,904	9,807,233	9,395,904	9,807,233
Leased Assets	-	5,304	-	-	-	5,304
Subscription Assets	39,742	68,859	-	-	39,742	68,859
Total	<u>\$ 30,725,142</u>	<u>\$ 31,753,866</u>	<u>\$ 9,893,422</u>	<u>\$ 10,297,497</u>	<u>\$ 40,618,564</u>	<u>\$ 42,051,363</u>

Governmental activities capital assets had a net decrease of \$1,897,745 from FY 2024. The decrease is due to annual depreciation expense of \$1,330,393.

Business-type activities capital assets had a net decrease of \$404,075 from FY 2024. 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 \$457,168. See *Note H to Financial Statements* for more detailed information on capital asset activity.

Town of Argyle, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS
 September 30, 2025

Long-term Debt

TABLE IV
 TOWN OF ARGYLE OUTSTANDING DEBT

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Bonds payable	\$ 5,560,404	\$ 6,489,804	\$ 2,134,881	\$ 2,308,163	\$ 7,695,285	\$ 8,797,967
Notes payable	785,000	-	-	-	785,000	-
Leases payable	-	5,242	-	-	-	5,242
Compensated absences	133,842	94,290	726	4,040	134,568	98,330
Subscription liability	39,742	68,859	-	-	39,742	68,859
	<u>\$ 6,518,988</u>	<u>\$ 6,658,195</u>	<u>\$ 2,135,607</u>	<u>\$ 2,312,203</u>	<u>\$ 8,654,595</u>	<u>\$ 8,970,398</u>

On September 30, 2025, the Town had bonds payable, leases and accrued compensated absences outstanding of \$8,654,595. The decrease of \$315,595 is a result of principal payments made during the year, reduced by the issuance of new debt. Debt service payments made include payment on refunded debt. See *Note J to Financial Statements* for more detailed information on long-term debt activity.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Town of Argyle enters Fiscal Year 2025–2026 in a position of financial stability amid continued regional growth pressures across North Texas. While the Dallas–Fort Worth Metroplex continues to experience rapid expansion, Argyle remains committed to an intentional growth strategy that prioritizes rural character, infrastructure readiness, and long-term sustainability over rapid or speculative development. This approach continues to shape both the Town’s revenue structure and expenditure priorities.

Argyle’s local economy is supported by a strong residential tax base, high rates of homeownership, and a median household income well above regional and state averages. Property values have continued to grow steadily, driven primarily by residential development and rising appraisals rather than commercial intensity. At the same time, sales tax revenues have demonstrated consistent, moderate growth, reflecting the Town’s strategy of attracting value-aligned businesses that serve residents without altering the community’s character. This deliberate approach has produced reliable revenue growth while avoiding volatility commonly associated with high-density commercial development.

The FY 2025–2026 Budget was developed conservatively, acknowledging inflationary pressures, rising utility and infrastructure costs, and uncertainty in broader economic conditions. Revenue projections remain cautious, ensuring that ongoing operations are supported by recurring revenues rather than one-time resources. Expenditure decisions emphasize maintenance, operational clarity, and foundational services rather than expansion, allowing the Town to preserve service levels while strengthening internal processes.

Town of Argyle, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2025

The Town Council adopted a slightly reduced property tax rate for FY 2025–2026, maintaining stability for taxpayers while responsibly managing existing and planned debt obligations. As older debt obligations sunset, capacity is created to finance future capital priorities, such as Streets, Town Center and Police Department Building, without increasing the property tax rate. This approach reflects the Town’s long-standing commitment to affordability, transparency, and disciplined debt management.

Strong fund balances across all major funds continue to provide resilience against economic fluctuations and flexibility for strategic investment. Rather than relying on reserves for recurring operations, the Town uses fund balance intentionally for one-time capital projects and infrastructure investments that support long-term efficiency and community benefit. This financial posture positions Argyle to navigate economic uncertainty while remaining focused on its core values of stewardship, thoughtful growth, and preservation of its rural identity.

FY 2025–2026 Budget Highlights

- Maintains a stable and slightly reduced property tax rate while supporting long-term capital planning and debt management
- Continue conservative revenue projections supported by steady residential growth and value-aligned sales tax activity
- Prioritizes infrastructure maintenance and reliability, including wastewater, drainage, and street preservation
- Advances planning and early-phase development for the Town Center and Police Department Building as a long-term civic investment
- Preserves strong fund balances across all major funds, exceeding adopted reserve policy thresholds
- Reinforces Argyle’s commitment to intentional, protected, and strategic growth that preserves rural character and quality of life

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.



Basic Financial Statements

For the Fiscal Year Ended
September 30, 2025



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Town of Argyle, Texas

STATEMENT OF NET POSITION

As of September 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Cash and investments	\$ 8,844,477	\$ 2,747,568	\$ 11,592,045
Receivables (net of allowances)	1,085,016	183,958	1,268,974
Internal balances	83,520	(83,520)	-
Restricted assets:			
Cash and cash equivalents	12,723,084	1,213,074	13,936,158
Capital assets (net of acc. depreciation)			
Non-depreciable	4,871,489	53,093	4,924,582
Net depreciable capital assets	25,853,653	9,840,329	35,693,982
Net pension asset	215,208	10,770	225,978
Total Assets	53,676,447	13,965,272	67,641,719
<u>Deferred Outflows of Resources</u>			
Deferred outflows - pension	274,750	13,750	288,500
Total Deferred Outflows of Resources	274,750	13,750	288,500
<u>Liabilities</u>			
Accounts payable	270,637	193,871	464,508
Accrued liabilities	177,324	158,354	335,678
Interest payable	21,563	4,224	25,787
Compensated absences	133,842	726	134,568
Noncurrent liabilities:			
Debt due within one year	1,483,882	183,283	1,667,165
Debt due in more than one year	4,901,264	1,951,598	6,852,862
Total Liabilities	6,988,512	2,492,056	9,480,568
<u>Deferred Inflows of Resources</u>			
Deferred inflows - pension	113,251	5,669	118,920
Total Deferred Inflows of Resources	113,251	5,669	118,920
<u>Net Position</u>			
Net investment in capital assets	24,346,996	7,758,541	32,105,537
Restricted	15,974,922	-	15,974,922
Unrestricted	6,527,516	3,722,756	10,250,272
Total Net Position	\$ 46,849,434	\$ 11,481,297	\$ 58,330,731

Town of Argyle, Texas
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2025

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 1,928,144	\$ 997,889	\$ 985,978	\$ -
Streets and parks	1,128,946	181,656	-	-
Court	206,536	547,287	-	-
Public safety	2,604,455	-	-	-
Economic development	1,405,208	-	-	-
Public works	1,304,889	-	-	-
Interest and charges on long-term debt	182,164	-	-	-
Total governmental activities	8,760,342	1,726,832	985,978	-
Business-type activities:				
Water and sewer	2,600,230	2,436,895	-	-
Total business-type activities	2,600,230	2,436,895	-	-
Total primary government	\$ 11,360,572	\$ 4,163,727	\$ 985,978	\$ -

General Revenues and Transfers:

- Property taxes
- Sales taxes
- Franchise taxes
- Hotel/motel taxes
- Unrestricted investment earnings
- Other revenue
- Intergovernmental

Total General Revenues and Transfers

Change in Net Position

- Beginning Net Position, as originally stated
- Cumulative effect - error correction
- Beginning Net Position, as restated

Ending Net Position

**Net (Expense) Revenue and
Changes in Net Position**

Primary Government

Governmental Activities	Business-type Activities	Total
\$ 55,723		\$ 55,723
(947,290)		(947,290)
340,751		340,751
(2,604,455)		(2,604,455)
(1,405,208)		(1,405,208)
(1,304,889)		(1,304,889)
(182,164)		(182,164)
<u>(6,047,532)</u>		<u>(6,047,532)</u>
-	\$ (163,335)	(163,335)
-	(163,335)	(163,335)
<u>(6,047,532)</u>	<u>(163,335)</u>	<u>(6,210,867)</u>
5,362,612	-	5,362,612
4,235,840	-	4,235,840
611,866	-	611,866
3,142	-	3,142
849,945	170,007	1,019,952
115,192	-	115,192
424,836	-	424,836
<u>11,603,433</u>	<u>170,007</u>	<u>11,773,440</u>
5,555,901	6,672	5,562,573
42,143,512	11,474,625	53,618,137
(869,021)	-	(869,021)
<u>41,293,533</u>	<u>11,474,625</u>	<u>52,768,158</u>
<u>\$ 46,849,434</u>	<u>\$ 11,481,297</u>	<u>\$ 58,330,731</u>

Town of Argyle, Texas

BALANCE SHEET

GOVERNMENTAL FUNDS

As of September 30, 2025

	General Fund	Debt Service Fund	Capital Projects Fund
<u>Assets</u>			
Cash and investments	\$ 5,818,833	\$ 1,107,076	\$ 4,363,057
Receivables (net):			
Sales taxes	353,229	-	-
Franchise	192,719	-	-
Other	126,280	71	-
Property taxes	44,960	18,800	-
Due from other funds	-	221,644	-
Total Assets	6,536,021	1,347,591	4,363,057
<u>Liabilities</u>			
Accounts payable	202,160	-	43,460
Accrued liabilities	177,324	-	-
Due to other funds	296,480	120,506	-
Total Liabilities	675,964	120,506	43,460
<u>Deferred Inflows of Resources</u>			
Unavailable revenues due to property tax and other	44,960	18,800	-
Total Deferred Inflows of Resources	44,960	18,800	-
<u>Fund Balances</u>			
Restricted for:			
Debt service	-	1,208,285	-
Capital improvements	-	-	4,319,597
Street maintenance	-	-	-
Economic development	-	-	-
Court security and technology	-	-	-
Committed	-	-	-
Unassigned	5,815,097	-	-
Total Fund Balances	5,815,097	1,208,285	4,319,597
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,536,021	\$ 1,347,591	\$ 4,363,057

Street Maintenance Fund	Roadway Impact Fees Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 3,613,328	\$ 3,171,030	\$ 3,494,237	\$ 21,567,561
173,697	-	175,260	702,186
-	-	-	192,719
-	-	-	126,351
-	-	-	63,760
-	-	278,862	500,506
<u>3,787,025</u>	<u>3,171,030</u>	<u>3,948,359</u>	<u>23,153,083</u>
-	-	25,017	270,637
-	-	-	177,324
-	-	-	416,986
<u>-</u>	<u>-</u>	<u>25,017</u>	<u>864,947</u>
-	-	-	63,760
<u>-</u>	<u>-</u>	<u>-</u>	<u>63,760</u>
-	-	-	1,208,285
-	3,171,030	-	7,490,627
3,787,025	-	-	3,787,025
-	-	3,383,649	3,383,649
-	-	105,336	105,336
-	-	434,357	434,357
-	-	-	5,815,097
<u>3,787,025</u>	<u>3,171,030</u>	<u>3,923,342</u>	<u>22,224,376</u>
<u>\$ 3,787,025</u>	<u>\$ 3,171,030</u>	<u>\$ 3,948,359</u>	<u>\$ 23,153,083</u>



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Town of Argyle, Texas
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
 As of September 30, 2025

Total Fund Balances - Governmental Funds Balance Sheet \$ 22,224,376

Adjustments for the Statement of Net Position

Capital and right to use assets used in governmental activities are not financial resources. Therefore, they are not reported in the governmental funds.

Capital assets - non-depreciable	4,871,489
Capital assets - net depreciable	25,853,653

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.

Property taxes	63,760
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Some liabilities, including bonds payable, accrued interest payable, and pension and OPEB liabilities are not reported as liabilities in the governmental funds.

Accrued interest	(21,563)
Net pension asset	215,208
Compensated absences	(133,842)
Long-term debt due in one year	(1,483,882)
Long-term debt due in more than one year	(4,901,264)

Deferred outflows (inflows) of resources, represent a consumption (acquisition) of net position that applies to a future period(s) and is not recognized as an outflow of resources (expense/expenditure)/(revenue) until then.

