



Town of Argyle, Texas

Annual Financial Report
For the fiscal year ended
September 30, 2014



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TOWN OF ARGYLE, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2014

PREPARED BY KIM COLLINS, DIRECTOR OF FINANCE



Peggy Krueger
Mayor

Paul E. Frederiksen
Town Manager

Kim Collins
Director of Finance



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Town of Argyle, Texas
 Annual Financial Report
 For the year ended September 30, 2014

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March 19, 2015

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

Chapter 103 of the Texas Municipal Code requires that a municipality shall have its records and accounts audited annually and shall have an annual financial statement prepared based on the audit. This statutory requirement is addressed in the Town of Argyle (Town) Financial Management Plan, which includes the objective that the Town's financial statements include 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, 2014 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 a comprehensive 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 that 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 & Knauth, LLP, Independent Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ended September 30, 2014, 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 unqualified opinion that the Town's financial statements for the fiscal year ended September 30, 2014 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 that management 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 designated as a Type "A" General Law municipality under Texas Local Government Code. The Town occupies approximately 13 square miles and has a current population of approximately 3,700. Bordered on the west by Interstate Highway 35 and having U.S. Highway 377 traversing south to north through the middle of the Town, the Town enjoys an excellent highway corridor plan that will eventually result in various mixed-use retail/commercial development along the corridors while allowing the Town's "signature" rural-agricultural open space to remain.

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, which consists 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 employ the Municipal Judge, Town Attorney, Town Manager, and Town Secretary.

The Town Manager is responsible for implementing the policies and ordinances enacted by the governing body, managing the day-to-day operations of the Town, and appointing the department directors. The Town Manager also administers the Argyle Economic Development Corporation.

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

The Town of Argyle voters have approved three local option sales and use tax proposals; consequently, the Town administers a Type B Economic Development Corporation, a Crime Control and Prevention District, and a Street Maintenance Sales Tax. The local option sales and use tax revenue generated for these purposes are used in accordance with their respective provisions of State Law. By law, the governing body appoints an Economic Development Corporation Board of Directors and a Crime Control and Prevention District Board of Directors for the purpose of administering these programs.

Services Provided

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

Other Provided Services

Fire and EMS is provided by the Emergency Services District Number 1 and is funded through a District-wide property tax levy. Solid waste collection and recycling services are contracted through Republic Waste Services. The Argyle Water Supply Corporation provides water distribution and storage throughout the Town, as well as billing and collection of sewer service fees on behalf of the Town's Wastewater Utility. The Town contracts with both the Trinity River Authority and the City of Denton for wastewater treatment and collection services.

Economic Conditions and Outlook

As the regional economic recovery continues, business activity and development interest in the Town has increased dramatically over the last year. Residential building permit activity in 2014 remained steady with 55 permits issued, compared to 54 permits issued in 2013. While residential permits for large estate homes continue to grow, the Town recently approved the 5T Ranch development representing 90 single-family residential lots at build-out. There are currently two large master planned residential communities outside the Town's limits, but within portions of the Town of Argyle, Extra Territorial Jurisdiction (ETJ). Construction of the first phase of Harvest, a 3,000-lot master planned residential development west of Argyle, began in November 2012, and is expected to spur additional development activity and interest in the area for years to come. Canyon Falls, another 3,000-lot, master planned development to the south of Argyle, began construction of homes in 2014.

Significant factors in the Town's economic stability and continued high taxable values are the proximity to major job centers within the DFW Metroplex, DFW International Airport and the Alliance Airport which are connected by a network of major highways. Local option sales and use tax revenue experienced significant growth of 18% in 2014. Commercial development activity also saw an upswing in 2014 with the approval of 78,000 square feet of new retail and commercial space, adding \$15,000,000 of total ad valorem value. The Town began the process of initiating several amendments to its Future Land Use Plan (Comprehensive Plan) which is anticipated to be adopted at the beginning of 2015. It is also anticipated that the Form Based Code will be approved in 2015 and will help spur commercial growth along the I-35 W and 377 corridors.

Budget

The Fiscal Year (FY) 2014 General Fund expenditures remained essentially unchanged from 2013 expenditures. This flat expenditure growth illustrates the continued conservative practices that have been the Council and staff's response to the slow recovery from the economic downturn in 2008. The 2014 certified taxable values increased to \$454,091,938 over 2013 taxable values. The 7.8% increase is a positive sign of an improving economy. The increase is a combination of returning land values, an increase in existing home values, and the increase in new value added to the tax rolls. The property tax rate adopted for FY 2014 remained \$0.3975 per \$100 of assessed value for the 5th consecutive year.

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 and expenditures being recorded when the services or goods are received and the liabilities incurred. Accounting records for the Town's utilities are maintained on the accrual basis.

In developing and maintaining the Town's accounting system, consideration is given to the adequacy of the internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that: (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 that the Town's internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

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 submitted to the Town Secretary 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 that 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 that alter 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 that 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 Finance Director 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 individual levy. The Denton County Tax Assessor-Collector provides tax collection services for the Town and other taxing jurisdictions in Denton County.

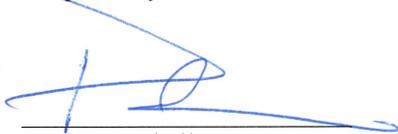
Risk Management

A town government is constantly 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.

Acknowledgements

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

Respectfully Submitted,



Paul E. Frederiksen
Town Manager



Kim Collins
Director of Finance



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Town of Argyle, Texas

List of Elected and Appointed Officials

September 30, 2014

Elected Officials

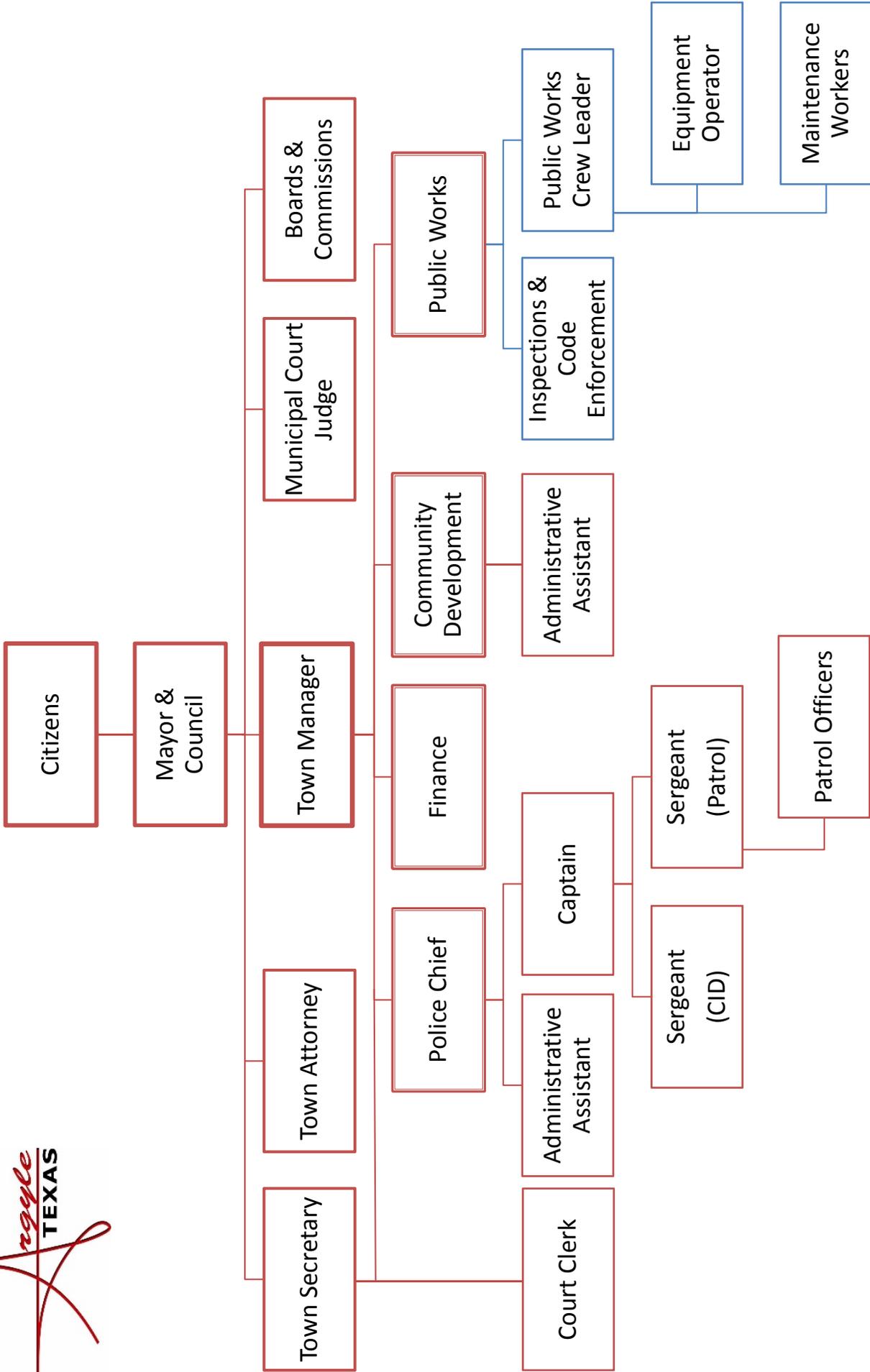
Mayor	Peggy Krueger
Council Member – Place 1	Joey Hasty
Council Member – Place 2	Kay Teer
Council Member – Place 3	Eric Lamon
Council Member – Place 4	Jay Haynes
Council Member – Place 5	Marla Hawkesworth

Appointed Officials

Town Manager	Paul E. Frederiksen
Town Secretary	Kristi Gilbert

Department Directors

Police Chief	William Tackett
Director of Finance	Kim Collins
Director of Community Services	Richard Luedke
Public Works Director	Troy Norton
Municipal Court Clerk	Sherrill Johnson





Report of Independent Auditors

To the Honorable Mayor and Town Council
Town of Argyle, Texas
308 Denton Street,
Argyle, TX 76226

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Argyle, Texas, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Argyle, Texas, as of September 30, 2014, 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.