Pension outflows	274,750
Pension inflows	(113,251)

Net Position of Governmental Activities	\$ 46,849,434
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Town of Argyle, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended September 30, 2025

	General Fund	Debt Service Fund	Capital Improvements Fund
<u>Revenues</u>			
Taxes:			
Property taxes, penalties, and interest	\$ 3,498,832	\$ 1,463,552	-
Sales taxes	2,116,205	-	-
Franchise taxes	611,866	-	-
Licenses and permits	997,889	-	-
Contributions & grants	932,328	-	-
Interest	233,761	63,512	109,491
Fines	518,454	-	-
Intergovernmental	424,836	-	-
Other	1,840	-	1,128
Park development fees	29,515	-	-
Charges for services	-	-	-
Total Revenues	9,365,526	1,527,064	110,619
<u>Expenditures</u>			
Current:			
Public safety	2,367,963	-	-
Economic development	1,041,998	-	-
General government	1,422,938	1,851	-
Public works	1,156,401	-	43,601
Court	196,869	-	-
Streets	-	-	-
Parks	-	-	-
Capital outlays	51,112	-	-
Debt service:			
Principal	15,627	895,000	-
Interest and fiscal charges	-	157,325	33,720
Total Expenditures	6,252,908	1,054,176	77,321
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,112,618	472,888	33,298
<u>Other Financing Sources (Uses)</u>			
Lease proceeds	-	-	785,000
Proceeds from sale of capital assets	-	-	139,693
Transfers in	309,653	-	1,389,828
Transfers out	(1,389,828)	-	-
Total Other Financing Sources (Uses)	(1,080,175)	-	2,314,521
Net Change in Fund Balances	2,032,443	472,888	2,347,819
Beginning Fund Balances, as originally stated	3,783,751	735,397	1,971,778
Adjustments	(1,097)	-	-
Beginning fund balance, as restated	3,782,654	735,397	1,971,778
Ending Fund Balances	\$ 5,815,097	\$ 1,208,285	\$ 4,319,597

Street Maintenance Fund	Roadway Impact Fees Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 367,002	\$ 5,329,386
1,040,068	-	1,079,567	4,235,840
-	-	-	611,866
-	-	-	997,889
-	-	53,650	985,978
141,076	133,528	168,577	849,945
-	-	28,833	547,287
-	-	-	424,836
-	111,604	620	115,192
-	-	12,448	41,963
-	-	3,142	3,142
<u>1,181,144</u>	<u>245,132</u>	<u>1,713,839</u>	<u>14,143,324</u>
-	-	95,447	2,463,410
-	-	367,003	1,409,001
-	-	434,051	1,858,840
-	-	-	1,200,002
-	-	10,542	207,411
127,070	-	-	127,070
-	-	19,360	19,360
-	-	250,557	301,669
-	-	18,732	929,359
-	-	-	191,045
<u>127,070</u>	<u>-</u>	<u>1,195,692</u>	<u>8,707,167</u>
1,054,074	245,132	518,147	5,436,157
-	-	-	785,000
-	-	-	139,693
-	-	-	1,699,481
(100,000)	-	(209,653)	(1,699,481)
<u>(100,000)</u>	<u>-</u>	<u>(209,653)</u>	<u>924,693</u>
954,074	245,132	308,494	6,360,850
2,832,951	2,925,898	3,594,709	15,844,484
-	-	20,139	19,042
<u>2,832,951</u>	<u>2,925,898</u>	<u>3,614,848</u>	<u>15,863,526</u>
<u>\$ 3,787,025</u>	<u>\$ 3,171,030</u>	<u>\$ 3,923,342</u>	<u>\$ 22,224,376</u>



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Town of Argyle, Texas

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATE OF ACTIVITIES

For the Year Ended September 30, 2025

Net Change in Fund Balances - Total Governmental Funds \$ 6,360,850

Amounts reported for governmental activities in the Statement of Activities
("SOA") are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.

Capital outlays	301,669
Depreciation and amortization expense	(1,330,393)

Governmental funds repayment of debt principal as an expenditure and proceeds of new debt as a financing source. However, in the Statement of Activities, these transactions are only considered changes in long-term debt balances. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, the amounts are deferred and amortized in the Statement of Activities.

Long-term debt repaid in current year	929,359
Deferred charges on bond refunding	40,679
Lease proceeds	(785,000)
Amortization of bond premium	34,401

Governmental funds report some prior year tax and court revenues as income in the current year. However, in the Statement of Activities, the revenue is recognized in the year in which it is earned. 33,226

Accrued long term debt interest is not recorded in the governmental fund financials but the increase in the balance is recognized for the full accrual government-wide financial statements as interest expense. (18,519)

Changes to accrued compensated absences are not shown in the fund financial statements. The net effect of the current year increase is to decrease net position. (39,552)

Full accrual based pension expense is not recorded in the governmental fund financials but the (increase) decrease from adjusting the City's contribution expense is realized on the government-wide financial statements. 29,181

Change in Net Position of Governmental Activities \$ 5,555,901

Town of Argyle, Texas

STATEMENT OF NET POSITION

PROPRIETARY FUND

As of September 30, 2025

	<u>Wastewater Utility Funds</u>
<u>Assets</u>	
Current Assets:	
Cash and investments	\$ 2,747,568
Receivables (net of allowances for uncollectible):	
Accounts	183,958
Due from other funds	138,124
Total Current Assets	<u>3,069,650</u>
Noncurrent Assets:	
Restricted cash and cash equivalents	1,213,074
Capital assets:	
Non-depreciable	53,093
Net depreciable capital assets	9,840,329
Net pension liability	10,770
Total Noncurrent Assets	<u>11,117,266</u>
Total Assets	<u>14,186,916</u>
<u>Deferred Outflows of Resources</u>	
Deferred outflows - pension	13,750
Total Deferred Outflows of Resources	<u>13,750</u>
<u>Liabilities</u>	
Current Liabilities:	
Accounts payable	193,871
Accrued liabilities	158,354
Due to other funds	221,644
Accrued interest	4,224
Compensated absences	726
Current portions of long-term debt	183,283
Total Current Liabilities	<u>762,102</u>
Noncurrent Liabilities:	
Bonds and certificates of obligation payable (net)	1,951,598
Total Noncurrent Liabilities	<u>1,951,598</u>
Total Liabilities	<u>2,713,700</u>
<u>Deferred Inflows of Resources</u>	
Deferred inflows - pension	5,669
Total Deferred Inflows of Resources	<u>5,669</u>
<u>Net Position</u>	
Net investment in capital assets	7,758,541
Unrestricted	3,722,756
Total Net Position	<u>\$ 11,481,297</u>

The accompanying notes are an integral part of this statement.

Town of Argyle, Texas

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUND

For the Year Ended September 30, 2025

	Wastewater Utility Funds
<u>Operating Revenues</u>	
Sewer service	\$ 2,134,811
Connection and impact fees	277,451
Inspection fees	24,633
Total Operating Revenues	2,436,895
<u>Operating Expenses</u>	
Contract services	1,761,195
Depreciation	457,168
Personnel services	169,859
Maintenance	86,717
Utilities	39,139
Materials, supplies, and services	38,379
Total Operating Expenses	2,552,457
Operating Income (Loss)	(115,562)
<u>Nonoperating Revenues (Expenses)</u>	
Interest income	170,007
Interest expense	(47,773)
Total Nonoperating Revenues (Expenses)	122,234
Income before Capital Contributions and Transfers	6,672
Total Transfers	-
Change in Net Position	6,672
Beginning Net Position	11,474,625
Ending Net Position	\$ 11,481,297

The accompanying notes are an integral part of this statement.



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Town of Argyle, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

For the Year Ended September 30, 2025

	Wastewater Utility Funds
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 2,625,364
Cash Payments to Suppliers for Goods and Services	(1,912,925)
Cash Payments to Employees for Services	(155,768)
Net Cash Provided (Used) by Operating Activities	556,671
Cash Flows from Non-capital and Related Financing Activities:	
Cash paid on behalf of other funds	(159,029)
Net Cash Provided (Used) by Non-Capital & Related Financing Activities	(159,029)
Cash Flows from Capital and Related Financing Activities:	
Principal and Interest Paid	(221,694)
Acquisition or Construction of Capital Assets	(53,093)
Net Cash Provided (Used) by Capital and Related Financing Activities	(274,787)
Cash Flows from Investing Activities:	
Interest received	170,007
Net Cash Provided (Used) by Non-Capital & Related Financing Activities	170,007
Net Increase (decrease) in Cash, Cash Equivalents and Restricted Cash	292,862
Cash, Cash Equivalents and Restricted Cash at Beginning of the Year	
Unrestricted Cash and Investments	2,365,586
Restricted Cash	1,302,194
	<u>3,667,780</u>
Cash, Cash Equivalents and Restricted Cash at End of the Year	
Unrestricted Cash and Investments	2,747,568
Restricted Cash	1,213,074
	<u>\$ 3,960,642</u>
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities:	
Operating Income (Loss)	46,515
Depreciation and Amortization	457,168
Change in Assets and Liabilities:	
Decrease (Increase) in Receivables	188,469
Decrease (Increase) in Deferred Outflows of Resources	(13,750)
Increase (Decrease) in Accounts Payable	(51,372)
Increase (Decrease) in Deferred Inflows of Resources	5,669
Increase (Decrease) in Accrued Liabilities	(82,038)
Increase (Decrease) in Accrued Compensation	(4,760)
Increase (Decrease) in Net Pension Liability	10,770
Total Adjustments	<u>510,156</u>
Net Cash Provided (Used) by Operating Activities	\$ 556,671

The accompanying notes are an integral part of this statement.

Town of Argyle, Texas

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY AGENCY FUNDS ARGYLE PUBLIC IMPROVEMENT DISTRICTS (PID)

As of September 30, 2025

	<u>Highlands PID</u>	<u>Waterbrook PID</u>	<u>Total Agency Funds</u>
Assets			
Restricted cash and cash equivalents	\$ 830,158	\$ 2,062,410	\$ 6,923,042
Total Assets	<u>830,158</u>	<u>2,062,410</u>	<u>6,923,042</u>
Liabilities			
Accounts payable	24,957	25,793	50,750
Long-term debt:			
Due in one year	130,000	300,000	430,000
Due in more than one year	4,860,000	11,715,000	20,605,474
Total Liabilities	<u>5,014,957</u>	<u>12,040,793</u>	<u>21,086,224</u>
Net Position			
Restricted for public improvement district	(4,184,799)	(9,978,383)	(14,163,182)
Total Net Position	<u>\$ (4,184,799)</u>	<u>\$ (9,978,383)</u>	<u>\$ (14,163,182)</u>

The accompanying notes are an integral part of this statement.

Town of Argyle, Texas

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY AGENCY FUNDS HASLET PUBLIC IMPROVEMENT DISTRICTS (PID)

As of September 30, 2025

	Highlands PID	Waterbrook PID	Total Agency Funds
Additions			
Assessment revenue	\$ 395,742	\$ 954,249	\$ 1,349,991
Investment earnings	43,187	103,475	146,662
Total Additions	438,929	1,057,724	1,496,653
Deductions			
Administrative expenses	15,848	16,550	32,398
Interest expenses	260,188	632,514	892,702
Total Deductions	276,036	649,064	925,100
Change in Net Position	162,893	408,660	571,553
Beginning Net Position	(4,347,692)	(10,387,043)	(14,734,735)
Ending Net Position	\$ (4,184,799)	\$ (9,978,383)	\$ (14,163,182)

The accompanying notes are an integral part of this statement.

Town of Argyle, Texas
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

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 FINANCIAL STATEMENTS
September 30, 2025

Blended Component Units

The Argyle Crime Control and Prevention District (the “CCPD”), which was created in fiscal year 2004, and the Argyle Municipal Development District (the “MDD”) 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 FINANCIAL STATEMENTS
September 30, 2025

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. All three are major funds in the year ended September 30, 2025.

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, and eleven 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 Seizures Fund, Police Donations Fund, Building Maintenance Fund, Hotel Occupancy Tax Fund, Capital Projects Equipment Replacement Fund, the MDD and CCPD blended component units, and Tax Increment Reinvestment Zone (TIRZ).

Town of Argyle, Texas
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

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.

FIDUCIARY FUND TYPES

Public Improvement District (“PID”) Funds

The Town uses fiduciary funds to account for resources held for the benefit of parties outside the government. Fiduciary agency 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. Fiduciary agency funds are used to account for the Town’s PIDs, which are the Highlands PID No. 1, and Waterbrook PID.

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.

Town of Argyle, Texas
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

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.

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, sales taxes recorded in the Street Maintenance Fund, CCPD, and MDD, and ad valorem tax revenues recorded in the Debt Service Fund and TIRZ 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. 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. There was no effect on opening balances from implementing this Statement.

GASB issued Statement No. 102, “Certain Risk Disclosures,” that clarifies the definitions & disclosure guidance for risks due to concentration or constraint. The Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow or outflow of resources and a constraint as a limitation imposed by an external party or formal action of the government’s highest level of decision-making authority.

Town of Argyle, Texas
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

The Statement requires the government to assess whether a concentration or constraint makes the primary reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of substantial impact, and whether an event associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin within the 12 months after the date the financial statements are issued. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2024. The Town has determined that there is no impact from implementing this Statement.

GASB issued Statement No. 103, “Financial Reporting Model Improvements,” that attempts to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This Statement expands requirements for the management discussion & analysis, presentation of proprietary fund statement of revenues, expenses & changes in fund net position, and information related to major component units & budgetary comparisons. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2025. The Town is evaluating the impact that adoption of this Statement will have on its financial statements.

GASB issued Statement No. 104, “Disclosure of Certain Capital Assets,” to clarify the disclosure requirements related to capital assets. This Statement requires separate disclosure of capital assets arising from leases, public-private & public-public partnerships & availability payment arrangements, and subscription-based information technology arrangements, and additional disclosures for capital assets held for sale. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2025. The Town is evaluating the impact that adoption of this Statement will have on its financial statements.

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.

Town of Argyle, Texas
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

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, 2025, 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.

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.

Town of Argyle, Texas
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

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.

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

Town of Argyle, Texas
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

14. Leases

The Town is a lessee for noncancellable leases of property and equipment. The Town recognizes a lease liability, reported with long-term debt, and a right-to-use lease asset (lease asset), reported with other capital assets, in the government-wide and proprietary fund financial statements. The Town recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is 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 asset is amortized on a straight-line basis over the shorter of the lease term or its useful life.