Other matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 11–17 and 50–51 be presented to supplement the basic financial statements. Such information, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Argyle, Texas's basic financial statements. The introductory section and combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Vail + Knauth, LLP

Richardson, Texas
March 23, 2015

TOWN OF ARGYLE MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2014. Please read it in conjunction with the Town's financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at the close of the fiscal year by \$6,420,119.
- Unrestricted net position at the close of the fiscal year is \$1,683,994 and may be used to meet the Town's ongoing/unallocated obligations to citizens and creditors.
- The Town's total net position increased by \$501,830 as a result of: 1) an increase in net assets of \$383,809 for the governmental activities due to revenues in excess of expenses, and 2) an increase in business-type activities net position of \$118,021.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$3,116,320. The fund balances decreased by an amount of \$332,425. Of the total fund balance, \$1,680,523 is unassigned and available for spending at the Town's discretion.
- At the end of the current fiscal year, the unassigned General Fund balance was \$1,680,523, or 66% of total general fund expenditures.
- The net decrease to the Town's total long term liabilities was \$262,538 (3.48%) during the current fiscal year. This decrease was a result of all debt obligations being made in full and on time.

USING THIS ANNUAL REPORT

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

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

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

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

The Statement of Net Position and the Statement of Activities

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

The Statement of Net Position includes all the Town's assets and liabilities (including long-term items) while the Statement of Activities includes all the revenue and expenses

generated by the Town's operations during the year. Government-wide statements utilize the accrual basis of accounting, which is the same method used by most private sector companies.

All of 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 police protection, court services, street maintenance, and Town administration are reported here. Town property taxes finance most of these activities.

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

Reporting the Town's Most Significant Funds

Fund Financial Statements

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

Governmental Funds – The Town reports most of its basic services in governmental funds. Governmental funds use the modified accrual basis of accounting (a method that measures the receipt and disbursement of cash and other financial assets that can be readily converted to cash) and they report balances that are available for future spending. Governmental fund statements provide a detailed short-term view of the Town's general operations and the basic services it provides. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Government-wide Statement of Net Position

The Town implemented the provisions of GASB Statement No. 34 during the fiscal year 2004. Net position serves as one useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$6,420,119 at the end of fiscal year 2014.

TABLE I NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 3,596,354	\$ 3,954,293	\$ 993,629	\$ 911,792	\$ 4,589,983	\$ 4,866,085
Capital assets, net of accumulated depreciation	8,040,465	7,505,224	1,413,615	1,487,558	9,454,080	8,992,782
Total assets	11,636,819	11,459,516	2,407,244	2,399,350	14,044,063	13,858,867
Current payables & other liabilities	307,958	287,462	35,992	38,128	343,950	325,590
LT bonds and leases payable	5,804,708	5,983,657	1,475,286	1,558,874	7,279,994	7,542,532
Total liabilities	6,112,666	6,271,119	1,511,278	1,597,003	7,623,945	7,868,122
Net position						
Net investment in capital position	2,416,889	2,560,671	373,181	265,738	2,790,070	2,826,409
Restricted for:						
Debt retirement	122,312	124,106	-	-	122,312	124,106
Capital improvements	166,424	947,574	510,257	387,143	676,682	1,334,717
Street maintenance	261,292	305,662	-	-	261,292	305,662
Impact Fees	512,535	349,532	-	-	512,535	349,532
Other specific purposes	373,234	356,573	-	-	373,234	356,573
Unrestricted	1,671,466	544,279	12,528	149,466	1,683,994	693,746
Total net position	\$ 5,524,153	\$ 5,188,397	\$ 895,966	\$ 802,348	\$ 6,420,119	\$ 5,990,745

Forty three percent (43%) (\$2,790,070 / \$6,420,119) of the Town's net assets are invested in capital assets, net of related debt: land, construction in progress, buildings and improvements, general infrastructure, intangibles, vehicles and equipment, 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 assets, (30%) (\$1,946,054 / 6,420,119), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted/unallocated net position*, \$1,683,994, may be used to meet the Town's ongoing obligations to citizens and creditors.

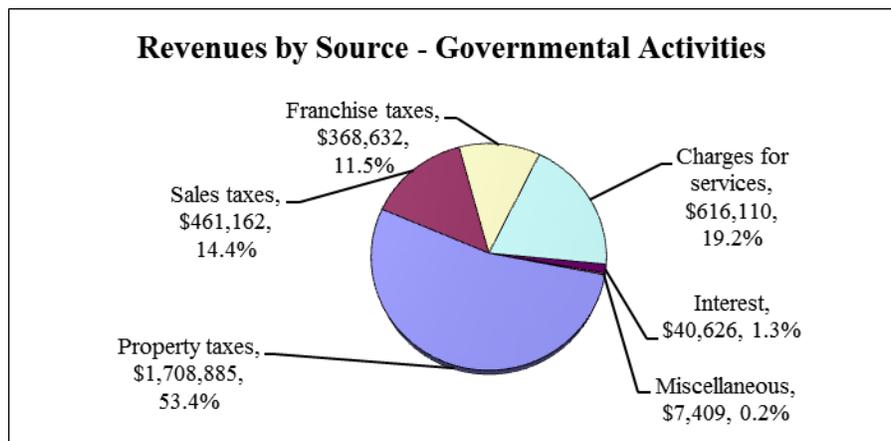
Government-wide Statement of Activities

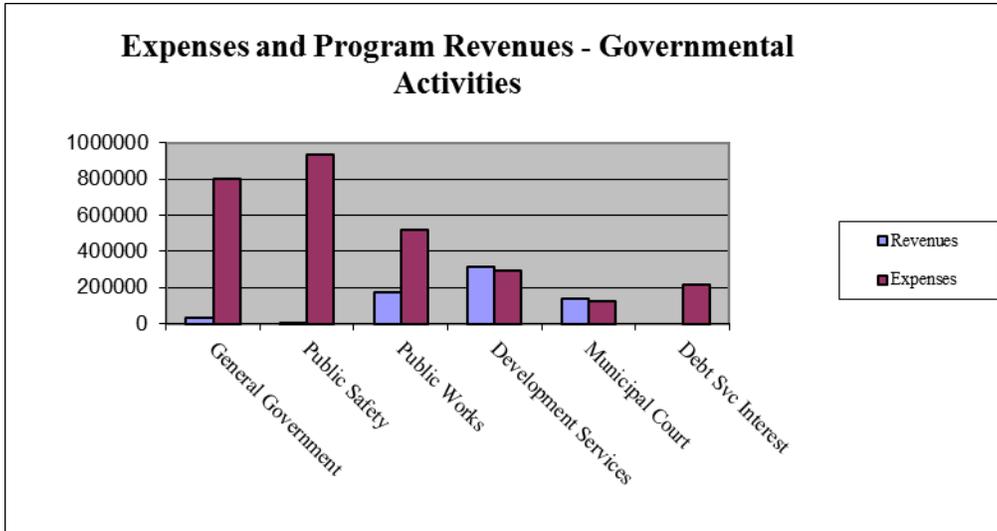
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues						
Charges for services	\$ 616,110	\$ 688,065	\$ 351,202	\$ 307,798	\$ 967,312	\$ 995,863
Operating grants and contributions	57,909	48,807	-	-	57,909	48,807
Capital grants and contributions	11,808	1,350	221,490	87,306	233,298	88,656
General revenues						
Property taxes	1,708,885	1,665,290	-	-	1,708,885	1,665,290
Franchise taxes	368,632	336,248	-	-	368,632	336,248
Sales taxes	461,162	391,252	-	-	461,162	391,252
Intergovernmental	-	-	-	-	-	-
Interest	40,626	76,595	8,424	15,719	49,050	92,314
Miscellaneous	7,409	67,974	-	-	7,409	67,974
Total revenues	<u>3,272,541</u>	<u>3,275,582</u>	<u>581,116</u>	<u>410,822</u>	<u>3,853,657</u>	<u>3,686,404</u>
Expenses:						
General government	800,749	754,240	-	-	800,749	754,240
Public safety	934,970	977,878	-	-	934,970	977,878
Public works	519,611	546,050	-	-	519,611	546,050
Development services	291,734	260,348	-	-	291,734	260,348
Municipal court	125,067	168,701	-	-	125,067	168,701
Interest on long term debt	216,600	226,347	-	-	216,600	226,347
Wastewater utilities	-	-	463,095	372,228	463,095	372,228
Solid waste	-	-	-	-	-	-
Total expenses	<u>2,888,732</u>	<u>2,933,564</u>	<u>463,095</u>	<u>372,228</u>	<u>3,351,827</u>	<u>3,305,791</u>
Increase (decrease) in net assets before transfers	383,809	342,018	118,021	38,595	501,830	380,613
Net transfers	-	-	-	-	-	-
Increase (decrease) in net position	383,809	342,018	118,021	38,595	501,830	380,613
Net position - beginning, as restated	5,140,344 *	4,846,379	777,945 *	763,753	5,918,289	5,610,132
Net position - ending	<u>\$ 5,524,153</u>	<u>\$ 5,188,397</u>	<u>\$ 895,966</u>	<u>\$ 802,348</u>	<u>\$ 6,420,119</u>	<u>\$ 5,990,745</u>

* GASB 65 Adjustment for prior period bond issuance costs

Governmental Activities

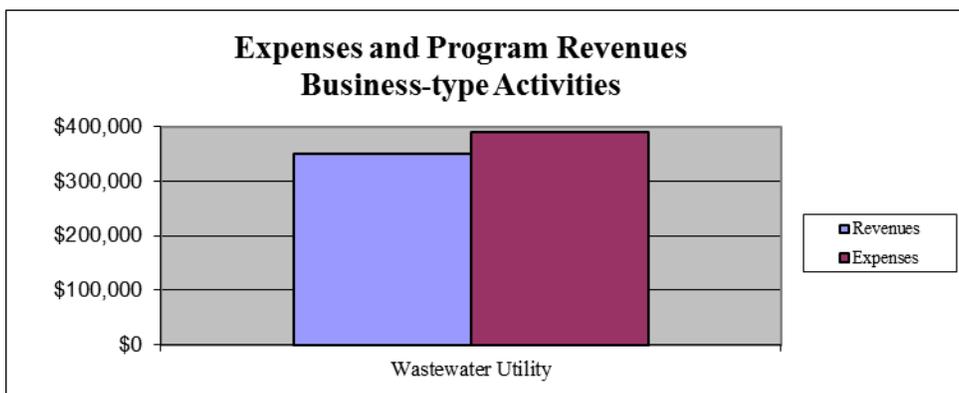
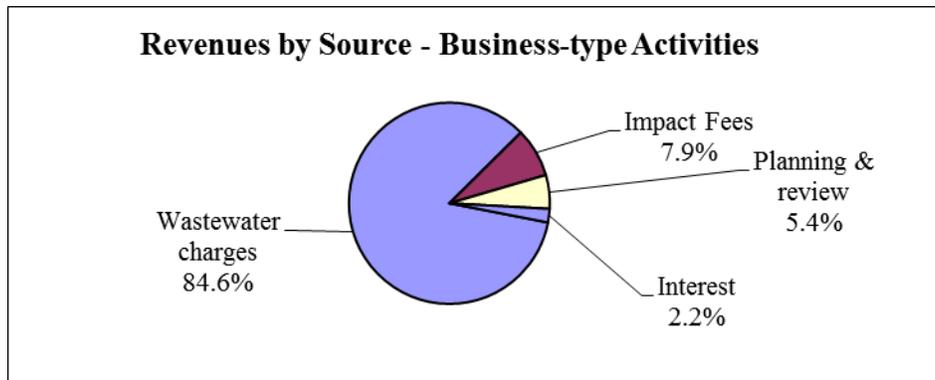
Governmental activities increased the net position of the Town by \$383,809. This increase was due to budgeted revenues exceeding budgeted expenses in the fiscal year. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – were \$1,671,466 for governmental activities.





Business-type Activities

Business-type activities increased the net assets of the Town by \$93,618. This increase was due to normal operations of (\$38,413) in operating loss, plus the collection of impact fees \$30,690, interest income of \$8,424, interest paid on long term debt (\$73,480), capital contribution from TRA of \$190,800, and prior period restatement of deferred debt costs of (\$24,403) for GASB 65.



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 \$3,116,320. This represents a decrease of \$332,425 from the prior fiscal year.

Revenues for the Town's general fund were \$2,578,585, while total expenses before transfers were \$2,281,660. During the current fiscal year, the Town made budgeted transfers from the General Fund: \$20,000 to the Equipment Replacement Fund, and \$5,000 to the Keep Argyle Beautiful Fund. As a result of higher actual revenue over budgeted revenues, and lower actual expenditures over budgeted expenditures, the General Fund had a net increase to fund balance of \$315,225 after all transfers were made.

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	
	2014	2013	2014	2013	2014	2013
Land	\$ 208,281	\$ 208,281	\$ -	\$ -	\$ 208,281	\$ 208,281
Construction in progress	1,009,875	284,486	131,450	122,000	1,141,325	406,486
Buildings and improvements	1,311,112	1,429,656	-	-	1,311,112	1,429,656
Infrastructure	5,170,449	5,141,170	-	-	5,170,449	5,141,170
Intangibles	161,616	225,885	11,128	22,255	172,743	248,141
Vehicles and equipment	179,133	215,745	12,442	16,015	191,575	231,760
Graveyard branch collection system	-	-	460,074	477,220	460,074	477,220
Wastewater system	-	-	798,520	850,068	798,520	850,068
Total	\$ 8,040,465	\$ 7,505,224	\$ 1,413,615	\$ 1,487,558	\$ 9,454,080	\$ 8,992,782

The Town's net investment in capital assets for all activities as of September 30, 2014 is \$9,454,080, compared to \$8,992,782 at September 30, 2013. This net investment in capital assets includes land, construction in progress, buildings and improvements, infrastructure, intangibles, vehicles and equipment, and wastewater systems. The total increase in the Town's net investment in capital assets for the current fiscal year was \$535,241. This was due to capital asset additions of \$953,101 being more than total depreciation expense (\$417,460). There was increased capital asset activity in FY 2014. The third phase of the comprehensive Town wide street improvement project was undertaken in FY 2014. The value is represented in CIP, as the project was not completed until the first quarter of FY 2015. Additionally, a street segment reconstruction was completed and booked as infrastructure in FY 2014. The police department replaced one patrol car and public works replaced the code enforcement truck. Three vehicles were used as trade in for these vehicle purchases. See *Notes to Financial Statements* for more detailed information on capital asset activity.

Long-term Debt

TABLE IV
TOWN OF ARGYLE OUTSTANDING DEBT

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Bonds payable	\$ 5,671,000	\$ 5,870,000	\$ 1,165,000	\$ 1,210,000	\$ 6,836,000	\$ 7,080,000
Notes payable	-	-	310,286	348,874	310,286	348,874
Compensated absences	133,709	113,657	-	-	133,709	113,657
	<u>\$ 5,804,709</u>	<u>\$ 5,983,657</u>	<u>\$ 1,475,286</u>	<u>\$ 1,558,874</u>	<u>\$ 7,279,994</u>	<u>\$ 7,542,532</u>

At September 30, 2014, the Town had bonds payable, notes payable and accrued compensated absences outstanding of \$7,279,994. Principal payments totaled \$303,589, and all payments were made on or before their due dates. The Town refunded the outstanding principal of \$510,000 on the 2003 Certificate of Obligation in May, for a total savings to the Town of \$37,754 over the life of the bond. See *Notes to Financial Statements* for more detailed information on long-term debt activity.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The fiscal year 2013-2014 budget was based on the prevailing property tax rate of \$.3975 per \$100 of valuation.

The FY 2015 General Fund operating expenditure budget increased by 6.7% or \$167,718 over the FY 2014 adopted budget. FY 2015 ad valorem values showed recovery from the downturn in the economy, and housing starts have picked up. In an effort to adequately respond to new development inquiries, Council prioritized Comprehensive Plan adjustments requiring non-recurring expenditures. The core budget is conservative, but does include several one-time expenditures to complete the Comprehensive Plan updates.

The ending fund balance for FY 2014 was \$1,680,523. The Town staff recommends a fund balance of no less than 90 days with a preferred balance of 120 days. Fund balance is currently at 228 days. The FY 2015 adopted budget includes a decrease to fund balance in the amount of \$102,693. This decrease includes a \$20,000 transfer to Equipment Replacement Fund.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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



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**Town of Argyle, Texas
Statement of Net Position
September 30, 2014**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Economic Development Corporation	Crime Control & Prevention District
ASSETS					
Cash and cash equivalents	\$ 2,701,145	\$ 437,565	\$ 3,138,710	\$ 727,892	\$ 153,431
Receivables (net of allowance for uncollectibles)	366,675	45,807	412,481	36,956	18,531
Restricted cash and cash equivalents:					
Impact fee eligible capital improvements	512,535	510,257	1,022,792	-	-
Capital assets not being depreciated:					
Land	208,281		208,281	-	-
Construction in progress	1,009,875	131,450	1,141,325	-	-
Capital assets (net of accumulated depreciation):			-		
Buildings and improvements	1,311,112	-	1,311,112	-	-
Infrastructure	5,170,449	-	5,170,449	-	-
Vehicles and equipment	179,133	12,442	191,575	-	-
Intangible assets	161,616	11,128	172,743	-	-
Wastewater system		1,258,594	1,258,594	-	-
Total assets	<u>11,620,819</u>	<u>2,407,244</u>	<u>14,028,063</u>	<u>764,848</u>	<u>171,962</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	16,000	-	16,000	-	-
Total deferred outflows of resources	<u>16,000</u>	<u>-</u>	<u>16,000</u>	<u>-</u>	<u>-</u>
LIABILITIES					
Current liabilities:				-	
Accounts payable	157,836	10,933	168,769	7,095	-
Accrued and other payables	25,070	-	25,070	-	-
Accrued interest payable	22,833	25,059	47,893	-	-
Non-current liabilities:					
Due within one year:					
Developer escrow	291,257	90,784	382,041	-	-
Due in more than one year	102,218	-	102,218	-	-
Total liabilities	<u>5,513,451</u>	<u>1,384,502</u>	<u>6,897,953</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>6,112,666</u>	<u>1,511,278</u>	<u>7,623,944</u>	<u>7,095</u>	<u>-</u>
NET POSITION					
Net investment in capital position	2,416,889	373,181	2,790,070	-	-
Restricted for capital improvements	166,424	510,257	676,682	-	-
Restricted for street maintenance	261,292	-	261,292	-	-
Restricted for impact fees	512,535	-	512,535	-	-
Restricted for equipment replacement	59,666	-	59,666	-	-
Restricted for municipal court	23,371	-	23,371	-	-
Restricted for police	25,206	-	25,206	-	-
Restricted for debt service	122,312	-	122,312	-	-
Restricted for community projects	264,991	-	264,991	-	-
Unrestricted	1,671,466	-	1,671,466	764,848	171,962
Unallocated	-	12,528	12,528	-	-
Total net position	<u>\$ 5,524,153</u>	<u>\$ 895,966</u>	<u>\$ 6,420,119</u>	<u>\$ 764,848</u>	<u>\$ 171,962</u>

The accompanying notes are an integral part of this statement.

**Town of Argyle, Texas
Statement of Activities
For the Year Ended September 30, 2014**

<u>Functions/programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 800,749	\$ 9,027	\$ 53,888	\$ -
Public safety	934,970	238	4,021	-
Municipal Court	125,067	135,168	-	-
Public Works	519,611	158,526	-	11,808
Development Services	291,734	313,151	-	-
Interest expense	216,600	-	-	-
Total governmental activities	<u>2,888,732</u>	<u>616,110</u>	<u>57,909</u>	<u>11,808</u>
Business-type activities:				
Wastewater utility	463,095	351,202	-	221,490
Total business-type activities	<u>463,095</u>	<u>351,202</u>	<u>-</u>	<u>221,490</u>
Total Primary Government	<u>\$ 3,351,827</u>	<u>\$ 967,312</u>	<u>\$ 57,909</u>	<u>\$ 233,298</u>
Component unit:				
Economic Development Corporation	124,229	-	-	-
Crime Control & Prevention	31,923	-	-	-
Total Component Units	<u>\$ 156,153</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues:				
Property taxes				
Sales taxes				
Franchise taxes				
Interest				
Intergovernmental				
Miscellaneous				
Transfers in (out)				
Total general revenues and transfers				
Change in net assets				
Net assets - beginning, as restated				
Net assets - ending				

The accompanying notes are an integral part of this statement.