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, variable payments fixed in substance or that depend on an index or a rate, purchase option price that the Town is reasonably certain to exercise, lease incentives receivable from the lessor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

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

15. Subscription-Based Information Technology Arrangements

The Town implemented Governmental Accounting Standards Board Statement No. 96, Subscription-Based Information Technology Arrangements, in fiscal year 2023. The Town has two software arrangements that require recognition under GASBS No. 96. The software amortization expense is included in public safety expenditures on the Government-Wide Statement of Activities related to the Town's intangible asset of two software systems. The Town recognizes a subscription-based information technology arrangements (SBITA) liability and an intangible right-to-use asset for these assets on the Government-Wide Statement of Net Position. The asset is included in net depreciable capital assets on the Statement and as subscription assets in Note G; the liability is included in long-term debt on the Statement and as subscription liabilities in Note K.

Town of Argyle, Texas
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

16. Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consist of unpaid, accumulated vacation balances. The Town does not offer any other compensated time that meet the recognition criteria. The liability has been calculated based on services already provided at the rates of pay that were in force at September 30, 2025. Vacation leave of government-wide and proprietary funds are recognized as an expense and liability of those funds when the Town judges the leave to be more likely than not to be used or settled by other means in the future.

It is the Town's policy to liquidate compensated absences with future revenues rather than with currently available expendable resources. Accordingly, the Town's governmental funds recognize accrued compensated absences when it is paid.

17. 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.
- *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 FY20 and FY25 that establish a General Fund balance requirement of 120 days.

Town of Argyle, Texas
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

18. 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.

19. 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 balance 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.

For the year ended September 30, 2025, the Court Technology Fund exceeded appropriations at the legal level of control by \$5,516. Management has implemented procedures to ensure future compliance.

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.

Town of Argyle, Texas
NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2025

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, 2025, the Town’s carrying amount of demand deposits was \$25,528,203 while the bank balance also showed \$24,389,788 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 \$1,584,288 for the Municipal Development District and \$899,322 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, 2025, and thus had no cash deposits that were exposed to custodial credit risk.

Investments

The Town also had \$1,138,415 in the Texas Local Government Investment Pool (TexPool) as follows:

	Amount
Public funds investment pools:	
TexPool General fund	\$ 117,539
TexPool MDD fund	945,205
TexPool Roadway Capital Improvement	503
TexPool WW Development fund	75,168
Total public investment pools	\$1,138,415

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.

Town of Argyle, Texas
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

Total unrestricted and restricted cash and cash equivalents for the primary government is \$25,528,203 on the statement of net position at September 30, 2025. Of this amount, \$11,592,045 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, 2025, 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, 2025, 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:

	General Fund	Capital Projects Fund	Debt Service Fund	Street Maintenance Fund	Nonmajor Governmental Funds	Wastewater Utility Funds	Total
Sales taxes	\$ 353,229	\$ -	\$ -	\$ 173,697	\$ 175,260	\$ -	\$ 702,186
Franchise & other Accounts	318,999	-	71	-	-	-	319,070
Property taxes	-	-	-	-	-	183,958	183,958
Municipal court	44,960	-	18,800	-	-	-	63,760
	42,405	-	-	-	-	-	42,405
	<u>759,593</u>	<u>-</u>	<u>18,871</u>	<u>173,697</u>	<u>175,260</u>	<u>183,958</u>	<u>1,311,379</u>
Less: allowance for doubtful accounts	(42,405)	-	-	-	-	-	(42,405)
Net	<u>\$ 717,188</u>	<u>\$ -</u>	<u>\$ 18,871</u>	<u>\$ 173,697</u>	<u>\$ 175,260</u>	<u>\$ 183,958</u>	<u>\$ 1,268,974</u>

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 \$63,760.

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, 2025, the tax rate was \$0.34311 per \$100 assessed valuation.

Town of Argyle, Texas
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

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, 2025, interfund receivables and payables are as follow:

	Due From Other Funds	Due To Other Funds	Internal Balances
Governmental Funds:			
General	\$ -	\$ 296,480	
Debt Service	221,644	120,506	
Capital Projects	-	-	
Nonmajor Funds	278,862	-	
	<u>\$ 500,506</u>	<u>\$ 416,986</u>	<u>\$ 83,520</u>
Proprietary Funds:			
Water and Sewer	\$ 138,124	\$ 221,644	
	<u>\$ 138,124</u>	<u>\$ 221,644</u>	<u>\$ (83,520)</u>

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 FY25 were vehicles.

Town of Argyle, Texas
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

The following is a summary of changes in capital assets for governmental activities for the year ended September 30, 2025:

	Beginning Balance	Additions	Retirements & Reclasses	Ending Balance
	<u>(as restated)</u>			
Governmental Activities				
Capital assets not being depreciated/amortized:				
Land	\$ 4,803,276	\$ -	\$ -	\$ 4,803,276
Construction in progress	-	68,213	-	68,213
Capital assets being depreciated/amortized:				
Building and improvements	4,115,572	-	-	4,115,572
Vehicles and equipment	1,752,379	233,456	-	1,985,835
Streets and infrastructure	30,498,982	-	-	30,498,982
Intangibles	720,711	-	-	720,711
Right to use assets	24,367	-	-	24,367
Subscription assets	96,856	-	-	96,856
Totals	<u>42,012,143</u>	<u>301,669</u>	<u>-</u>	<u>42,313,812</u>
Less accumulated depreciation/amortization	<u>(10,258,277)</u>	<u>(1,330,393)</u>	<u>-</u>	<u>(11,588,670)</u>
Governmental activities capital assets, net	<u>\$ 31,753,866</u>	<u>\$ (1,028,724)</u>	<u>\$ -</u>	<u>\$ 30,725,142</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	\$ 82,685
Public Safety	157,095
Streets	904,454
Parks	78,062
Public Works	108,097
	<u>\$ 1,330,393</u>

Town of Argyle, Texas
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

NOTE H - PROPRIETARY FUNDS PROPERTY, PLANT AND EQUIPMENT

The FY25 proprietary capital additions were related to the addition of construction in progress.

The following is a summary of the property, plant and equipment of the proprietary funds for the year ended September 30, 2025:

Business-Type Activities	Beginning <u>Balance</u>	<u>Additions</u>	Retirements & Reclasses	Ending <u>Balance</u>
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	53,093	-	53,093
Depreciable capital assets:				
Vehicles	13,240	-	-	13,240
Machinery and equipment	417,809	-	-	417,809
Wastewater collection system	12,632,484	-	-	12,632,484
Graveyard branch collection system	687,518	-	-	687,518
Intangibles	82,103	-	-	82,103
Totals	13,833,154	53,093	-	13,886,247
Less accumulated depreciation	<u>(3,535,657)</u>	<u>(457,168)</u>	-	<u>(3,992,825)</u>
Business-type activities capital assets, net	<u>\$ 10,297,497</u>	<u>\$ (404,075)</u>	<u>\$ -</u>	<u>\$ 9,893,422</u>

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.

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.

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.

Town of Argyle, Texas
NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2025

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.

As of September 30, 2025, the Town has fully amortized all right to use lease assets.

NOTE J – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The Town recorded arrangements for tasers & in-car cameras totaling \$96,856, with \$57,114 of accumulated amortization, as subscription assets in the governmental capital assets. These assets are being amortized over the lease terms of seven and five years since the related equipment will be replaced at the end of the arrangement terms and replaced with new equipment and upgraded software. There are no residual value guarantees in the arrangement provisions. The taser arrangement will end in 2026 and the cameras arrangement will end in 2027.

A summary of the principal and interest amounts for the remaining arrangements includes the following principal and interest payments:

Fiscal Year	Principal	Interest	Total
2026	\$ 19,482	\$ 1,590	\$ 21,072
2027	20,260	810	21,070
	<u>\$ 39,742</u>	<u>\$ 2,400</u>	<u>\$ 42,142</u>

Town of Argyle, Texas
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

NOTE K - LONG TERM LIABILITIES AND CONTRACTUAL OBLIGATIONS

The following is a summary of changes in long-term debt for the year ended September 30, 2025:

	Balance 9/30/2024	Additions	Retirements	Balance 9/30/2025	Due within one year
Governmental Activities					
CO Series 2019 - Street Improvements	\$ 1,500,000	\$ -	\$ (275,000)	\$ 1,225,000	\$ 290,000
GO Series 2019 - Refunding Bonds	475,000	-	(95,000)	380,000	105,000
GO Series 2020 - Refunding Bonds	1,765,000	-	(235,000)	1,530,000	240,000
CO Series 2021 - Street Improvements	2,530,000	-	(290,000)	2,240,000	295,000
Tax Note Series 2025	-	785,000	-	785,000	500,000
Unamortized bond premium	219,805	-	(34,401)	185,404	34,400
Lease liabilities	5,242	-	(5,242)	-	-
Subscription liabilities	68,859	-	(29,117)	39,742	19,482
Total bonds, notes, and leases payable	6,563,906	785,000	(963,760)	6,385,146	1,483,882
Compensated absences	94,290	39,552	-	133,842	133,842
Long Term Debt	\$ 6,658,196	\$ 824,552	\$ (963,760)	\$ 6,518,988	\$ 1,617,724
Business-Type Activities					
GO Series 2019 - Refunding Bonds	\$ 495,000	\$ -	\$ (85,000)	\$ 410,000	\$ 95,000
CO Series 2020 - Tax & Revenue Bond	1,760,000	-	(85,000)	1,675,000	85,000
Unamortized bond premium	53,164	-	(3,283)	49,881	3,283
Total bonds and notes payable	2,308,164	-	(173,283)	2,134,881	183,283
Compensated absences	4,040	-	(3,314)	726	726
Long Term Debt	\$ 2,312,204	\$ -	\$ (176,597)	\$ 2,135,607	\$ 184,009

There were no significant contracts or encumbrances at September 30, 2025.

LONG TERM DEBT OF THE GOVERNMENTAL ACTIVITIES

On January 3, 2019 the Town issued Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2019 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, 2025 was \$1,225,000.

Town of Argyle, Texas
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

On January 3, 2019, the Town issued General Obligation Refunding Bonds, Series 2019 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 \$980,000 for the purchase of a church for the current Town Hall facility and the 2009 C.O.'s in the amount of \$515,000 issued to renovate the church and police department buildings. The total general debt refund in the amount of \$1,895,000 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, 2025 was \$380,000.

On April 23, 2020, 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, 2025 was \$1,530,000.

On November 16, 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, 2025 was \$2,240,000.

On August 18, 2025, the Town issued Town of Argyle, Texas Tax Notes, Series 2025 in the amount of \$785,000. These bonds are issued for general Town expenses. The Note were issued with a rate of 3.5% and mature on February 15, 2027. The principal balance as of September 30, 2025 was \$785,000.

The principal and interest requirements related to these governmental bonds and notes at September 30, 2025 are as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ 1,430,000	\$ 133,277	\$ 1,563,277
2027	930,000	104,463	1,034,463
2028	950,000	75,141	1,025,141
2029	950,000	48,255	998,255
2030	955,000	26,885	981,885
2031-2035	945,000	16,302	961,302
	\$ 6,160,000	\$ 404,323	\$ 6,564,323

Town of Argyle, Texas
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

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, 2025 was \$133,842.

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, 2025, was \$410,000.

On December 10, 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, 2025, was \$1,675,000.

Town of Argyle, Texas
NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2025

The following is a summary of the Town’s Proprietary Fund long-term future debt service for the fiscal year ended September 30, 2025

Fiscal Year	Principal	Interest	Total
2026	\$ 180,000	\$ 46,394	\$ 226,394
2027	190,000	40,744	230,744
2028	205,000	34,694	239,694
2029	200,000	29,019	229,019
2030	100,000	25,494	125,494
2031-2035	520,000	96,969	616,969
2036-2040	570,000	42,178	612,178
2041-2045	120,000	1,200	121,200
	<u>\$ 2,085,000</u>	<u>\$ 316,691</u>	<u>\$ 2,401,691</u>

NOTE L – RESTRICTED CASH

At September 30, 2025, the balance of the restricted cash accounts in the Governmental funds and Wastewater Utility Funds was \$12,723,084 and \$1,213,074, respectively.

NOTE M – 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 N - 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
Cyber Liability and Breach Response	

Town of Argyle, Texas
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

NOTE O – 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 and street maintenance fund to the general fund to finance various programs in accordance with budgetary authorizations, (2) move revenues collected in the street maintenance fund to the general fund to finance various programs in accordance with budgetary authorizations, (3) move receipts restricted for debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due, (4) reimburse one fund for services provided to another fund, and (5) 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:

	Transfers To Other Funds	Transfers From Other Funds	Net Transfers
Governmental Funds:			
General	\$ 1,389,828	\$ 309,653	
Debt Service	-	-	
Capital Projects	-	1,389,828	
Street Maintenance Fund	100,000	-	
Nonmajor funds	209,653	-	
	\$ 1,699,481	\$ 1,699,481	\$ -

NOTE P – DEFINED BENEFIT PENSION PLAN

Plan Description

The Town participates as one of 938 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 annual comprehensive financial report (ACFR) that can be obtained at www.tmr.com. All eligible employees of the Town are required to participate in TMRS.