Town of Argyle, Texas
Statement of Activities
For the Year Ended September 30, 2014

Net (Expense) Revenue and Changes in Net Assets			Component Units	
Primary Government			Economic	Crime Control &
Governmental	Business-type	Total	Development	Prevention
Activities	Activities		Corporation	District
\$ (737,834)	\$ -	\$ (737,834)	-	-
(930,711)	-	(930,711)	-	-
10,101	-	10,101	-	-
(349,277)	-	(349,277)	-	-
21,417	-	21,417	-	-
(216,600)	-	(216,600)	-	-
<u>(2,202,905)</u>	<u>-</u>	<u>(2,202,905)</u>	<u>-</u>	<u>-</u>
-	109,597	109,597	-	-
-	109,597	109,597	-	-
<u>(2,202,905)</u>	<u>109,597</u>	<u>(2,093,307)</u>	<u>-</u>	<u>-</u>
-	-	-	(124,229)	-
-	-	-	-	(31,924)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (124,229)</u>	<u>\$ (31,924)</u>
1,708,885	-	1,708,885	-	-
461,162	-	461,162	183,575	93,223
368,632	-	368,632	-	-
40,626	8,424	49,050	4,753	4,006
-	-	-	-	-
7,409	-	7,409	-	-
-	-	-	-	-
<u>2,586,713</u>	<u>8,424</u>	<u>2,595,137</u>	<u>188,328</u>	<u>97,229</u>
383,809	118,021	501,830	64,099	65,305
5,140,344	777,945	5,918,289	700,749	106,657
<u>\$ 5,524,153</u>	<u>\$ 895,966</u>	<u>\$ 6,420,119</u>	<u>\$ 764,848</u>	<u>\$ 171,962</u>

**Town of Argyle, Texas
Balance Sheet
Governmental Funds
September 30, 2014**

	General Fund	General Debt Service Fund	Capital Projects Fund	Street Maintenance Fund	Roadway Impact Fee Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 1,694,948	\$ 121,651	\$ 267,369	\$ 242,813	\$ 512,535	\$ 374,362	\$ 3,213,679
Receivables (net of allowance for uncollectibles)							
Property taxes	23,595	5,206	-	-	-	-	28,801
Franchise taxes	89,655	-	-	-	-	-	89,655
Sales taxes	73,912	-	-	18,478	-	-	92,390
Due from other funds	-	-	-	-	-	-	-
Other	155,828	-	-	-	-	-	155,828
Total assets	<u>2,037,939</u>	<u>126,857</u>	<u>267,369</u>	<u>261,292</u>	<u>512,535</u>	<u>374,362</u>	<u>3,580,354</u>
LIABILITIES							
Accounts payable	55,762	-	100,944	-	-	1,129	157,836
Accrued and other payables	25,070	-	-	-	-	-	25,070
Total liabilities	<u>80,833</u>	<u>-</u>	<u>100,944</u>	<u>-</u>	<u>-</u>	<u>1,129</u>	<u>182,906</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	20,891	4,545	-	-	-	-	25,436
Unavailable revenue - municipal court	153,474	-	-	-	-	-	153,474
Unavailable revenue - developer escrow	102,218	-	-	-	-	-	102,218
Total deferred inflows of resources	<u>276,583</u>	<u>4,545</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>281,128</u>
FUND BALANCES (DEFICITS)							
Nonspendable:	-	-	-	-	-	-	-
Restricted for:							
Debt service	-	122,312	-	-	-	-	122,312
Street Maintenance	-	-	-	261,292	-	-	261,292
Capital projects funds	-	-	166,424	-	512,535	-	678,959
Other purposes	-	-	-	-	-	-	-
Committed to:							
Assigned to:							
Police	-	-	-	-	-	-	25,206
Municipal court	-	-	-	-	-	-	23,371
Community projects	-	-	-	-	-	-	264,991
Equipment replacement	-	-	-	-	-	-	59,666
Unassigned	1,680,523	-	-	-	-	-	1,680,523
Total fund balances	<u>1,680,523</u>	<u>122,312</u>	<u>166,424</u>	<u>261,292</u>	<u>512,535</u>	<u>373,233</u>	<u>3,116,320</u>
Total liabilities and fund balances	<u>\$ 2,037,939</u>	<u>\$ 126,857</u>	<u>\$ 267,369</u>	<u>\$ 261,292</u>	<u>\$ 512,535</u>	<u>\$ 374,362</u>	<u>\$ 3,580,354</u>

Town of Argyle, Texas
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
Governmental Funds
September 30, 2014

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

Fund balance - total governmental funds		3,116,320
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		8,040,465
Long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore, are not reported in the funds.		
	Bonds Payable	(5,671,000)
	Deferred Charges	16,000
	Accrued Interest	(22,833)
		(5,677,833)
Other long-term liabilities are not recognized as current period revenues and, therefore, are deferred in the funds.		
	Unearned Revenue	178,909
	Compensated Absences	(133,709)
		45,201
Net assets of governmental activities		\$ 5,524,152

The accompanying notes are an integral part of this statement.

Town of Argyle, Texas
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended September 30, 2014

	General Fund	General Debt Service Fund	Capital Projects Fund	Street Maintenance Fund	Roadway Impact Fee Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Taxes:							
Property	\$ 1,373,732	\$ 335,740	\$ -	\$ -	\$ -	\$ -	\$ 1,709,472
Sales	369,375	-	-	91,788	-	-	461,162
Franchise	368,632	-	-	-	-	-	368,632
Building permits and fees	313,151	-	-	-	-	-	313,151
Park development fees	-	-	-	-	-	24,069	24,069
Municipal court fines	127,122	-	-	-	-	8,046	135,168
Roadway impact fees	-	-	-	-	158,526	-	158,526
Contributions	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Interest	17,309	2,053	9,225	2,790	4,477	3,837	39,691
Intragovernmental	-	-	-	-	-	-	-
Miscellaneous	9,265	1,752	12,649	-	-	10,555	34,222
Total revenues	<u>2,578,585</u>	<u>339,545</u>	<u>21,875</u>	<u>94,578</u>	<u>163,003</u>	<u>46,507</u>	<u>3,244,093</u>
EXPENDITURES							
Current:							
General government	634,214	-	-	-	-	2,471	636,686
Public safety	855,848	-	-	-	-	5,625	861,473
Municipal court	118,848	-	-	-	-	6,942	125,790
Public works	382,278	-	(36,574)	51,947	-	-	397,652
Development services	290,471	-	-	-	-	-	290,471
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	39,809	39,809
Public works	-	-	812,642	-	-	-	812,642
Debt service							
Principal retirement	-	220,000	-	-	-	-	220,000
Interest	-	219,496	-	-	-	-	219,496
Paying agent fees	-	800	-	-	-	-	800
Total expenditures	<u>2,281,660</u>	<u>440,296</u>	<u>776,068</u>	<u>51,947</u>	<u>-</u>	<u>54,847</u>	<u>3,604,818</u>
Excess (deficiency) of revenues over (under) expenditures	<u>296,925</u>	<u>(100,750)</u>	<u>(754,193)</u>	<u>42,630</u>	<u>163,003</u>	<u>(8,339)</u>	<u>(360,725)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in (out)	18,300	98,957	(26,957)	(87,000)	-	25,000	28,300
Bond proceeds	-	-	-	-	-	-	-
Refunding bonds issued	-	531,000	-	-	-	-	531,000
Payment to refunded bond escrow agent	-	(510,000)	-	-	-	-	(510,000)
Premium on refunded bonds issued	-	(21,000)	-	-	-	-	(21,000)
Total other financing sources and uses	<u>18,300</u>	<u>98,957</u>	<u>(26,957)</u>	<u>(87,000)</u>	<u>-</u>	<u>25,000</u>	<u>28,300</u>
Net change in fund balances	<u>315,225</u>	<u>(1,794)</u>	<u>(781,150)</u>	<u>(44,370)</u>	<u>163,003</u>	<u>16,661</u>	<u>(332,425)</u>
Fund balances - beginning	1,365,298	124,106	947,574	305,662	349,532	356,573	3,448,745
Fund balances - ending	<u>\$ 1,680,523</u>	<u>\$ 122,312</u>	<u>\$ 166,424</u>	<u>\$ 261,292</u>	<u>\$ 512,535</u>	<u>\$ 373,233</u>	<u>\$ 3,116,320</u>

Town of Argyle, Texas
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
September 30, 2014

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

Net change in fund balances - total governmental funds	\$	(332,425)
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		535,241
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		199,000
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		17,008
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(35,016)
Change in net assets of governmental activities	<u>\$</u>	<u>383,809</u>

The accompanying notes are an integral part of this statement

**Town of Argyle, Texas
Statement of Net Position
Proprietary Funds
September 30, 2014**

	Wastewater Utility Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 437,565
Receivables (net of allowance for uncollectibles)	45,807
Total current assets	483,372
Noncurrent assets:	
Restricted cash and cash equivalents	510,257
Deferred charges	-
Capital assets (net of accumulated depreciation):	
Equipment	6,705
Vehicles	5,737
Intangibles	11,128
Construction in progress	131,450
Wastewater system	1,258,594
Total capital assets (net of accumulated depreciation)	1,413,615
Total noncurrent assets	1,923,872
Total assets	2,407,244
LIABILITIES	
Current liabilities:	
Accounts payable	10,933
Accrued interest payable	25,059
Due to other funds	-
Note payable current	90,784
Total current liabilities	126,776
Noncurrent liabilities:	
Note payable non-current	1,384,502
Total noncurrent liabilities	1,384,502
Total liabilities	1,511,278
NET POSITION	
Net investment in capital assets	373,181
Restricted for capital improvements	510,257
Unrestricted	12,528
Total net position	\$ 895,966

The accompanying notes are an integral part of this statement.

Town of Argyle, Texas
Statement of Revenues, Expenditures and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2014

	Wastewater Utility Fund
OPERATING REVENUES:	
Charges for sales and services:	
Wastewater	\$ 330,024
Planning, zoning and review	\$ 1,978
Miscellaneous	19,200
Total operating revenues	351,202
OPERATING EXPENSES:	
Costs of sales and services:	
Salaries and benefits	88,078
Treatment fees	172,398
Supplies and maintenance	18,811
Lift station utilities	7,391
Contractual services	17,737
Administration and other operating expenses	1,807
Depreciation	83,394
Total operating expenses	389,615
Operating income (loss)	(38,413)
NONOPERATING REVENUES (EXPENSES):	
Impact fees	30,690
Interest income	8,424
Interest on long term debt	(73,480)
Capital contribution	190,800
Transfers in/(out)	-
Total nonoperating revenue (expenses)	156,434
Income before transfers	118,021
Transfers out	
Change in net assets	118,021
Total net assets - beginning, as restated	777,945
Total net assets - ending	\$ 895,966

The accompanying notes are an integral part of this statement.

**Town of Argyle, Texas
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2014**

	Wastewater Utility Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 349,234
Cash payments to suppliers for goods and services	(219,145)
Cash payments to employees and professional contractors for services	(88,486)
Net cash provided from operating activities	41,603
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on note	(83,589)
Capital contributions from impact fees	30,690
Acquisition and construction	(9,450)
Capital contribution from TRA	190,800
Interest paid on note	(74,207)
Net cash provided (used) by capital and related financing activities	54,245
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	8,424
Net cash provided by investing activities	8,424
Net increase (decrease) in cash and cash equivalents	104,272
Cash and cash equivalents, October 1, 2013	843,551
Cash and cash equivalents, September 30, 2014	\$ 947,823
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (38,413)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	83,394
(Increase) decrease in accounts receivable	(1,968)
Increase (decrease) in salaries & benefits payable	(408)
Increase (decrease) in accounts payable	(1,001)
Net cash provided (used) by operating activities	\$ 41,603

The accompanying notes are an integral part of this statement.