Town of Argyle, Texas
NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2025

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:

	Plan Year 2024
Employee deposit rate	7%
Matching ratio (Town to Employee)	2 to 1%
Years required for vesting	0.05
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

Employees Covered by Benefit Terms

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	33
Inactive employees entitled to but not yet receiving benefits	51
Active employees	34
	118

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.

Town of Argyle, Texas
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

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 12.50% in calendar years 2025 and 2024. The Town's contributions to TMRS for the years ended September 30, 2025 and 2024, were \$384,756 and \$337,405, respectively, which exceeded the required contributions.

Net Pension Liability (Asset)

The Town's Net Pension Liability or Asset (NPL or NPA) was measured as of December 31, 2024 and the Total Pension Liability (TPL) used to calculate the Net Pension Liability (Asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.60% to 11.85% 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.

Town of Argyle, Texas
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

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:

Actuarial Assumptions (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global Equity	35.0%	7.70%
Core Fixed Income	6.0%	4.70%
Non-Core Fixed Income	20.0%	8.00%
Other Public and Private Markets	12.0%	8.00%
Real Estate	12.0%	7.60%
Hedge Funds	5.0%	6.40%
Private Equity	10.0%	11.60%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the Total Pension Liability (Asset) 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 (Asset).

Town of Argyle, Texas
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

Changes in the Net Pension Liability (Asset)

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balance at 12/31/2023	\$ 8,546,548	\$ 8,410,016	\$ 136,532
Changes for the year:			
Service cost	523,906	-	523,906
Interest	581,226	-	581,226
Change of benefit terms	-	-	-
Difference between expected and actual experience	(40,613)	-	(40,613)
Changes of assumptions	-	-	-
Contributions - employer	-	351,383	(351,383)
Contributions - employee	-	206,146	(206,146)
Net investment income	-	875,236	(875,236)
Benefit payments, including refunds of employee contributions	(395,498)	(395,498)	-
Administrative expense	-	(5,604)	5,604
Other changes	-	(132)	132
Net changes	\$ 669,021	\$ 1,031,531	\$ (362,510)
Balance at 12/31/2024	\$ 9,215,569	\$ 9,441,547	\$ (225,978)

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

The following presents the net pension liability (asset) 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 (Asset) to Changes in the Discount Rate		
1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$1,193,765	(\$225,978)	(\$1,364,532)

Town of Argyle, Texas
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

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, 2025, the Town recognized pension expense of \$313,680.

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

At September 30, 2025 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences between expected and actual economic experience	\$ -	\$ (1,315)
Changes in actuarial assumptions	-	(9,875)
Differences between projected and actual investment earnings	-	(107,730)
Contributions subsequent to the measurement date	288,500	-
Total	\$ 288,500	\$ (118,920)

\$288,500 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, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year	Net Deferred (Inflows) Outflows of Resources
2026	\$ (777)
2027	75,722
2028	(132,353)
2029	(61,512)
2030	-
Thereafter	-
Total	\$ (118,920)

Town of Argyle, Texas
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

NOTE Q – 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.

On September 1, 2017, the Town issued the Town of Argyle, Texas Special Assessment Revenue Bonds, Series 2017 (Highlands Public Improvement District Project) (the Bonds) in the original principal amount of \$5,765,000. The Bonds are being issued by the Town pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code as amended (the PID Act), and ordinance adopted by the Town Council of the Town on August 22, 2017, and an Indenture of Trust, dated September 1, 2017, entered into by and between the Town and the Trustee, U.S. Bank National Association (US Bank). The Bonds were authorized in order to finance the costs of local public infrastructure benefiting Public Improvement District No. 1.

Proceeds of the Bonds were deposited into trust accounts with US Bank for the purpose of funding improvements in the projects described above. US Bank serves as trustee, for the benefit of the bond holders, for these funds as well as any and all other property or money of every name and nature, which is, from time-to-time hereafter by delivery or in writing of any kind, conveyed, pledged, assigned or transferred to Trustee. The total bond principal outstanding for the Town of Argyle, Texas Special Revenue Bonds series 2017 (Highlands Public Improvement District Project) is \$4,990,000 at September 30, 2025.

Town of Argyle, Texas
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

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.

On January 1, 2018, the Town issued the Town of Argyle, Texas Special Assessment Revenue Bonds, Series 2018 (Waterbrook Public Improvement District Project) (the Bonds) in the original principal amount of \$13,955,000. The Bonds are being issued by the Town pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code as amended (the PID Act), and ordinance adopted by the Town Council of the Town on August 22, 2017, and an Indenture of Trust, dated January 1, 2018, entered into by and between the Town and the Trustee, U.S. Bank National Association (US Bank). The Bonds were authorized in order to finance the costs of local public infrastructure benefiting Public Improvement District.

Proceeds of the Bonds were deposited into trust accounts with US Bank for the purpose of funding improvements in the projects described above. US Bank serves as trustee, for the benefit of the bond holders, for these funds as well as any and all other property or money of every name and nature, which is, from time-to-time hereafter by delivery or in writing of any kind, conveyed, pledged, assigned or transferred to Trustee. The total bond principal outstanding for the Town of Argyle, Texas Special Revenue Bonds series 2018 (Waterbrook Public Improvement District No. 1 Project) is \$12,015,000 at September 30, 2025.

Town of Argyle, Texas
NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2025

NOTE R – 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:

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
2024	2025	\$ 159,241,951	\$ 158,752,557	\$ -
2023	2024	\$ 145,564,346	\$ 145,074,952	\$ -
2022	2023	\$ 85,595,436	\$ 85,106,042	\$ -
2021	2022	\$ 54,515,273	\$ 54,025,879	\$ -
2020	2021	\$ 31,356,671	\$ 30,867,277	\$ -
2019	2020	\$ 24,524,050	\$ 24,034,656	\$ -
2018	2019	\$ 8,686,722	\$ 8,197,328	\$ -
2017	2018	\$ 22,100,384	\$ 21,610,990	\$ -

Town of Argyle, Texas
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

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 \$367,002 (\$149,123 from the I&S Fund and \$217,879 from the M&O Fund) in fiscal year 2025. The Town accounts for the TIRZ as a *Special Revenue Fund*.

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 S - 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, 2025, the Fiduciary funds have negative fund balances as the monies collected are periodically transferred to the developer or pay the Districts' bond obligations.

Town of Argyle, Texas
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

NOTE T - PRIOR PERIOD ADJUSTMENTS

During the fiscal year ended September 30, 2025, the Town Management adjusted the beginning fund balances for the General Fund & Municipal Development District causing prior period adjustments. The Town’s Senior Citizen Organization Fund, a special revenue fund, was closed during year ended September 30, 2025 and the remaining assets and liabilities transferred into the General Fund. The Town’s Economic Development Fund, a special revenue fund, was closed during year ended September 30, 2025 and the remaining assets and liabilities transferred into the Municipal Development District. Management also corrected the net position of governmental activities for \$869,021 in depreciation not recorded in prior years. See the below table for the total effects on fund balance and net position.

	General Fund	Senior Citizens Organization Fund	Economic Development Corporation	Municipal Development District	Nonmajor Governmental Funds	Total Governmental Net Position
Beginning fund balance, as originally stated	\$ 3,783,751	\$ (1,097)	\$ 23,835	\$ 1,971,272	\$ 3,613,751	\$ 42,162,554
Prior period adjustments						
Closing Senior Citizens Fund into the General Fund	(1,097)	1,097	-	-	1,097	-
Closing Economic Development Fund into the MDD	-	-	(23,835)	42,877	19,042	19,042
Correcting under-reporting of accumulated depreciation	-	-	-	-	-	(869,021)
Total prior period adjustments	(1,097)	1,097	(23,835)	42,877	20,139	(849,979)
Beginning fund balance, as restated	<u>\$ 3,782,654</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,014,149</u>	<u>\$ 3,633,890</u>	<u>\$ 41,312,575</u>

NOTE U – ECONOMIC DEVELOPMENT GRANTS AND COMMITMENTS

The Argyle Municipal Development District (“MDD”), a blended component unit of the Town, administers economic development grants funded by restricted sales tax revenue to stimulate local business activity and job creation. On December 18, 2023, the MDD entered into a \$100,000 grant agreement with Circle Star Brands Denton LLC and Cactus Canyon LLC Argyle to support the development of a 6,400 square-foot restaurant (Cactus Canyon) at 700 FM 407 W, Argyle, Texas. The agreement requires a \$7,000,000 capital investment by the issuance of a Certificate of Occupancy (CO), \$4,000,000 in annual taxable sales, and creation of 20 full-time and 40 part-time jobs within one year of CO issuance, maintained for five years.

The Town disbursed \$100,000 on November 18, 2024. If performance targets are not met, the Grantee must repay \$100,000 in the first year post-CO, decreasing to \$20,000 in the fifth year, with joint and several liability among the Grantee’s principals. Additionally, on August 22, 2024, the MDD executed a \$75,000 grant agreement with Circle Star Brands LLC for a restaurant (Branded Bowls) at 125 FM 407 E, Argyle, Texas, requiring a \$700,000 capital investment, \$1,750,000 in annual taxable sales, and 8 full-time and 10 part-time jobs within one year of CO issuance, maintained for five years. The Town disbursed \$75,000 on September 3, 2024.

Town of Argyle, Texas
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

On January 8, 2025, the MDD's Board approved a grant to Stable Vet Supply for \$40,000. The funds were disbursed on March 17, 2025.

On February 6, 2025, the MDD's Board approved a grant to Little Joe's Farmstead for a maximum of \$100,000. The funds were disbursed on June 6, 2025.

On March 6, 2025, the MDD's Board approved a grant to FAC Aesthetics for \$7,500. The funds were disbursed on March 17, 2025.

Non-compliance triggers repayment of \$75,000 in the first year post-CO, decreasing to \$15,000 in the fifth year, with joint and several liability among the Grantee's principals.

The potential repayments for both grants represent contingent receivables, not recognized in the financial statements, as repayment is neither probable nor measurable at this time. The Town monitors compliance through annual Grantee reports.

NOTE V – CONTINGENT LIABILITY: PENDING LITIGATION

The Town is currently a defendant in a lawsuit filed by SPI Asphalt, LLC (Cause No. 24-5719-431) in the 431st Judicial District Court of Denton County, Texas. The case involves a \$200,000 payment mistakenly sent to a fraudulent account due to a vendor impersonation scheme. The Town recovered approximately \$18,000 and has conditional insurance coverage of \$50,000, requiring a \$5,000 contribution toward any settlement. SPI is seeking the original invoice amount, attorneys' fees, and court costs. The Town has denied liability and made settlement offers, which were declined. SPI has indicated a willingness to settle for a negotiated amount. Based on legal counsel's assessment, an adverse outcome is possible but not probable. Therefore, no liability has been recorded. If the Town is unsuccessful, potential exposure could be around \$150,000, plus legal costs. The case is currently in the discovery period and trial scheduled for February 2, 2026.

The Town is currently a defendant in a lawsuit filed by Ruffner-Ruffner & DC Lending (Cause No. 24-10647-442) in the 442nd Judicial District Court of Denton County, Texas. The case involves the Tree Preservation Ordinance, which the plaintiffs allege violates the Texas Constitution's prohibition against retroactive laws and the Texas Private Real Property Rights Preservation Act, and is an inverse condemnation. Based on legal counsel's assessment, an adverse outcome is possible but moderately low probability. Therefore, no liability has been recorded. If the Town is unsuccessful, potential exposure could be around \$1,000,000, plus legal costs. The case is currently in the discovery period and trial scheduled for June 8, 2026.

NOTE W - SUBSEQUENT EVENTS

In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through the audit report date, the date the financial statements were available to be issued. Management has determined that there are no events to disclose.



Required Supplementary Information

For the Fiscal Year Ended
September 30, 2025



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Town of Argyle, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GENERAL FUND - BUDGET TO ACTUAL

For the Year Ended September 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive
				(Negative)
<u>Revenues</u>				
Property tax, penalties, and interest	\$ 3,565,045	\$ 3,565,045	\$ 3,498,832	\$ (66,213)
Sales tax	1,956,000	1,956,000	2,116,205	160,205
Franchise Tax	494,000	494,000	611,866	117,866
Licenses and permits	443,000	630,250	997,889	367,639
Contributions & grants	382,327	889,828	932,328	42,500
Interest	220,000	220,000	233,761	13,761
Fines	375,000	375,000	518,454	143,454
Intergovernmental	184,540	184,540	424,836	240,296
Other	-	-	1,840	1,840
Park development fees	25,000	25,000	29,515	4,515
Total Revenues	<u>7,644,912</u>	<u>8,339,663</u>	<u>9,365,526</u>	<u>1,025,863</u>
<u>Expenditures</u>				
Current:				
Public safety	2,632,504	2,632,504	2,367,963	264,541
Economic development	823,330	1,010,580	1,041,998	(31,418)
General government	1,485,201	1,485,201	1,422,938	62,263
Public works	1,886,124	1,136,297	1,156,401	(20,104)
Court	188,595	188,595	196,869	(8,274)
Capital outlay	-	-	51,112	(51,112)
Debt service:				
Principal	-	-	15,627	(15,627)
Total Expenditures	<u>7,015,754</u>	<u>6,453,177</u>	<u>6,252,908</u>	<u>200,269</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	629,158	1,886,486	3,112,618	1,226,132
<u>Other Financing Sources (Uses)</u>				
Transfers in	309,653	309,653	309,653	-
Transfers out	(660,000)	(1,549,828)	(1,389,828)	160,000
Total Other Financing Sources (Uses)	<u>(350,347)</u>	<u>(1,240,175)</u>	<u>(1,080,175)</u>	<u>160,000</u>
Net Change in Fund Balances	278,811	646,311	2,032,443	<u>\$ 1,386,132</u>
Beginning Fund Balances	3,783,751	3,783,751	3,782,654	
Ending Fund Balances	<u>\$ 4,062,562</u>	<u>\$ 4,430,062</u>	<u>\$ 5,815,097</u>	

Town of Argyle, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS

TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)

Last Ten Measured Years

	2024	2023	2022	2021
Total pension liability				
Service Cost	\$ 523,906	\$ 467,528	\$ 421,015	\$ 396,441
Interest (on the Total Pension Liability)	581,226	530,111	482,364	449,370
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(40,613)	104,790	80,479	(84,203)
Change of assumptions	-	(43,935)	-	-
Benefit payments, including refunds of employee contributions	(395,498)	(263,352)	(336,141)	(234,049)
Net Change in Total Pension Liability	669,021	795,142	647,717	527,559
Total Pension Liability - Beginning	8,546,548	7,751,406	7,103,689	6,576,130
Total Pension Liability - Ending (a)	\$ 9,215,569	\$ 8,546,548	\$ 7,751,406	\$ 7,103,689
 Plan Fiduciary Net Position				
Contributions - Employer	351,383	323,923	329,600	325,268
Contributions - Employee	206,146	188,955	169,180	151,893
Net Investment Income	875,236	848,165	(564,999)	864,407
Benefit payments, including refunds of employee contributions	(395,498)	(263,352)	(336,141)	(234,049)
Administrative Expense	(5,604)	(5,388)	(4,876)	(3,990)
Other	(133)	(37)	5,820	25
Net Change in Plan Fiduciary Net Position	1,031,530	1,092,266	(401,416)	1,103,554
Plan Fiduciary Net Position - Beginning	8,410,017	7,317,751	7,719,167	6,615,613
Plan Fiduciary Net Position - Ending (b)	\$ 9,441,547	\$ 8,410,017	\$ 7,317,751	\$ 7,719,167
 Net Pension Liability - Enging (a) - (b)	\$ (225,978)	\$ 136,531	\$ 433,655	\$ (615,478)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	102.45%	98.40%	94.41%	108.66%
Covered Payroll	2,944,946	2,857,018	2,416,851	2,230,263
 Net Pension Liability as a Percentage of Covered Payroll	-7.67%	4.78%	17.94%	-27.60%

NOTES TO SCHEDULE:

The information in this schedule has been determined as of the measurement date (December 31) of the Town's net pension liability (asset).

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$	378,610	\$ 363,721	\$ 335,209	\$ 285,184	\$ 256,946	\$ 263,016
	413,709	387,971	360,188	325,060	290,933	269,509
	-	-	-	-	-	-
	(86,274)	(207,859)	(76,452)	28,922	(5,180)	(58,176)
	-	(4,544)	-	-	-	40,352
	<u>(139,274)</u>	<u>(191,590)</u>	<u>(251,592)</u>	<u>(35,956)</u>	<u>(66,492)</u>	<u>(36,849)</u>
	566,771	347,699	367,353	603,210	476,207	477,852
	6,009,359	5,661,660	5,294,307	4,691,097	4,214,890	3,737,038
\$	<u><u>6,576,130</u></u>	<u><u>\$ 6,009,359</u></u>	<u><u>\$ 5,661,660</u></u>	<u><u>\$ 5,294,307</u></u>	<u><u>\$ 4,691,097</u></u>	<u><u>\$4,214,890</u></u>
	298,987	293,760	275,179	236,183	310,701	210,859
	139,709	137,179	128,503	110,292	98,393	97,620
	446,609	756,002	(146,428)	557,079	232,884	4,677
	<u>(139,274)</u>	<u>(191,590)</u>	<u>(251,592)</u>	<u>(35,956)</u>	<u>(66,492)</u>	<u>(36,849)</u>
	(2,884)	(4,264)	(2,825)	(2,883)	(2,627)	(2,848)
	<u>(115)</u>	<u>(126)</u>	<u>(147)</u>	<u>(146)</u>	<u>(142)</u>	<u>(141)</u>
	743,032	990,961	2,690	864,569	572,717	273,318
	5,872,581	4,881,620	4,878,930	4,014,361	3,441,644	3,168,326
\$	<u><u>6,615,613</u></u>	<u><u>\$ 5,872,581</u></u>	<u><u>\$ 4,881,620</u></u>	<u><u>\$ 4,878,930</u></u>	<u><u>\$ 4,014,361</u></u>	<u><u>\$3,441,644</u></u>
\$	(39,483)	\$ 136,778	\$ 780,040	\$ 415,377	\$ 676,736	\$ 773,246
	100.60%	97.72%	86.22%	92.15%	85.57%	81.65%
	1,995,839	1,959,706	1,835,755	1,575,602	1,405,610	1,394,570
	-1.98%	6.98%	42.49%	26.36%	48.15%	55.45%

Town of Argyle, Texas
SCHEDULE OF CONTRIBUTIONS TO PENSION PLAN
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
Last Ten Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Actuarially Determined Contribution	\$ 366,248	\$ 242,015	\$ 241,646	\$ 257,593
Contributions in relation to the actuarially determined contribution	<u>366,248</u>	<u>342,842</u>	<u>357,000</u>	<u>387,172</u>
Contribution deficiency (excess)	-	(100,827)	(115,354)	(129,579)
Covered payroll	\$ 2,963,139	\$ 2,857,018	\$ 2,416,851	\$ 2,416,851
Contributions as a percentage of covered payroll	12.36%	12.00%	14.77%	16.02%

Valuation Date: 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	21 Years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed market, market value recognition method, 12% soft corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Other Information:

Notes: There were no benefit changes during the year

NOTES TO SCHEDULE OF PENSION CONTRIBUTIONS:

The information in this schedule has been determined as of the Town's most recent fiscal year-end.

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 262,725	\$ 257,064	\$ 274,441	\$ 257,628	\$ 251,203	\$ 218,375
<u>334,316</u> (71,591)	<u>299,176</u> (42,112)	<u>278,313</u> (3,872)	<u>256,355</u> 1,273	<u>274,007</u> (22,804)	<u>227,158</u> (8,783)
\$ 2,230,263	\$ 1,995,839	\$ 1,959,706	\$ 1,835,755	\$ 1,827,930	\$ 1,515,399
14.99%	14.99%	14.20%	13.96%	14.99%	14.99%

Town of Argyle, Texas
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2025

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.



Other Supplementary Information

For the Fiscal Year Ended
September 30, 2025



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Combining Nonmajor Fund Financial Statements

For the Fiscal Year Ended
September 30, 2025

Town of Argyle, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2025

	Special Revenue Funds				
	Court Technology Fund	Court Security Fund	Parkland Dedication Fund	Tree Reforestation Fund	LEOSE Training Fund
<u>Assets</u>					
Cash and investments	\$ 19,829	\$ 85,540	\$ 112,474	\$ 69,793	\$ 7,939
Receivables (net)	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total Assets	19,829	85,540	112,474	69,793	7,939
<u>Liabilities</u>					
Accounts payable	33	-	-	-	-
Total Liabilities	33	-	-	-	-
<u>Deferred Inflows of Resources</u>					
Total Deferred Inflows of Resources	-	-	-	-	-
<u>Fund Balances</u>					
Restricted for:					
Court security and technology	19,796	85,540	-	-	-
Capital improvements	-	-	-	-	-
Committed to:					
Parks	-	-	112,474	69,793	-
Equipment replacement	-	-	-	-	-
Public safety	-	-	-	-	7,939
Building maintenance	-	-	-	-	-
Total Fund Balances	19,796	85,540	112,474	69,793	7,939
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 19,829	\$ 85,540	\$ 112,474	\$ 69,793	\$ 7,939

Special Revenue Funds

Police Seizures Fund	Police Donations Fund	Building Maintenance Fund	Hotel Occupancy Tax Fund	Senior Citizens Organization Fund	Economic Development Corporation
\$ 18,231	\$ 37,800	\$ 4,900	\$ 1,449	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
<u>18,231</u>	<u>37,800</u>	<u>4,900</u>	<u>1,449</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
18,231	37,800	-	-	-	-
-	-	4,900	1,449	-	-
<u>18,231</u>	<u>37,800</u>	<u>4,900</u>	<u>1,449</u>	<u>-</u>	<u>-</u>
<u>\$ 18,231</u>	<u>\$ 37,800</u>	<u>\$ 4,900</u>	<u>\$ 1,449</u>	<u>\$ -</u>	<u>\$ -</u>

Town of Argyle, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (continued)
September 30, 2025

	Special Revenue Fund	Blended Component Unit		Capital Projects	Total Nonmajor Governmental Funds
	Tax Increment Reinvestment Zone (TIRZ)	Municipal Development District	Crime Control & Prevention District	Equipment Replacement Fund	
<u>Assets</u>					
Cash and investments	\$ 110,638	\$ 2,176,185	\$ 647,204	\$ 202,255	\$ 3,494,237
Receivables (net)	-	96,697	78,563	-	175,260
Due from other funds	278,862	-	-	-	278,862
Total Assets	389,500	2,272,882	725,767	202,255	3,948,359
<u>Liabilities</u>					
Accounts payable	-	2,451	2,049	20,484	25,017
Total Liabilities	-	2,451	2,049	20,484	25,017
<u>Deferred Inflows of Resources</u>					
Total Deferred Inflows of Resources	-	-	-	-	-
<u>Fund Balances</u>					
Restricted for:					
Court security and technology	-	-	-	-	105,336
Capital improvements	389,500	2,270,431	723,718	-	3,383,649
Committed to:					
Parks	-	-	-	-	182,267
Equipment replacement	-	-	-	181,771	181,771
Public safety	-	-	-	-	63,970
Building maintenance	-	-	-	-	6,349
Total Fund Balances	389,500	2,270,431	723,718	181,771	3,923,342
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 389,500	\$ 2,272,882	\$ 725,767	\$ 202,255	\$ 3,948,359



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Town of Argyle, Texas
*COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES*
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2025

	Special Revenue Funds				
	Court Technology Fund	Court Security Fund	Parkland Dedication Fund	Tree Reforestation Fund	LEOSE Training Fund
Revenues					
Sales tax	\$ -	\$ -	\$ -	\$ -	\$ -
Property tax, penalties, and interest	-	-	-	-	-
Interest	787	3,303	5,142	2,890	333
Contributions	-	-	-	-	-
Fines	12,970	15,863	-	-	-
Park development	-	-	12,448	-	-
Charges for services	-	-	-	-	3,142
Miscellaneous	-	-	-	-	-
Total Revenues	<u>13,757</u>	<u>19,166</u>	<u>17,590</u>	<u>2,890</u>	<u>3,475</u>
Expenditures					
Current:					
Development	-	-	-	-	-
Public safety	-	-	-	-	1,772
General government	-	-	-	3,999	-
Parks	-	-	10,321	9,039	-
Court	10,416	126	-	-	-
Capital outlay	-	-	17,100	-	-
Debt service:					
Principal	-	-	-	-	-
Total Expenditures	<u>10,416</u>	<u>126</u>	<u>27,421</u>	<u>13,038</u>	<u>1,772</u>
Revenues Over Expenditures	<u>3,341</u>	<u>19,040</u>	<u>(9,831)</u>	<u>(10,148)</u>	<u>1,703</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	3,341	19,040	(9,831)	(10,148)	1,703
Beginning Fund Balances					
originally stated	16,455	66,500	122,305	79,941	6,236
Adjustments	-	-	-	-	-
Beginning fund balance, as restated	<u>16,455</u>	<u>66,500</u>	<u>122,305</u>	<u>79,941</u>	<u>6,236</u>
Ending Fund Balances	<u>\$ 19,796</u>	<u>\$ 85,540</u>	<u>\$ 112,474</u>	<u>\$ 69,793</u>	<u>\$ 7,939</u>

Special Revenue Funds

Police Seizures Fund	Police Donations Fund	Building Maintenance Fund	Hotel Occupancy Tax Fund	Senior Citizens Organization Fund	Economic Development Corporation
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	2,401	212	-	-	-
-	36,450	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	620	-	-
-	38,851	212	620	-	-
-	-	-	-	-	-
-	48,088	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	48,088	-	-	-	-
-	(9,237)	212	620	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(9,237)	212	620	-	-
18,231	47,037	4,688	829	(1,097)	23,835
-	-	-	-	1,097	(23,835)
18,231	47,037	4,688	829	-	-
\$ 18,231	\$ 37,800	\$ 4,900	\$ 1,449	\$ -	\$ -

Town of Argyle, Texas
*COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES*
NONMAJOR GOVERNMENTAL FUNDS (continued)
For the Year Ended September 30, 2025