TOWN OF ARGYLE, TEXAS
SEPTEMBER 30, 2014
NOTES TO THE FINANCIAL STATEMENTS

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 annual financial report 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 American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable.) The following is a summary of the more significant accounting policies:

1. The Reporting Entity

In evaluating how to define the Town for financial statement purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Generally Accepted Accounting Principles and Governmental Accounting Standards Board Statement No. 14. The basic, but not only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability to exercise oversight responsibility includes, but is not limited to: the selection of governing authority, the designation of management, and the ability to significantly influence operations and accountability for fiscal matters.

Based on the criterion above, the Argyle Economic Development Corporation, which was created in fiscal year 2003 as the result of a successful 4B sales tax election, and the Argyle Crime Control and Prevention District, which was created in fiscal year 2004, are component units of the Town. The financial statements of these component units are discretely presented with the financial statements 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:

GOVERNMENTAL FUND TYPES

The primary government of the Town maintains five major governmental funds that include the general fund, debt service fund, general capital projects fund, street maintenance sales tax fund, and the roadway impact fee fund. In addition, the Town maintains eight non-major special revenue funds and one non-major capital projects funds. 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, general capital projects fund, street maintenance sales tax fund, and the roadway impact fee fund, all of which are considered to be major funds. Data from the other ten 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.

Special Revenue Funds

Special revenue funds account for revenues that are raised for a specific purpose. The primary government of the Town maintains one major special revenue fund, Street Maintenance Sales Tax Fund, and eight individual non-major special revenue funds. These funds are the Court Technology Fund, Court Security Fund, Keep Argyle Beautiful Fund, Parkland Dedication Fund, Tree Reforestation Fund, LEOSE Training Fund, Police Seizure Fund, Police Donations Fund, and Senior Citizens Organization 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 General Capital Improvements Fund, Roadway Impact Fee Fund, and the Vehicle Replacement Fund.

PROPRIETARY FUND TYPES

Proprietary Fund

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 Wastewater Fund is accounted for under this fund type.

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.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Gross receipts and sales taxes are considered “measurable” when in the hands of the intermediary collecting governments and are recognized at that time. All major revenues are susceptible to accrual. 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.

Sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

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. Cash and Cash Equivalents

Cash and investments 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.

5. 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.

6. Inventory and Prepaid Items

Inventories, which are expended 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.

7. 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."

8. Revenue Recognition - 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.

9. Allowance for Doubtful Accounts

The Town uses the direct write-off method of recording enterprise fund bad debts, which

approximates the percentage method of recording bad debts. No allowance is provided for un-collectible 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.

10. Capital Assets

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

11. 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 only has one item that qualifies for reporting in this category. It 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. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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 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 two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

12. Depreciation

Depreciation is provided in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight-line basis. Estimated useful lives of major categories of property are as follows:

Infrastructure	40 years
Buildings	50 years
Machinery and equipment	7 – 10 years
Vehicles	5 years

13. Compensated Absences

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

14. Prior Period Adjustments

The Town recognized GASB 65 this year by restating beginning Net Assets for governmental activities in the amount of \$48,053 and proprietary activities in the amount of \$24,403. Both amounts recognize elimination of prior bond issuance costs, less bond insurance costs carried forward for governmental activities.

15. Fund Balances

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

- *Nonspendable 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.
- *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.
- *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.
- *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 staff recommends a fund balance of no less than 90 days with a preferred balance of 120 days.

16. Estimates

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

17. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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.

NOTE B – CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS

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

Deposits

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

pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. At September 30, 2014, the Town’s carrying amount of demand deposits was \$4,877,642 while the bank balance also showed \$4,877,642 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 discretely presented component units in the amounts of \$727,892 for the Economic Development Corporation and \$153,431 for the Crime Control Prevention District, were fully insured by the FDIC (Category 1.) The Town’s deposits were adequately insured or collateralized at all times during the year ended September 30, 2014, and thus had no cash deposits that were exposed to custodial credit risk.

Investments

The Town also had \$192,449 in the Texas Local Government Investment Pool (Texpool) as follows:

	9/30/14 Reported amount, fair/market value
<i>Public funds investment pools</i>	
TexPool General fund	93,666
TexPool Roadway Cap. Improv.	402
TexPool WW Operating	59,902
TexPool EDC fund	38,479
<i>Total public funds investment pools</i>	<u>\$ 192,449</u>

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 AAA. To maintain the rating, weekly portfolio information must be submitted to Standard and Pours and the office of the Comptroller of Public Accounts for review. Texpool operates in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940. Texpool uses amortized cost rather than the market value to report net assets to compute share prices. Accordingly, the fair value of the position in Texpool is the same as the value of Texpool shares. Deposits held by this public funds investment pool are not subject to custodial credit risk.

Total unrestricted and restricted cash and cash equivalents for the primary government and component units in the amount of \$4,566,859 on the statement of net position at September 30, 2014, includes an additional \$400 cash on-hand. Of this amount, \$2,620,804 is 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, 2014, 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. At September 30, 2014, the Town was not exposed to foreign currency risk.

NOTE C – RECEIVABLES

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

Governmental Activities				Total	Proprietary	Component Units	
	General Fund	Debt Service Fund	Street Maint. Sales Tax Fund	Governmental Funds Total	Fund Wastewater Enterprise Fund	EDC Fund	CCPD Fund
Receivables:							
Property tax	\$ 23,595	\$ 5,206	\$ -	\$ 28,801	\$ -	\$ -	\$ -
Sales tax	73,912	-	18,478	92,390	-	36,956	18,531
Franchise fees	89,655	-	-	89,655	-	-	-
Municipal Court warrants	315,474	-	-	315,474	-	-	-
Customer accounts	-	-	-	-	45,807	-	-
Miscellaneous	2,354	-	-	2,354	-	-	-
Gross Receivables	504,991	5,206	18,478	528,674	45,807	36,956	18,531
Less: Allowance for uncollectibles	(162,000)	-	-	(162,000)	-	-	-
Net total receivables	\$ 342,990	\$ 5,206	\$ 18,478	\$ 366,674	\$ 45,807	\$ 36,956	\$ 18,531

NOTE D – DELINQUENT AD VALOREM TAX

Governmental funds report deferred 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 deferred revenue reported in the governmental funds related to delinquent ad valorem taxes was \$25,436.

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, 2014, the tax rate was \$0.3975 per \$100 assessed valuation.

NOTE F - INTERFUND RECEIVABLES AND PAYABLES

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as due to/from other funds. There were no such arrangements at September 30, 2014.

NOTE G – GENERAL FIXED 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 following is a summary of changes in capital assets for governmental activities for the year ended September 30, 2014:

Governmental Activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 208,281	\$ -	\$ -	\$ 208,281
Construction in progress	284,486	846,380	(120,992)	1,009,875
Total capital assets not being depreciated	<u>492,767</u>	<u>846,380</u>	<u>(120,992)</u>	<u>1,218,156</u>
Capital assets being depreciated:				
Vehicles & equipment	820,461	39,580	(62,654)	797,387
Infrastructure	5,719,171	176,262	-	5,895,433
Intangibles	507,648	-	-	507,648
Buildings and improvements	1,982,314	11,871	-	1,994,185
Totals, capital assets being depreciated	<u>9,029,594</u>	<u>227,712</u>	<u>(62,654)</u>	<u>9,194,653</u>
Less accumulated depreciation for:				
Vehicles & equipment	(604,716)	(76,192)	62,654	(618,254)
Infrastructure	(578,001)	(146,983)	-	(724,984)
Intangibles	(281,763)	(64,270)	-	(346,032)
Buildings and improvements	(552,659)	(130,414)	-	(683,073)
Total accumulated depreciation	<u>(2,017,138)</u>	<u>(417,860)</u>	<u>62,654</u>	<u>(2,372,344)</u>
Total capital assets being depreciated, net	<u>7,012,456</u>	<u>(190,147)</u>	<u>-</u>	<u>6,822,309</u>
Total governmental activities, net	<u>\$ 7,505,224</u>	<u>\$ 656,233</u>	<u>\$ (120,992)</u>	<u>\$ 8,040,465</u>

Depreciation for general fixed 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	\$ 213,250
Public safety	42,442
Public works	162,169
Total depreciation expense - governmental activities	<u>\$ 417,860</u>

NOTE H - PROPRIETARY FUNDS PROPERTY, PLANT AND EQUIPMENT

The following is a summary of the property, plant and equipment of the enterprise funds at September 30, 2014:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:	122,000	9,450	-	131,450
Capital assets, being depreciated:				
Vehicles	37,629	-	-	37,629
Equipment	121,918	-	-	121,918
Intangibles	55,638	-	-	55,638
Graveyard branch collection system	687,518	-	-	687,518
Wastewater collection system	1,800,662	-	-	1,800,662
Totals, capital assets being depreciated	<u>2,825,366</u>	<u>9,450</u>	<u>-</u>	<u>2,834,816</u>
Less: accumulated depreciation for:				
Vehicles	(29,244)	(2,648)	-	(31,892)
Equipment	(114,288)	(925)	-	(115,213)
Graveyard branch collection system	(210,299)	(17,146)	-	(227,444)
Intangibles	(33,383)	(11,128)	-	(44,511)
Wastewater collection system	(950,594)	(51,547)	-	(1,002,142)
Total accumulated depreciation	<u>(1,337,807)</u>	<u>(83,394)</u>	<u>-</u>	<u>(1,421,201)</u>
Total business-type activities, net	<u>\$ 1,487,558</u>	<u>\$ (73,944)</u>	<u>\$ -</u>	<u>\$ 1,413,615</u>

NOTE I - LONG TERM LIABILITIES AND CONTRACTUAL OBLIGATIONS

The following is a summary of changes in long-term debt for the year ended September 30, 2014:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
Certificates of Obligation - Series 2003	\$ 555,000	\$ -	\$ (555,000)	\$ -	\$ -
Series 2008 C.O. - Town Hall purchase	925,000	-	(40,000)	885,000	40,000
Series 2009 C.O. - renovation	740,000	-	(25,000)	715,000	30,000
Series 2010 C.O. - street improvement	3,650,000	-	(110,000)	3,540,000	130,000
Series 2014 G.O. - Refunding Bonds	-	531,000	-	531,000	57,000
Total Bonded Indebtedness	<u>5,870,000</u>	<u>531,000</u>	<u>(730,000)</u>	<u>5,671,000</u>	<u>257,000</u>
Capital Leases	-	-	-	-	-
Compensated absences	113,657	20,051	-	133,709	34,257
Total Other Obligations	<u>113,657</u>	<u>20,051</u>	<u>-</u>	<u>133,709</u>	<u>34,257</u>
Total Governmental Obligations	<u>5,983,657</u>	<u>551,051</u>	<u>(730,000)</u>	<u>5,804,709</u>	<u>291,257</u>
Business-type activities:					
Wastewater fund					
Notes Payable - City of Denton	348,874	-	(38,589)	310,286	40,784
Series 2008 C.O. - 1st phase TRA	505,000	-	(20,000)	485,000	20,000
Series 2009 C.O. - 2nd phase TRA	705,000	-	(25,000)	680,000	30,000
Total Business-type Obligations	<u>\$ 1,558,874</u>	<u>\$ -</u>	<u>\$ (83,589)</u>	<u>\$ 1,475,286</u>	<u>\$ 90,784</u>

The Town entered into a Road Repair Agreement with Williams Production in FY10 as protection against damage to Gibbons Rd. incurred during drilling operations. A Letter of Credit/Surety Bond was rendered as well as a cash deposit in the amount of \$72,750. The cash deposit is held in escrow. Ownership was transferred to Premier Natural Resources, and final analysis of road condition is being determined. It is anticipated that we will refund the remaining cash deposit for road repairs associated with the road repair agreement in 2015.