	Special Revenue Fund	Blended Component Units		Capital Projects	Total
	Tax Increment Reinvestment Zone (TIRZ)	Municipal Development District	Crime Control & Prevention District	Equipment Replacement Fund	Nonmajor Governmental Funds
Revenues					
Sales tax	\$ -	\$ 587,870	\$ 491,697	\$ -	\$ 1,079,567
Property tax, penalties, and interest	367,002	-	-	-	367,002
Interest	9,205	97,104	36,875	10,325	168,577
Contributions	-	-	17,200	-	53,650
Fines	-	-	-	-	28,833
Park development	-	-	-	-	12,448
Charges for services	-	-	-	-	3,142
Miscellaneous	-	-	-	-	620
Total Revenues	<u>376,207</u>	<u>684,974</u>	<u>545,772</u>	<u>10,325</u>	<u>1,713,839</u>
Expenditures					
Current:					
Development	367,003			-	367,003
Public safety	-	-	45,587	-	95,447
General government	-	381,689	44,084	4,279	434,051
Parks	-	-	-	-	19,360
Court	-	-	-	-	10,542
Capital outlay	-	-	162,472	70,985	250,557
Debt service:					
Principal	-	-	18,732	-	18,732
Total Expenditures	<u>367,003</u>	<u>381,689</u>	<u>270,875</u>	<u>75,264</u>	<u>1,195,692</u>
Revenues Over Expenditures	<u>9,204</u>	<u>303,285</u>	<u>274,897</u>	<u>(64,939)</u>	<u>518,147</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers (out)	-	(47,003)	(162,650)	-	(209,653)
Total Other Financing Sources	<u>-</u>	<u>(47,003)</u>	<u>(162,650)</u>	<u>-</u>	<u>(209,653)</u>
Net Change in Fund Balances	9,204	256,282	112,247	(64,939)	308,494
Beginning Fund Balances					
originally stated	380,296	1,971,272	611,471	246,710	3,594,709
Adjustments	-	42,877	-	-	20,139
Beginning fund balance, as restated	<u>380,296</u>	<u>2,014,149</u>	<u>611,471</u>	<u>246,710</u>	<u>3,614,848</u>
Ending Fund Balances	<u>\$ 389,500</u>	<u>\$ 2,270,431</u>	<u>\$ 723,718</u>	<u>\$ 181,771</u>	<u>\$ 3,923,342</u>



Budgetary Comparison Information

For the Fiscal Year Ended
September 30, 2025

Town of Argyle, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET TO ACTUAL
STREET MAINTENANCE FUND
For the Year Ended September 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Sales tax	\$ 734,800	\$ 734,800	\$ 1,040,068	\$ 305,268
Interest	75,000	75,000	141,076	66,076
Total Revenues	809,800	809,800	1,181,144	371,344
<u>Expenditures</u>				
Streets	570,000	570,000	127,070	442,930
Total Expenditures	570,000	570,000	127,070	442,930
Excess (Deficiency) of Revenues Over (Under) Expenditures	239,800	239,800	1,054,074	814,274
<u>Other Financing Sources (Uses)</u>				
Transfers out	-	-	(100,000)	(100,000)
Total Other Financing Sources (Uses)	-	-	(100,000)	(100,000)
Net Change in Fund Balances	239,800	239,800	954,074	\$ 714,274
Beginning Fund Balances, as restated	2,832,951	2,832,951	2,832,951	
Ending Fund Balances	\$ 3,072,751	\$ 3,072,751	\$ 3,787,025	

Town of Argyle, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET TO ACTUAL
DEBT SERVICE FUND
For the Year Ended September 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Property tax	\$ 1,321,592	\$ 1,321,592	\$ 1,463,552	\$ 141,960
Interest	24,000	24,000	63,512	39,512
Total Revenues	<u>1,345,592</u>	<u>1,345,592</u>	<u>1,527,064</u>	<u>181,472</u>
<u>Expenditures</u>				
General government	9,250.00	9,250.00	1,851	7,399
Debt service:				
Principal	1,057,000	1,057,000	895,000	162,000
Interest	209,020	209,020	157,325	51,695
Total Expenditures	<u>1,275,270</u>	<u>1,275,270</u>	<u>1,054,176</u>	<u>221,094</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	70,322	70,322	472,888	402,566
<u>Other Financing Sources (Uses)</u>				
Transfers out	(65,000)	(65,000)	-	65,000
Total Other Financing Sources (Uses)	<u>(65,000)</u>	<u>(65,000)</u>	<u>-</u>	<u>65,000</u>
Net Change in Fund Balances	5,322	5,322	472,888	<u>\$ 467,566</u>
Beginning Fund Balances, as restated	735,397	735,397	735,397	
Ending Fund Balances	<u>\$ 740,719</u>	<u>\$ 740,719</u>	<u>\$ 1,208,285</u>	

Town of Argyle, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET TO ACTUAL
ROADWAY IMPACT FEE FUND
For the Year Ended September 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Interest	\$ 102,500	\$ 102,500	\$ 133,528	\$ 31,028
Other	334,539	334,539	111,604	(222,935)
Total Revenues	<u>437,039</u>	<u>437,039</u>	<u>245,132</u>	<u>(191,907)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	437,039	437,039	245,132	(191,907)
Net Change in Fund Balances	437,039	437,039	245,132	<u>\$ (191,907)</u>
Beginning Fund Balances, as restated	2,925,898	2,925,898	2,925,898	
Ending Fund Balances	<u>\$ 3,362,937</u>	<u>\$ 3,362,937</u>	<u>\$ 3,171,030</u>	

Town of Argyle, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET TO ACTUAL
CAPITAL IMPROVEMENTS FUND
For the Year Ended September 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Interest	\$ 62,500	\$ 62,500	\$ 109,491	\$ 46,991
Other	-	-	1,128	1,128
Total Revenues	<u>62,500</u>	<u>62,500</u>	<u>110,619</u>	<u>48,119</u>
<u>Expenditures</u>				
Public works	-	889,828	43,601	846,227
Debt service:				
Interest and fiscal charges	-	-	33,720	(33,720)
Total Expenditures	<u>-</u>	<u>889,828</u>	<u>77,321</u>	<u>812,507</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	62,500	(827,328)	33,298	860,626
<u>Other Financing Sources (Uses)</u>				
Lease proceeds	-	-	785,000	785,000
Proceeds from sale of capital assets	-	-	139,693	139,693
Transfers out	-	-	1,389,828	1,389,828
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>2,314,521</u>	<u>2,314,521</u>
Net Change in Fund Balances	62,500	(827,328)	2,347,819	\$ 3,175,147
Beginning Fund Balances, as restated	1,971,778	1,971,778	1,971,778	
Ending Fund Balances	<u>\$ 2,034,278</u>	<u>\$ 1,144,450</u>	<u>\$ 4,319,597</u>	

Town of Argyle, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET TO ACTUAL
MUNICIPAL DEVELOPMENT DISTRICT
For the Year Ended September 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Sales tax	\$ 450,000	\$ 450,000	\$ 587,870	\$ 137,870
Interest	125,000	125,000	97,104	(27,896)
Total Revenues	<u>575,000</u>	<u>575,000</u>	<u>684,974</u>	<u>109,974</u>
<u>Expenditures</u>				
Economic development	509,111	509,111	381,689	127,422
Total Expenditures	<u>509,111</u>	<u>509,111</u>	<u>381,689</u>	<u>127,422</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	65,889	65,889	303,285	237,396
<u>Other Financing Sources (Uses)</u>				
Transfers out	(47,003)	(47,003)	(47,003)	-
Transfers in	-	-	19,042	(19,042)
Total Other Financing Sources (Uses)	<u>(47,003)</u>	<u>(47,003)</u>	<u>(27,961)</u>	<u>(19,042)</u>
Net Change in Fund Balances	18,886	18,886	275,324	<u>\$ 218,354</u>
Beginning Fund Balances, as restated	1,995,107	1,995,107	1,995,107	
Ending Fund Balances	<u>\$ 2,013,993</u>	<u>\$ 2,013,993</u>	<u>\$ 2,270,431</u>	

Town of Argyle, Texas
*SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - BUDGET TO ACTUAL*
CRIME CONTROL AND PREVENTION DISTRICT
 For the Year Ended September 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Sales tax	\$ 424,435	\$ 424,435	\$ 491,697	\$ 67,262
Interest	42,500	42,500	36,875	(5,625)
Contributions	-	-	17,200	17,200
Total Revenues	<u>466,935</u>	<u>466,935</u>	<u>545,772</u>	<u>78,837</u>
<u>Expenditures</u>				
Public safety	42,943	92,117	45,587	46,530
General government	47,768	47,768	44,084	3,684
Capital outlay	177,725	177,725	162,472	15,253
Debt service:				
Principal	-	-	18,732	(18,732)
Total Expenditures	<u>268,436</u>	<u>317,610</u>	<u>270,875</u>	<u>46,735</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	198,499	149,325	274,897	125,572
<u>Other Financing Sources (Uses)</u>				
Transfers out	(162,650)	(162,650)	(162,650)	-
Total Other Financing Sources (Uses)	<u>(162,650)</u>	<u>(162,650)</u>	<u>(162,650)</u>	<u>-</u>
Net Change in Fund Balances	35,849	(13,325)	112,247	<u>\$ 125,572</u>
Beginning Fund Balances, as restated	611,471	611,471	611,471	
Ending Fund Balances	<u>\$ 647,320</u>	<u>\$ 598,146</u>	<u>\$ 723,718</u>	

Town of Argyle, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET TO ACTUAL
COURT TECHNOLOGY FUND
For the Year Ended September 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Fines	\$ 12,500	\$ 12,500	\$ 12,970	\$ 470
Interest	750	750	787	37
Total Revenues	13,250	13,250	13,757	507
<u>Expenditures</u>				
Court	4,900	4,900	10,416	(5,516)
Total Expenditures	4,900	4,900	10,416	(5,516)
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,350	8,350	3,341	(5,009)
Net Change in Fund Balances	8,350	8,350	3,341	<u>\$ (5,009)</u>
Beginning Fund Balances, as restated	16,455	16,455	16,455	
Ending Fund Balances	\$ 24,805	\$ 24,805	\$ 19,796	

Town of Argyle, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET TO ACTUAL
COURT SECURITY FUND
For the Year Ended September 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Fines	\$ 12,500	\$ 12,500	\$ 15,863	\$ 3,363
Interest	2,150	2,150	3,303	1,153
Total Revenues	14,650	14,650	19,166	4,516
<u>Expenditures</u>				
Court	2,500	2,500	126	2,374
Total Expenditures	2,500	2,500	126	2,374
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,150	12,150	19,040	6,890
Net Change in Fund Balances	12,150	12,150	19,040	\$ 6,890
Beginning Fund Balances, as restated	66,500	66,500	66,500	
Ending Fund Balances	\$ 78,650	\$ 78,650	\$ 85,540	

Town of Argyle, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET TO ACTUAL
PARKLAND DEDICATION FUND
For the Year Ended September 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Park development	\$ 32,519	\$ 32,519	\$ 12,448	\$ (20,071)
Interest	24,500	24,500	5,142	(19,358)
Contributions	-	-	-	-
Total Revenues	<u>57,019</u>	<u>57,019</u>	<u>17,590</u>	<u>(39,429)</u>
<u>Expenditures</u>				
Parks	45,000	45,000	10,321	34,679
Capital outlay	-	-	17,100	(17,100)
Total Expenditures	<u>45,000</u>	<u>45,000</u>	<u>27,421</u>	<u>17,579</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,019	12,019	(9,831)	(21,850)
Net Change in Fund Balances	12,019	12,019	(9,831)	<u>\$ (21,850)</u>
Beginning Fund Balances, as restated	122,305	122,305	122,305	
Ending Fund Balances	<u>\$ 134,324</u>	<u>\$ 134,324</u>	<u>\$ 112,474</u>	

Town of Argyle, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET TO ACTUAL
TREE REFORESTATION FUND
For the Year Ended September 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Interest	\$ 13,500	\$ 13,500	\$ 2,890	\$ (10,610)
Total Revenues	<u>13,500</u>	<u>13,500</u>	<u>2,890</u>	<u>(10,610)</u>
<u>Expenditures</u>				
Parks	-	10,150	9,039	1,111
General government	2,500	3,985	3,999	(14)
Total Expenditures	<u>2,500</u>	<u>14,135</u>	<u>13,038</u>	<u>1,097</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,000	(635)	(10,148)	(9,513)
Net Change in Fund Balances	11,000	(635)	(10,148)	<u>\$ (9,513)</u>
Beginning Fund Balances, as restated	79,941	79,941	79,941	
Ending Fund Balances	<u>\$ 90,941</u>	<u>\$ 79,306</u>	<u>\$ 69,793</u>	

Town of Argyle, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET TO ACTUAL
EQUIPMENT REPLACEMENT FUND
For the Year Ended September 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Interest	\$ 9,250	\$ 9,250	\$ 10,325	\$ 1,075
Total Revenues	<u>9,250</u>	<u>9,250</u>	<u>10,325</u>	<u>1,075</u>
<u>Expenditures</u>				
General government	-	-	4,279	(4,279)
Capital outlay	70,500	75,264	70,985	4,279
Total Expenditures	<u>70,500</u>	<u>75,264</u>	<u>75,264</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(61,250)	(66,014)	(64,939)	1,075
Net Change in Fund Balances	(61,250)	(66,014)	(64,939)	<u>\$ 1,075</u>
Beginning Fund Balances, as restated	246,710	246,710	246,710	
Ending Fund Balances	<u>\$ 185,460</u>	<u>\$ 180,696</u>	<u>\$ 181,771</u>	