The Town entered into a development agreement with St. Mark's Catholic Church in FY13 for property that was adjacent to and has primary frontage and access on Crawford Road. St. Mark's paid an escrow fee to the Town in an amount equivalent to the Roadway impact Fee for the respective service area at the then prevailing impact rate. The amount of \$29,468.32 is currently

being held in escrow and will be utilized to make future improvements to Crawford Road. The developer is not responsible for any additional improvements to Crawford Road.

There were no significant contracts or encumbrances at September 30, 2014.

LONG TERM DEBT OF THE GOVERNMENTAL ACTIVITIES

On December 11, 2008, the Town issued Certificates of Obligation in the amount of \$1,010,000 for the purchase of the existing Argyle United Methodist Church with the intended renovation of same for Town Hall. The bonds were issued with a 4.5% rate and mature on September 30, 2029. As of September 30, 2014, the principal balance was \$885,000. Payment of the bonds will be from the levy and collection of ad valorem tax revenue.

On January 6, 2009 the Town issued Certificates of Obligation in the amount of \$800,000 for the renovation of the Argyle United Methodist Church and Argyle Police Dept. and Court Building. The interest rate on these bonds is 4.98% with a maturity date of September 30, 2030. As of September 30, 2014, the principal balance was \$715,000. Payment of the bonds will be from the levy and collection of ad valorem tax.

On September 24, 2010, the Town issued Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2010 in the amount of \$3,650,000 for the use of a comprehensive Town-wide street reconstruction and improvement project. The series 2010 Certificates of Obligation are direct obligations of the Town payable from a combination of ad valorem tax revenues on all taxable property in the Town, and a limited pledge of surplus net revenues of the Town's sewer system.

The 2010 Certificates of Obligation are issued as serial certificates maturing February 15 in each year from 2014 through 2020 and term certificates maturing February 15, 2022, February 15, 2024, February 15, 2026, February 15, 2028 and February 15, 2031. Interest rates on the certificates range from 2.00% to 4.00% and interest is payable August 15, 2011 and each February 15 and August 15 thereafter until maturity or prior redemption.

The Town reserves the right, at its option, to redeem the 2010 Certificates having stated maturities on and after February 15, 2021, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2020, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

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

The principal and interest requirements related to these governmental contractual obligations at September 30, 2014 are as follows:

Year	Principal	Interest	Total
2015	\$ 257,000	\$ 201,100	\$ 458,100
2016	281,000	193,718	474,718
2017	285,000	185,994	470,994
2018	304,000	166,799	470,799
2019	313,000	167,643	480,643
2012 - 2024	1,726,000	666,461	2,392,461
2025 - 2029	1,875,000	330,290	2,205,290
2030 - 2031	630,000	24,519	654,519
Total	\$ 5,671,000	\$ 1,936,523	\$ 7,607,523

The Town was upgraded from a bond rating of A+ to AA with stable outlook in March 2014 by Standard & Poor's. This upgrade was predicated on fiscal years 2010, 2011, and 2012. It 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 accrue two weeks of vacation leave after one year of service. Town employees accumulate sick leave at the rate of one day per month with no maximum accumulation. The accrual of compensated absences for governmental activities at September 30, 2014 is \$133,709.

LONG TERM DEBT OF THE WASTEWATER FUND

In July, 2001, The Town and the City of Denton ("Denton") entered into a contract for Denton to treat wastewater on a wholesale basis for Town. The Town is to comply with all contractual provisions and reimburse Denton for the related costs of the capital improvement. The construction improvement received was valued at \$687,518, and a related note payable of \$687,518 was given to Denton.

The note payable to Denton is payable in semi-annual installment payments of \$28,813, including interest at 5.61 %, maturing in January 2021. In February 2001, the Town entered into a Sub-divider's Agreement with Wynn/Jackson Lakes Development, L.P. ("Developer") pursuant to which the Developer has agreed to pay into a wastewater escrow account the amount of \$21,397 on a quarterly basis, less any wastewater impact fees collected by the Town from applicants for wastewater service within the Developer's project. The Developer's obligation will terminate at such time as the Developer or applicants for wastewater service have paid \$561,676 into the escrow account. These guaranteed quarterly payments by the Developer will service the semi-annual note payments to the City of Denton described above. The remaining principal balance of Notes Payable – City of Denton at September 30, 2014 is \$310,286.

On December 11, 2008, the Town issued Certificates of Obligation in the amount of \$565,000 with an interest rate of 4.5% for participation in the first phase of the TRA Wastewater Line. The bonds will be repaid from wastewater rates and will mature on September 30, 2029. The remaining principal balance on September 30, 2014 is \$485,000.

On June 30, 2009, the Town issued Certificates of Obligation in the amount of \$730,000 with an interest rate of 4.75% for participation in the second phase of the TRA Wastewater Line. The bonds will be repaid from wastewater rates and will mature on September 30, 2029. The remaining principal balance on September 30, 2014 is \$680,000.

The following is a summary of the Town's Enterprise Fund long-term future debt service for the fiscal year ended September 30, 2014:

Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 90,784	\$ 69,805	\$ 160,589
2016	98,104	65,048	163,152
2017	105,556	59,927	165,483
2018	108,147	54,548	162,696
2019	110,886	45,340	156,227
2020 - 2024	461,808	166,807	628,615
2025 - 2029	500,000	61,119	561,119
	-	-	-
Total	<u><u>\$ 1,475,286</u></u>	<u><u>\$ 522,594</u></u>	<u><u>\$ 1,997,879</u></u>

NOTE J - CAPITAL LEASES

For the year ended September 30, 2014, the Town had no capital leases.

NOTE K – RESTRICTED ASSETS

The balance of the restricted cash account in the Roadway Impact Fees Fund is:
Demand deposits of \$512,535.

The balances of the restricted cash accounts in the Wastewater enterprise fund are as follows:
Demand deposits of \$510,257.

NOTE L – LITIGATION AND CONTINGENCIES

The Town's Attorney (general legal counsel) expresses the opinion that there does not now exist any material pending or threatened litigation, claim or assessment, or an unasserted claim and/or assessment, which individually or collectively represent a potential loss exposure to the Town of Argyle, Texas.

NOTE M - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission, injuries to employees; and natural disaster. The Town purchases commercial insurance through Texas Municipal League. The Town retains no risk of loss for the

following coverage types. The Town accounts for risk management issues in accordance with GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues". Settlement of claims has not exceeded coverage in the past three years.

Type of Coverage

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

NOTE N – INTERFUND BALANCES AND TRANSFERS

Inter-fund transfers are reported in the governmental funds and proprietary fund financial statements. In the government-wide statements, inter-fund transfers are eliminated within the governmental activities column and business-type column, as appropriate.

Transfers are used to (1) move revenues collected in the special revenue funds to finance various programs in accordance with budgetary authorizations, (2) move receipts restricted for debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due, (3) reimburse one fund for services provided to another fund, and (4) move unrestricted General Fund revenues to Capital Improvements Project Fund as determined by the Council for capital projects.

Interfund transfers between the primary government's funds consisted of:

<u>Primary Government</u>	<u>Transfers To Funds</u>	<u>Transfers From Funds</u>
100 General Fund:		
Economic Development Corp.	-	23,800
Street Maint. Sales Tax Fund	-	15,000
Keep Argyle Beautiful Fund	5,000 *	-
Equipment Replacement Fund	20,000	-
210 Economic Development Corp.		
General Fund	23,800	-
230 Street Maint. Sales Tax Fund		
Debt Service Fund	72,000	-
General Fund	15,000	-
250 Keep Argyle Beautiful Fund		
General Fund	-	5,000
310 Capital Improvement Fund		
Debt Service Fund	26,957	-
330 Equipment Replacement Fund		
General Fund	-	20,000
410 Debt Service Fund		
Street Maint. Sales Tax Fund	-	72,000
Capital Improvement Fund	-	26,957
710 Wastewater Utility Fund		
Wastewater Impact Fee Fund	-	73,813
720 Wastewater CIP Fund		
Wastewater Operating Fund	45,000	-
730 Wastewater Impact Fee Fund		
Wastewater Utility Fund	28,813	-
Total	<u>\$ 236,570</u>	<u>\$ 236,570</u>

There were no Interfund receivables or payables at September 30, 2014.

NOTE O – EMPLOYEE RETIREMENT SYSTEM AND PENSION PLAN

Plan Description

The Town provides pension benefits for all of its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the Town are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS: the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by

the System. This report may be obtained from TMRS' website at www.TMRS.com.

Funding Policy

The plan provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS. Plan provisions for the Town were as follows:

	Plan Year 2013	Plan Year 2014
Employee deposit rate	7.0%	7.0%
Matching ratio (Town to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

Contributions

For 2014, the Town's annual pension cost of \$161,217 was equal to the Town's required and actual contributions. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases. The Town does not participate in the TMRS Supplemental Death Benefits Plan; and, therefore, there are no cost components for same included in the annual calculation of the contribution rate provided to the Town.