Statistical Section

For the Fiscal Year Ended
September 30, 2025



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Town of Argyle, Texas

STATISTICAL SECTION

September 30, 2025

This part of the Town's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

Contents	Page
Financial Trends	112-119
<i>These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.</i>	
Revenue Capacity	121-125
<i>These schedules contain information to help the reader assess the Town's most significant local revenue source: property tax.</i>	
Debt Capacity	127
<i>These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue in the</i>	
Demographics and Economic Information	128-129
<i>These schedules offer economic and demographic indicators to help the reader understand the environment within which the Town's financial activities take place.</i>	

TOWN OF ARGYLE, TEXAS
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(Unaudited)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Governmental activities				
Net investment in capital position	\$ 24,346,996	\$ 26,064,224	\$ 20,196,668	\$ 16,157,038
Restricted	15,974,922	10,461,131	9,560,369	10,788,211
Unrestricted	6,527,516	5,637,199	7,805,208	5,748,766
Total governmental activities net assets	<u>\$ 46,849,434</u>	<u>\$ 42,162,554</u>	<u>\$ 37,562,245</u>	<u>\$ 32,694,015</u>
Business-type activities				
Net investment in capital position	\$ 7,758,541	\$ 7,989,333	\$ 7,360,471	\$ 6,626,680
Restricted	-	1,302,194	1,309,608	1,221,892
Unrestricted	3,722,756	2,412,541	3,200,031	3,144,830
Total business-type activities net assets	<u>\$ 11,481,297</u>	<u>\$ 11,704,068</u>	<u>\$ 11,870,110</u>	<u>\$ 10,993,402</u>
Primary government				
Net investment in capital position	\$ 32,105,537	\$ 34,053,557	\$ 27,557,139	\$ 22,783,718
Restricted	15,974,922	11,763,325	10,869,977	12,010,103
Unrestricted	10,250,272	8,049,740	10,982,530	8,893,595
Total primary government net assets	<u>\$ 58,330,731</u>	<u>\$ 53,866,622</u>	<u>\$ 49,409,646</u>	<u>\$ 43,687,416</u>

Source: Statement Net Position

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
17,678,131	\$ 10,438,118	\$ 9,411,671	\$ 11,163,507	\$ 5,654,315	\$ 5,512,466
7,376,509	6,826,428	7,219,075	4,036,216	2,637,635	1,897,972
3,467,381	2,273,990	1,683,603	2,179,909	1,996,236	1,827,510
<u>\$ 28,522,021</u>	<u>\$ 19,538,536</u>	<u>\$ 18,314,349</u>	<u>\$ 17,379,632</u>	<u>\$ 10,288,186</u>	<u>\$ 9,237,948</u>
\$ 6,561,242	\$ 4,562,719	\$ 4,510,097	\$ 2,164,751	\$ 1,415,460	\$ 1,502,777
1,283,870	884,099	646,237	410,396	395,395	402,828
2,755,993	1,000,020	1,048,166	806,688	478,541	221,298
<u>\$ 10,601,105</u>	<u>\$ 6,446,838</u>	<u>\$ 6,204,500</u>	<u>\$ 3,381,835</u>	<u>\$ 2,289,396</u>	<u>\$ 2,126,904</u>
\$ 24,239,373	\$ 15,000,837	\$ 13,921,768	\$ 13,328,258	\$ 7,069,775	\$ 7,015,243
8,660,379	7,710,527	7,865,312	4,446,612	3,033,030	2,300,800
6,223,374	3,274,010	2,731,769	2,986,597	2,474,777	2,048,809
<u>\$ 39,123,126</u>	<u>\$ 25,985,374</u>	<u>\$ 24,518,849</u>	<u>\$ 20,761,467</u>	<u>\$ 12,577,582</u>	<u>\$ 11,364,852</u>

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

Expenses	2025	2024	2023	2022	2021
Governmental activities:					
General Government	\$1,928,144	\$2,304,937	\$ 2,616,292	\$ 1,892,173	\$ 2,132,561
Public Safety	2,604,455	2,466,131	2,294,228	1,898,264	1,618,662
Municipal Court	206,536	151,550	126,739	67,190	136,705
Public Works	2,433,835	1,413,299	1,656,206	1,234,657	1,331,292
Development Services	1,405,208	762,433	1,005,066	872,554	900,614
Interest on Long Term Debt	182,164	127,388	(40,518)	235,119	154,933
Bond Issue Costs	-	-	-	-	-
Total governmental activities expenses	<u>\$8,760,342</u>	<u>\$7,225,738</u>	<u>7,658,014</u>	<u>6,199,958</u>	<u>6,274,767</u>
Business-type activities:					
Wastewater utility	2,600,230	2,482,750	1,760,251	1,096,415	990,746
Total business-type activities expenses	<u>2,600,230</u>	<u>2,482,750</u>	<u>1,760,251</u>	<u>1,096,415</u>	<u>990,746</u>
Total primary government expenses	<u>\$ 11,360,572</u>	<u>\$ 9,708,488</u>	<u>\$ 9,418,265</u>	<u>\$ 7,296,373</u>	<u>\$ 7,265,513</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General Government	\$997,889	\$671,060	1,304,050	1,062,365	1,118,369
Public Safety	-	-	-	-	-
Municipal Court	849,945	399,970	324,257	220,000	309,178
Public Works	181,656	112,342	402,307	482,647	247,092
Development Services	-	-	713,551	665,842	491,378
Operating grants and contributions	985,978	28,815	44,379	14,786	12,150
Capital grants and contributions	-	-	-	-	-
Total governmental activities program revenues	<u>3,015,468</u>	<u>1,212,187</u>	<u>2,788,544</u>	<u>2,445,640</u>	<u>2,178,167</u>
Business-type activities:					
Charges for services:					
Wastewater utility	2,436,895	2,413,529	2,515,493	1,898,331	919,842
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	803,741	108,035	810,092
Total business-type activities program revenues	<u>2,436,895</u>	<u>2,413,529</u>	<u>3,319,234</u>	<u>2,006,366</u>	<u>1,729,934</u>
Total primary government program revenues	<u>\$ 5,452,363</u>	<u>\$ 3,625,716</u>	<u>\$ 6,107,778</u>	<u>\$ 4,452,006</u>	<u>\$ 3,908,101</u>
Net (Expense) Revenue					
Governmental Activities	(5,744,874)	(6,013,551)	4,869,477	(3,754,318)	(4,096,600)
Business-type Activities	(163,335)	(69,221)	755,242	909,951	739,188
Total Primary government net expense	<u>\$ (5,908,209)</u>	<u>\$ (6,082,772)</u>	<u>\$ 5,624,719</u>	<u>\$ (2,844,367)</u>	<u>\$ (3,357,412)</u>
General Revenues					
and Other Changes in Net Position					
Governmental Activities:					
Taxes					
Property Taxes	\$5,362,612	\$4,845,793	4,029,355	3,663,937	3,057,351
Sales Taxes	4,235,840	3,580,700	3,200,511	2,849,949	1,892,816
Franchise Taxes	615,008	630,996	535,790	496,355	288,088
Interest	547,287	1,064,503	874,407	206,770	43,340
Intergovernmental	424,836	251,021	693,256	-	957,500
Miscellaneous	115,192	234,309	168,174	163,682	543,504
Transfers in (out)	-	221,644	236,214	545,619	412,040
Total Governmental Activities	<u>11,300,775</u>	<u>10,828,966</u>	<u>9,737,707</u>	<u>7,926,312</u>	<u>7,194,639</u>
Business-type Activities:					
Interest Earnings	170,007	124,823	219,553	27,965	8,057
Transfers in (out)	-	(221,644)	(236,214)	(545,619)	(412,040)
Total Business-type Activities	<u>170,007</u>	<u>(96,821)</u>	<u>(16,661)</u>	<u>(517,654)</u>	<u>(403,983)</u>
Total Primary Government	<u>\$ 11,470,782</u>	<u>\$ 10,732,145</u>	<u>\$ 9,721,046</u>	<u>\$ 7,408,658</u>	<u>\$ 6,790,656</u>
Change in Net Position					
Governmental Activities	\$ 5,555,901	\$ 4,815,415	\$ 14,607,184	\$ 4,171,994	\$ 3,098,039
Business-type Activities	6,672	(166,042)	738,581	392,297	335,205
Total Primary Government	<u>\$ 5,562,573</u>	<u>\$ 4,649,373</u>	<u>\$ 15,345,765</u>	<u>\$ 4,564,291</u>	<u>\$ 3,433,244</u>

	2020	2019	2018	2017	2016
\$	1,609,190	\$ 1,109,901	\$ 1,060,987	\$ 881,297	\$ 991,022
	1,655,752	1,517,963	1,384,772	1,084,847	859,878
	117,595	115,643	105,139	90,276	88,206
	1,201,440	1,156,548	1,804,747	868,327	704,603
	677,426	663,866	498,067	338,244	275,464
	265,222	152,295	177,996	185,099	192,831
	62,802	-	-	-	-
	<u>5,589,427</u>	<u>4,716,216</u>	<u>5,031,708</u>	<u>3,448,091</u>	<u>3,112,005</u>
	711,962	596,995	402,521	383,849	512,434
	<u>711,962</u>	<u>596,995</u>	<u>402,521</u>	<u>383,849</u>	<u>512,434</u>
\$	<u>6,301,389</u>	<u>\$ 5,313,211</u>	<u>\$ 5,434,229</u>	<u>\$ 3,831,939</u>	<u>\$ 3,624,439</u>
	599,078	534,491	541,127	2,562	26,827
	-	-	-	664	550
	211,666	264,096	337,811	309,913	289,463
	239,982	67,025	44,030	173,809	100,503
	356,377	265,204	150,040	420,272	307,832
	37,773	20,716	14,633	45,959	60,187
	-	-	4,724,210	-	1,772,418
	<u>1,444,876</u>	<u>1,151,532</u>	<u>5,811,851</u>	<u>953,177</u>	<u>2,557,781</u>
	827,203	1,014,977	662,468	422,141	404,028
	-	-	-	-	-
	240,114	2,529,462	812,764	92,374	1,103,911
	<u>1,067,317</u>	<u>3,544,439</u>	<u>1,475,232</u>	<u>514,514</u>	<u>1,507,939</u>
\$	<u>2,512,193</u>	<u>\$ 4,695,971</u>	<u>\$ 7,287,083</u>	<u>\$ 1,467,692</u>	<u>\$ 4,065,719</u>
	(4,144,551)	(3,564,684)	780,143	(2,494,913)	(554,224)
	355,355	2,947,444	1,072,711	130,666	995,505
\$	<u>(3,789,196)</u>	<u>\$ (617,240)</u>	<u>\$ 1,852,854</u>	<u>\$ (2,364,247)</u>	<u>\$ 441,281</u>
	2,681,177	2,531,290	2,252,713	2,079,623	1,838,958
	1,157,362	1,366,439	779,909	620,659	498,650
	296,761	392,400	387,457	375,826	388,363
	188,712	117,016	46,681	26,199	23,370
	-	500,000	-	-	-
	15,389	29,202	29,329	49,172	457
	160,000	-	72,895	28,300	28,300
	<u>4,499,401</u>	<u>4,936,347</u>	<u>3,568,984</u>	<u>3,179,778</u>	<u>2,778,097</u>
	35,221	19,728	7,993	5,197	4,782
	(160,000)	-	-	54,859	15,870
	<u>(124,779)</u>	<u>19,728</u>	<u>7,993</u>	<u>60,056</u>	<u>20,652</u>
\$	<u>4,374,622</u>	<u>\$ 4,956,075</u>	<u>\$ 3,576,977</u>	<u>\$ 3,239,834</u>	<u>\$ 2,798,750</u>
\$	354,850	\$ 1,371,663	\$ 4,349,127	\$ 684,865	\$ 2,223,873
	230,576	2,967,172	1,080,704	190,721	1,016,158
\$	<u>585,426</u>	<u>\$ 4,338,835</u>	<u>\$ 5,429,831</u>	<u>\$ 875,587</u>	<u>\$ 3,240,031</u>

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
General Fund				
Unassigned	\$5,815,097	\$3,783,751	\$5,250,883	\$4,629,507
Reserved for other *	-	-	-	-
Total general fund	<u>\$ 5,815,097</u>	<u>\$ 3,783,751</u>	<u>\$ 5,250,883</u>	<u>\$ 4,629,507</u>
All Other Governmental Funds				
Restricted for:				
Capital Projects	\$ 7,490,627	\$ 4,897,676	\$ 4,161,757	\$ 5,663,660
Debt Service	1,208,285	735,397	319,304	118,518
Street Maintenance	3,787,025	2,832,951	2,646,098	1,868,089
Economic Development	2,994,149	1,995,107	2,433,210	2,081,919
Municipal Court	105,336	82,955	65,697	46,581
Committed to:				
Equipment replacement	181,771	246,710	237,841	194,369
Community Projects	182,267	201,150	1,108,786	846,588
Building Maintenance	6,349	4,688	29,490	28,207
Police	63,970	664,744	627,487	518,128
Crime Control	-	-	-	-
TIRZ No. 1	389,500	380,296	199,561	268,740
Unassigned, reported in:				
Special revenue funds	-	-	-	-
Total all other governmental funds	<u>\$16,409,279</u>	<u>\$12,041,674</u>	<u>\$11,829,231</u>	<u>\$11,634,799</u>
Total fund balances	<u>\$ 22,224,376</u>	<u>\$ 15,825,425</u>	<u>\$ 17,080,114</u>	<u>\$ 16,264,306</u>