The Town contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the Town make contributions monthly. Since the Town needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. The Town funds at the ARC (Full Retirement Rate) each year and has no annual pension obligation/(asset) as a result.

TABLE A

Accounting Year Ending	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation
09/30/2012	146,691	146,691	100%	-
09/30/2013	147,463	147,463	100%	-
09/30/2014	161,217	161,217	100%	-

The required contribution rates for fiscal year 2014 were determined as part of the December 31, 2011 and 2012 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2013, also follows:

Valuation Date	12/31/2011	12/31/2012	12/31/2013
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
GASB 25 Equivalent Single Amortization Period	21.7 years; closed period	20.8 years; closed period	28.0 years; closed period
Amortization Period for new Gains/Losses	25 years	25 years	25 years
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Actuarial Assumptions:			
Investment Rate of Return *	7.0%	7.0%	7.0%
Projected Salary Increases *	Varies by age and service	Varies by age and service	Varies by age and service
* Includes Inflation at	3.00%	3.00%	3.00%
Cost-of-Living Adjustments	2.1%	2.1%	2.1%

Funding Status and Funding Progress

The funded status as of December 31, 2013, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(1)	(2)	(3)	(4)	(5)	(6)
			(1) / (2)	(2) - (1)		(4) / (5)
12/31/2013	\$2,651,487	\$3,500,506	75.7%	\$849,019	\$1,312,950	64.7%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

NOTE P - SUBSEQUENT EVENTS

In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through March 20, 2015, the date the financial statements were available to be issued.

NOTE Q – NEW AND FUTURE FINANCIAL REPORTING REQUIREMENTS

Statement No. 63 *“Financial Report of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position”* – This statement will standardize the presentation of deferred outflows of resources and deferred inflows of resources and their effect on a government’s net position. The only impact of implementation of this standard was changing financial statement items previously called “net assets” to be titled “net position”. The Town has no items that are required by this statement to be presented as deferred outflows of resources or deferred inflows of resources.

Statement No. 68 *“Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27”* – This statement changes the focus of pension accounting for employers from whether they are responsibly funding their plan over time to a point-in-time liabilities that is reflected in the employer’s financial statements for any actuarially unfunded portion of pension benefits earned to date. This statement will become effective for the Town in fiscal year 2015. Management has not yet determined the effect of these statements on the financial statements; however, the impact of Statement No. 68 is expected to be significant as they will now reflect a previously unrecorded liability. The Town also expects the largest deferred inflows and outflows to be pension related.



Required Supplementary Information

For the fiscal year ended
September 30, 2014

Town of Argyle, Texas
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budgetary and Actual
For the Year Ended September 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Property	\$ 1,344,898	\$ 1,344,898	\$ 1,373,732	\$ 28,834
Sales	288,600	288,600	369,375	80,775
Franchise	345,000	345,000	368,632	23,632
Municipal court fines	250,000	250,000	127,122	(122,878)
Building permits and fees	222,000	222,000	313,151	91,151
Interest	10,000	10,000	17,309	7,309
Intergovernmental	-	-	-	-
Other Proceeds	2,000	2,000	9,265	7,265
Total revenues	<u>2,462,498</u>	<u>2,462,498</u>	<u>2,578,585</u>	<u>116,087</u>
EXPENDITURES				
Current:				
General government	678,686	678,686	634,214	44,472
Police	1,021,989	1,021,989	855,848	166,141
Municipal court	130,040	130,040	118,848	11,192
Street Maintenance	417,470	417,470	382,278	35,192
Community Development	247,231	247,231	290,471	(43,240)
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>2,495,417</u>	<u>2,495,417</u>	<u>2,281,660</u>	<u>213,757</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(32,918)</u>	<u>(32,918)</u>	<u>296,925</u>	<u>329,844</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	18,000	18,000	18,300	300
Sale of assets	-	-	-	-
Total other financing sources and uses	<u>18,000</u>	<u>18,000</u>	<u>18,300</u>	<u>300</u>
Net change in fund balances	<u>(14,918)</u>	<u>(14,918)</u>	<u>315,225</u>	<u>330,144</u>
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ (14,918)</u>	<u>\$ (14,918)</u>	<u>\$ 315,225</u>	<u>\$ 330,144</u>

Town of Argyle, Texas
Street Maintenance Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budgetary and Actual
For the Year Ended September 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Sales	\$ 72,000	\$ 72,000	\$ 91,788	\$ 19,788
Interest	1,000	1,000	2,790	1,790
Intergovernmental	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>73,000</u>	<u>73,000</u>	<u>94,578</u>	<u>21,578</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Street Maintenance	150,000	150,000	51,947	98,053
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>150,000</u>	<u>150,000</u>	<u>51,947</u>	<u>98,053</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(77,000)</u>	<u>(77,000)</u>	<u>42,630</u>	<u>119,630</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(87,000)	(87,000)	(87,000)	-
Sale of assets	-	-	-	-
Total other financing sources and uses	<u>(87,000)</u>	<u>(87,000)</u>	<u>(87,000)</u>	<u>-</u>
Net change in fund balances	<u>(164,000)</u>	<u>(164,000)</u>	<u>(44,370)</u>	<u>119,630</u>
Fund balances - beginning	-	-	-	
Fund balances - ending	<u>\$ (164,000)</u>	<u>\$ (164,000)</u>	<u>\$ (44,370)</u>	

REQUIRED SUPPLEMENTARY INFORMATION

TMRS Municipal Employees Retirement System

Schedule of Funding Progress

The funded status as of December 31, 2013, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(1)	(2)	(3)	(4)	(5)	(6)
			(1) / (2)	(2) – (1)		(4) / (5)
12/31/2011	\$1,934,737	\$2,815,513	68.7%	\$880,776	\$1,306,331	67.4%
12/31/2012	\$2,262,549	\$3,010,862	75.1%	\$748,313	\$1,234,802	60.6%
12/31/2013	\$2,651,487	\$3,500,506	75.7%	\$849,019	\$1,312,950	64.7%

**TOWN OF ARGYLE, TEXAS
SEPTEMBER 30, 2014
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

BUDGETARY INFORMATION

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

1. The Town Manager 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 Manager – 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 recoded 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.



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Combining & Individual Fund Statements & Schedules

For the fiscal year ended
September 30, 2014

**City of Argyle, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2014**

	Special Revenue			
	Court Technology Fund	Court Security Fund	Keep Argyle Beautiful Fund	Parkland Dedication Fund
ASSETS				
Current assets	\$ 11,829	\$ 11,542	\$ 35,472	\$ 222,718
Sales tax receivable				
Total assets	<u>11,829</u>	<u>11,542</u>	<u>35,472</u>	<u>222,718</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	-	-	691	-
Total liabilities	<u>-</u>	<u>-</u>	<u>691</u>	<u>-</u>
Fund balances:				
Nonspendable:	-	-	-	-
Restricted for:				
Capital projects	-	-	-	-
Other purposes	-	-	-	-
Assigned to:				
Police	-	-	-	-
Municipal court	11,829	11,542	-	-
Community projects	-	-	34,780	222,718
Equipment replacement	-	-	-	-
Unassigned:	-	-	-	-
Total fund balances	<u>11,829</u>	<u>11,542</u>	<u>34,780</u>	<u>222,718</u>
Total liabilities and fund balances	<u>\$ 11,829</u>	<u>\$ 11,542</u>	<u>\$ 35,472</u>	<u>\$ 222,718</u>

**City of Argyle, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2014**

Tree Reforestation Fund	Special Revenue			Capital Projects	Total
	LEOSE Training Fund	Police Donations Fund	Senior Citizen Organization Fund	Equipment Replacement Fund	Nonmajor Governmental Funds
\$ 5,239	\$ 6,256	\$ 19,288	\$ 2,355	\$ 59,665	\$ 374,362
<u>5,239</u>	<u>6,256</u>	<u>19,288</u>	<u>2,355</u>	<u>59,665</u>	<u>\$ 374,362</u>
-	-	337	100	-	1,129
-	-	<u>337</u>	<u>100</u>	-	<u>1,129</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	6,256	18,950	-	-	25,206
-	-	-	-	-	23,371
5,239	-	-	2,255	-	264,991
-	-	-	-	59,665	59,665
-	-	-	-	-	-
<u>5,239</u>	<u>6,256</u>	<u>18,950</u>	<u>2,255</u>	<u>59,665</u>	<u>373,233</u>
<u>\$ 5,239</u>	<u>\$ 6,256</u>	<u>\$ 19,288</u>	<u>\$ 2,355</u>	<u>\$ 59,665</u>	<u>\$ 374,362</u>

Town of Argyle, Texas
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended September 30, 2014

	Special Revenue			
	Court Technology Fund	Court Security Fund	Keep Argyle Beautiful Fund	Parkland Dedication Fund
REVENUES				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Park development fees	-	-	-	24,069
Municipal court fines	4,589	3,457	-	-
Roadway impact fees	-	-	-	-
Contributions	-	-	-	-
Intergovernmental	-	-	-	-
Interest	132	103	347	2,176
Miscellaneous	-	-	53	-
	<u>4,721</u>	<u>3,560</u>	<u>400</u>	<u>26,245</u>
EXPENDITURES				
Current:				
General government	-	-	1,898	-
Public safety	-	-	-	-
Public works	-	-	-	-
Municipal court	6,305	637	-	-
Total expenditures	<u>6,305</u>	<u>637</u>	<u>1,898</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,584)</u>	<u>2,922</u>	<u>(1,498)</u>	<u>26,245</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	-	-	5,000	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
Net change in fund balances	<u>(1,584)</u>	<u>2,922</u>	<u>3,502</u>	<u>26,245</u>
Fund balances - beginning	13,412	8,619	31,278	196,472
Fund balances - ending	<u>\$ 11,829</u>	<u>\$ 11,542</u>	<u>\$ 34,780</u>	<u>\$ 222,718</u>

Town of Argyle, Texas
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended September 30, 2014

Tree Reforestation Fund	Special Revenue				Total
	LEOSE Training Fund	Police Donations Fund	Senior Citizen Organization Fund	Equipment Replacement Fund	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	24,069
-	-	-	-	-	8,046
-	-	-	-	-	-
-	-	-	-	-	-
56	62	230	17	714	3,837
-	1,165	4,021	1,466	3,850	10,555
<u>56</u>	<u>1,227</u>	<u>4,251</u>	<u>1,484</u>	<u>4,564</u>	<u>46,507</u>
-	-	-	574	-	2,471
-	624	5,001	-	20,178	25,803
-	-	-	-	19,631	19,631
-	-	-	-	-	6,942
<u>-</u>	<u>624</u>	<u>5,001</u>	<u>574</u>	<u>39,809</u>	<u>54,847</u>
<u>56</u>	<u>603</u>	<u>(749)</u>	<u>910</u>	<u>(35,245)</u>	<u>(8,339)</u>
-	-	-	-	20,000	25,000
-	-	-	-	20,000	25,000
56	603	(749)	910	(15,245)	16,661
5,183	5,653	19,699	1,345	74,911	356,573
<u>\$ 5,239</u>	<u>\$ 6,256</u>	<u>\$ 18,950</u>	<u>\$ 2,255</u>	<u>\$ 59,665</u>	<u>\$ 373,233</u>