*Includes prepaid items, inventory and encumbrances

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	\$4,225,261	\$3,238,631	\$2,334,528	\$2,427,523	\$2,421,514	\$2,257,770
	-	-	-	-	-	-
	<u>\$ 4,225,261</u>	<u>\$ 3,238,631</u>	<u>\$ 2,334,528</u>	<u>\$ 2,427,523</u>	<u>\$ 2,421,514</u>	<u>\$ 2,257,770</u>
\$	1,783,315	\$2,586,202	\$3,825,286	\$1,259,100	\$1,702,487	\$964,444
	105,131	194,146	240,161	227,264	203,279	158,368
	1,633,219	1,192,594	845,541	525,155	433,253	301,846
	1,812,329	1,685,253	1,545,186	1,417,534	-	-
	43,370	-	-	-	-	-
	192,956	280,939	249,625	117,438	95,747	55,798
	614,305	-	-	-	-	-
	28,002	-	-	-	-	-
	24,422	-	-	-	-	-
	361,713	258,145	232,767	293,930	-	-
	(212,347)	147,701	12,363	-	-	-
	-	481,448	268,146	195,795	202,870	417,516
	<u>\$6,386,415</u>	<u>\$6,826,428</u>	<u>\$7,219,075</u>	<u>\$4,036,216</u>	<u>\$2,637,635</u>	<u>\$1,897,972</u>
\$	<u>10,611,676</u>	<u>\$ 10,065,059</u>	<u>\$9,553,603</u>	<u>\$ 6,463,739</u>	<u>\$ 5,059,149</u>	<u>\$ 4,155,742</u>

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
REVENUES:				
General Property Taxes	\$5,329,386	\$4,803,233	4,086,202	3,476,659
Sales Tax	4,235,840	3,580,700	3,200,511	2,849,949
Franchise Tax	615,008	630,996	535,790	496,355
Municipal court fines	518,454	399,970	324,257	207,532
Building permits & fees	997,889	644,511	1,282,430	1,062,365
Court Technology and security fees	28,833	26,549	21,610	12,468
Park development fees	41,963	112,342	402,307	389,637
Tree reforestation fee	-	-	10	93,010
Roadway impact fees	-	-	713,551	665,842
Contributions	985,978	28,815	44,379	14,786
Intergovernmental	424,836	251,021	693,256	
Interest	849,945	1,064,503	874,397	206,770
Miscellaneous	115,192	234,309	168,174	163,682
Total Revenues	<u>14,143,324</u>	<u>11,776,949</u>	<u>12,346,874</u>	<u>9,639,055</u>
EXPENDITURES:				
General Government	1,858,840	2,091,406	2,333,825	1,826,208
Municipal Court	207,411	152,017	126,575	137,461
Public Safety	2,463,410	2,451,006	2,170,993	1,856,869
Public Works	1,346,432	1,298,976	927,073	510,082
Development Services	1,409,001	757,312	1,004,813	942,825
Capital outlay:				
General Government	-	-	3,994,171	2,149,351
Public Safety	301,669	838,484	94,840	60,177
Public Works	-	254,036	-	-
Development Services	-	4,330,030	-	-
Debt Service-				
Principal Retirement	929,359	897,997	907,000	608,000
Interest and Fiscal Charges	191,045	182,020	207,989	212,396
Paying Agent Fees	-	-	-	-
Total Expenditures	<u>8,707,167</u>	<u>13,253,284</u>	<u>11,767,279</u>	<u>8,303,369</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>5,436,157</u>	<u>(1,476,335)</u>	<u>579,595</u>	<u>1,335,686</u>
OTHER FINANCING SOURCES (USES):				
Transfers In (out)	-	221,644	236,214	545,619
Bond Proceeds	785,000	-	-	3,085,000
Refunding bonds issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Premium on refunded bonds issued	-	-	-	239,007
Insurance proceeds	-	-	-	-
Grants; Sale of Assets; Other	139,693	-	-	-
Total Other Financing Sources (Uses)	<u>924,693</u>	<u>221,644</u>	<u>236,214</u>	<u>3,869,626</u>
NET CHANGE IN FUND BALANCES	<u>6,360,850</u>	<u>(1,254,691)</u>	<u>815,809</u>	<u>5,205,312</u>
Debt service as a percentage of noncapital expenditures	12.9%	8.3%	9.5%	9.9%

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
3,063,946	3,079,983	2,689,109	2,529,268	2,210,993	2,078,389
2,255,815	1,862,040	1,394,486	1,351,975	779,909	620,659
383,904	379,701	389,770	403,452	387,457	375,826
290,373	200,059	264,096	337,811	309,913	289,463
1,118,369	599,078	534,491	541,127	420,272	307,832
18,805	11,607	-	-	-	-
154,385	72,432	65,805	44,030	35,924	39,502
92,707	167,550	-	-	-	-
491,378	356,377	265,204	150,040	173,809	100,503
12,150	37,773	20,716	14,633	1,593	-
957,500	231,220	-	500,000	-	-
43,340	131,457	188,712	117,016	45,528	25,045
543,504	8,726	16,609	15,152	32,349	98,389
<u>9,426,176</u>	<u>7,138,003</u>	<u>5,828,998</u>	<u>6,004,504</u>	<u>4,397,746</u>	<u>3,935,607</u>
2,070,240	1,490,572	919,358	933,021	745,971	862,148
147,220	119,872	114,723	107,836	90,034	90,757
1,638,016	1,641,321	1,435,526	1,361,263	1,051,060	952,918
549,441	684,566	647,241	1,527,011	643,910	597,900
927,412	688,519	660,702	507,221	339,088	278,259
39,960	40,003	-	-	-	-
162,147	126,741	160,455	-	-	-
2,885,120	1,136,500	1,137,436	936,423	222,168	-
65,000	17,591	-	-	-	-
580,000	3,076,000	523,000	424,000	285,000	281,000
185,047	297,745	135,353	178,096	185,994	193,718
-	62,802	-	-	4,011	750
<u>9,249,603</u>	<u>9,382,232</u>	<u>5,733,794</u>	<u>5,974,871</u>	<u>3,567,235</u>	<u>3,257,449</u>
<u>176,573</u>	<u>(2,244,229)</u>	<u>95,204</u>	<u>29,633</u>	<u>830,511</u>	<u>678,158</u>
412,040	115,686	160,000	-	72,895	28,300
-	2,640,000	2,665,000	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	105,000	-	-	-
-	-	64,660	-	-	-
-	-	-	-	-	-
<u>412,040</u>	<u>2,755,686</u>	<u>2,994,660</u>	<u>-</u>	<u>72,895</u>	<u>28,300</u>
<u>588,613</u>	<u>511,457</u>	<u>3,089,864</u>	<u>29,633</u>	<u>903,407</u>	<u>706,458</u>
14.3%	16.9%	14.3%	12.0%	14.2%	14.6%



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

Fiscal Year Ended Sept. 30,	Estimated Market Value		Less:	Total Taxable Assessed Value	Total Direct Tax Rate	Total Estimated Actual Taxable Value	Assessed Value as Percentage of Actual Value
	Real Property	Personal Property	Tax-Exempt Property				
2016	752,600,191	16,731,535	\$ (234,750,736)	\$ 534,580,990	0.39750	\$ 769,331,726	69.49%
2017	859,238,792	25,376,149	\$ (265,181,610)	\$ 619,433,331	0.39750	884,614,941	70.02%
2018	937,110,132	27,296,385	\$ (289,997,239)	\$ 674,409,278	0.39750	964,406,517	69.93%
2019	1,018,124,893	25,130,610	\$ (298,026,581)	\$ 745,228,922	0.39750	1,043,255,503	71.43%
2020	1,108,722,796	28,638,589	\$ (325,883,352)	\$ 811,478,033	0.39750	1,137,361,385	71.35%
2021	1,220,202,315	32,354,989	\$ (339,299,930)	\$ 913,257,374	0.37819	1,252,557,304	72.91%
2022	1,216,172,065	29,670,434	\$ (342,649,702)	\$ 903,192,797	0.37048	1,245,842,489	72.50%
2023	1,557,690,015	27,163,364	\$ (520,513,968)	\$ 1,064,339,411	0.36535	1,584,853,379	67.16%
2024	2,320,141,796	36,179,627	\$ (786,706,421)	\$ 1,569,615,002	0.34311	2,356,321,423	66.61%
2025	2,284,327,298	37,690,101	\$ 781,505,543	\$ 1,540,511,856	0.34311	2,322,017,399	66.61%

Source: Denton County Central Appraisal District

TOWN OF ARGYLE, TEXAS

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Years
(Unaudited)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Direct Rates:				
	0.241942	0.246157	0.263677	0.298610
	0.101169	0.096954	0.101670	0.079583
Total Direct Rate	<u>0.343111</u>	<u>0.343111</u>	<u>0.365347</u>	<u>0.378193</u>
Overlapping Rates:				
Argyle Independent School District	1.17270	1.20990	1.21220	1.39760
Denton County	0.18787	0.18949	0.21754	0.23309
Argyle Emergency Services District	<u>0.06000</u>	<u>0.06000</u>	<u>0.08028</u>	<u>0.09333</u>
Total Rate	<u>1.76368</u>	<u>1.80250</u>	<u>1.87537</u>	<u>2.10221</u>

Tax rates per \$100 of assessed valuation

Source: Denton County Central Appraisal District and Town records

Note 1: The Town's basic property tax rate may be increased only by a majority vote of the Town's residents. Rates for debt service are set based on each year's requirements.

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
0.30210	0.30011	0.30110	0.30110	0.30445	0.31945
<u>0.09541</u>	<u>0.09739</u>	<u>0.09739</u>	<u>0.09739</u>	<u>0.09305</u>	<u>0.07805</u>
<u>0.3975</u>	<u>0.3975</u>	<u>0.39849</u>	<u>0.39849</u>	<u>0.3975</u>	<u>0.3975</u>
1.40000	1.50800	1.58050	1.57005	1.57005	1.57005
0.22499	0.22528	0.22557	0.23781	0.24841	0.27220
<u>0.10000</u>	<u>0.09982</u>	<u>0.09982</u>	<u>0.09982</u>	<u>0.10000</u>	<u>0.10000</u>
<u>2.12249</u>	<u>2.23060</u>	<u>2.30438</u>	<u>2.30617</u>	<u>2.31596</u>	<u>2.33975</u>



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TOWN OF ARGYLE, TEXAS
 PRINCIPAL PROPERTY TAXPAYERS
 Current Year
 (Unaudited)

Fiscal Year 2025			
Property Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
Series VII, A Series of Henry Property Development LLC	\$ 8,711,057	1	0.39%
US Trinity Holdings	8,224,635	2	0.37%
Waterbrook of Argyle LLC	7,584,176	3	0.34%
D.R. Horton-Texas, LTD	6,095,297	4	0.27%
CDI Evans LLC	5,800,000	5	0.26%
Dynamic Color Images Inc	4,834,264	6	0.22%
CDI Old Justin LLC	4,759,233	7	0.21%
4C Blue Angel Ranch PK LLC	4,413,726	8	0.20%
Schiels Family Holdings - Argyle LLC	4,342,471	9	0.19%
Critz, John Martin & Courtney Layne	4,155,189	10	0.19%
Total	<u>\$ 58,920,048</u>		<u>2.63%</u>
Total Assessed Value:	<u>\$ 2,239,083,980</u>		<u>100%</u>

Source: Tax Office

Note: Property is assessed as of January 1 and certified to the Town by July 25 for taxable values.



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

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
	General Obligation Bonds	Certificates of Obligation	Total		
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
2024	2,735,000	5,790,000	8,525,000	0.54%	1,354
2025	2,320,000	5,140,000	7,460,000	0.48%	1,185

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

(1) See Assessed Value and Estimated Actual Value of Taxable Property Table on the previous page for property value data.

TOWN OF ARGYLE, TEXAS

FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Years

(Unaudited)

Function/Program	2025	2024	2023	2022
General Government and Administration	8.00	7.75	6.50	6.50
Development Services	4.00	4.00	4.00	4.00
Public Safety	19.00	19.00	18.00	15.00
Public Works - Streets	3.90	3.90	6.10	5.10
Wastewater	3.10	3.60	2.40	2.40
Total	38.00	38.25	37.00	33.00

Source: Various Town departments.

2021	2020	2019	2018	2017	2016
<u>6.90</u>	<u>5.75</u>	<u>6.00</u>	<u>5.50</u>	<u>5.00</u>	<u>6.00</u>
4.00	3.75	3.50	3.00	2.00	1.00
14.00	14.00	13.50	11.00	11.00	9.50
6.10	7.10	5.60	5.50	5.50	4.50
<u>2.40</u>	<u>1.90</u>	<u>1.40</u>	<u>1.50</u>	<u>1.50</u>	<u>2.50</u>
<u>33.40</u>	<u>32.50</u>	<u>30.00</u>	<u>26.50</u>	<u>25.00</u>	<u>23.50</u>