Town of Argyle, Texas
Argyle Economic Development Corp. Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budgetary and Actual
For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Sales	\$ 144,000	\$ 144,000	\$ 183,575	\$ 39,575
Interest	6,000	6,000	4,753	(1,247)
Intergovernmental	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>150,000</u>	<u>150,000</u>	<u>188,328</u>	<u>38,328</u>
EXPENDITURES				
Current:				
General government	158,100	163,300	95,929	-
Capital projects	100,000	100,000	-	100,000
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>258,100</u>	<u>263,300</u>	<u>95,929</u>	<u>100,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(108,100)</u>	<u>(113,300)</u>	<u>92,399</u>	<u>138,328</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(28,300)	(28,300)	(28,300)	-
Sale of assets	-	-	-	-
Total other financing sources and uses	<u>(28,300)</u>	<u>(28,300)</u>	<u>(28,300)</u>	<u>-</u>
Net change in fund balances	<u>(136,400)</u>	<u>(141,600)</u>	<u>64,099</u>	<u>138,328</u>
Fund balances - beginning	700,749	700,749	700,749	
Fund balances - ending	<u>\$ 564,349</u>	<u>\$ 559,149</u>	<u>\$ 764,848</u>	

Town of Argyle, Texas
Crime Control Prevention District Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budgetary and Actual
For the Year Ended September 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Sales	\$ 72,000	\$ 72,000	\$ 93,223	\$ 21,223
Interest	1,800	1,800	4,006	2,206
Intergovernmental	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>73,800</u>	<u>73,800</u>	<u>97,229</u>	<u>23,429</u>
EXPENDITURES				
Current:				
Public Safety	83,635	83,635	31,924	-
General Government	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>83,635</u>	<u>83,635</u>	<u>31,924</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,835)</u>	<u>(9,835)</u>	<u>65,305</u>	<u>23,429</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	-
Sale of assets	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(9,835)</u>	<u>(9,835)</u>	<u>65,305</u>	<u>23,429</u>
Fund balances - beginning	106,657	106,657	106,657	
Fund balances - ending	<u>\$ 96,822</u>	<u>\$ 96,822</u>	<u>\$ 171,962</u>	



REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS

To the Town Council
Town of Argyle, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, , the aggregate discretely presented component units, each major fund, and the remaining fund information of the Town of Argyle, Texas, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Argyle's basic financial statements, and have issued our report thereon dated March 23, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purposes described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Vail + Knauth, LLP

Richardson, Texas
March 23, 2015



Statistical Section

For the fiscal year ended
September 30, 2014

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

B-1

	Fiscal Year			
	2011	2012	2013	2014
Governmental activities				
Net investment in capital position	\$ 2,188,806	\$ 2,551,181	\$ 2,560,671	\$ 2,416,889
Restricted	2,323,337	2,157,445	2,083,447	1,435,797
Unrestricted	128,658	137,753	544,279	1,671,466
Total governmental activities net assets	<u>\$ 4,640,801</u>	<u>\$ 4,846,379</u>	<u>\$ 5,188,397</u>	<u>\$ 5,524,153</u>
Business-type activities				
Net investment in capital position	\$ 489,982	\$ 262,016	\$ 265,738	\$ 373,181
Restricted	93,274	356,510	387,143	510,257
Unrestricted	245,786	145,228	149,467	12,528
Total business-type activities net assets	<u>\$ 829,042</u>	<u>\$ 763,754</u>	<u>\$ 802,348</u>	<u>\$ 895,966</u>
Primary government				
Net investment in capital position	\$ 2,678,788	\$ 2,813,197	\$ 2,826,409	\$ 2,790,070
Restricted	2,416,611	2,513,955	2,470,590	1,946,055
Unrestricted	374,444	282,981	693,746	1,682,994
Total primary government net assets	<u>\$ 5,469,843</u>	<u>\$ 5,610,133</u>	<u>\$ 5,990,745</u>	<u>\$ 6,420,119</u>

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

B-2

Expenses	Fiscal Year			
	2011	2012	2013	2014
Governmental activities:				
General Government	\$ 794,294	\$ 978,269	\$ 754,240	\$ 800,749
Public Safety	1,003,364	958,537	977,878	934,970
Municipal Court	136,692	149,083	168,701	125,067
Public Works	551,604	478,195	546,050	519,611
Development Services	188,510	240,333	260,348	291,735
Interest on Long Term Debt	228,495	228,794	226,347	216,600
Total governmental activities expenses	<u>2,902,959</u>	<u>3,033,211</u>	<u>2,933,564</u>	<u>2,888,732</u>
Business-type activities:				
Wastewater utility	348,440	388,921	372,228	463,095
Total business-type activities expenses	<u>348,440</u>	<u>388,921</u>	<u>372,228</u>	<u>463,095</u>
Total primary government expenses	<u>\$ 3,251,399</u>	<u>\$ 3,422,132</u>	<u>\$ 3,305,792</u>	<u>\$ 3,351,827</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General Government	\$ 755	\$ 8,877	\$ 9,560	9,027
Public Safety	16,225	15,714	16,001	238
Municipal Court	289,513	227,841	270,421	135,168
Public Works	43,057	91,606	107,550	158,526
Development Services	192,009	237,805	284,534	313,151
Operating grants and contributions	20,845	102,271	25,807	57,909
Capital grants and contributions	14,132	18,322	1,350	11,808
Total governmental activities program revenues	<u>576,536</u>	<u>702,436</u>	<u>715,223</u>	<u>685,827</u>
Business-type activities:				
Charges for services:				
Wastewater utility	275,991	287,711	307,798	351,202
Operating grants and contributions	-	-	-	-
Capital grants and contributions	34,250	19,623	87,306	221,490
Total business-type activities program revenues	<u>310,241</u>	<u>307,334</u>	<u>395,104</u>	<u>572,692</u>
Total primary government program revenues	<u>\$ 886,777</u>	<u>\$ 1,009,770</u>	<u>\$ 1,110,327</u>	<u>\$ 1,258,519</u>
Net (Expense) Revenue				
Governmental Activities	\$ (2,326,423)	\$ (2,330,775)	\$ (2,218,341)	(2,202,905)
Business-type Activities	(38,199)	(81,587)	22,876	109,597
Total Primary government net expense	<u>\$ (2,364,622)</u>	<u>\$ (2,412,362)</u>	<u>\$ (2,195,465)</u>	<u>\$ (2,093,308)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes				
Property Taxes	\$ 1,629,515	\$ 1,748,106	\$ 1,665,290	1,708,885
Sales Taxes	364,670	357,641	391,252	461,162
Franchise Taxes	337,114	329,781	336,248	368,632
Interest	108,867	74,933	76,595	40,626
Intergovernmental	-	-	-	-
Miscellaneous	38,517	25,893	67,974	7,409
Transfers in (out)	-	-	23,000	-
Total Governmental Activities	<u>2,478,683</u>	<u>2,536,354</u>	<u>2,560,359</u>	<u>2,586,714</u>
Business-type Activities:				
Interest Earnings	17,387	16,298	15,719	8,424
Gain on sale of assets	-	-	-	-
Total Business-type Activities	<u>17,387</u>	<u>16,298</u>	<u>15,719</u>	<u>8,424</u>
Total Primary Government	<u>\$ 2,496,070</u>	<u>\$ 2,552,652</u>	<u>\$ 2,576,078</u>	<u>\$ 2,595,138</u>
Change in Net Position				
Governmental Activities	\$ 152,260	\$ 205,579	\$ 342,018	\$ 383,809
Business-type Activities	(20,812)	(65,289)	38,595	118,021
Total Primary Government	<u>\$ 131,448</u>	<u>\$ 140,290</u>	<u>\$ 380,613</u>	<u>\$ 501,830</u>

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

	2007	2008	2009	2010	2011	2012	2013	2014
General Fund								
Unassigned	\$ 762,037	\$ 364,528	\$ 663,136	\$ 927,459	\$ 1,093,107	\$ 1,116,794	\$ 1,365,298	\$ 1,680,523
Reserved for other *	-	-	-	-	-	-	-	-
Total general fund	\$ 762,037	\$ 364,528	\$ 663,136	\$ 927,459	\$ 1,093,107	\$ 1,116,794	\$ 1,365,298	\$ 1,680,523
All Other Governmental Funds								
Restricted for:								
Capital Projects	\$ 144,975	\$ 351,113	\$ 175,565	\$ 208,604	\$ 1,469,423	\$ 1,196,647	\$ 947,574	\$ 166,424
Debt Service	149,549	185,448	188,822	164,250	130,797	142,431	124,106	\$122,312
Street Maintenance	187,731	132,930	199,888	274,971	298,011	303,016	305,662	\$261,292
Capital funds	74,437	56,093	79,315	94,917	140,502	235,915	349,532	\$512,535
Assigned to:								
Equipment replacement	36,971	31,689	26,565	8,636	8,837	31,510	74,911	\$59,666
Unassigned, reported in:								
Special revenue funds	204,991	257,502	279,327	254,986	275,767	247,926	281,662	\$313,568
Total all other governmental funds	\$ 798,654	\$ 1,014,775	\$ 949,482	\$ 1,006,364	\$ 2,323,337	\$ 2,157,445	\$ 2,083,447	\$1,435,797
Total fund balances	\$ 1,560,691	\$ 1,379,303	\$ 1,612,618	\$ 1,933,823	\$ 3,416,444	\$ 3,274,239	\$ 3,448,745	\$ 3,116,320

*Includes prepaid items, inventory and encumbrances

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

B-4

	2007	2008	2009	2010	2011	2012	2013	2014
REVENUES:								
General Property Taxes	1,242,845	1,375,189	1,511,906	1,602,701	1,634,314	1,760,989	1,656,152	1,709,472
Sales Tax	290,615	335,361	309,492	336,952	364,670	357,641	391,252	461,162
Franchise Tax	262,835	305,412	308,422	322,630	337,114	329,781	336,248	368,632
Building permits & fees	198,134	233,982	197,639	285,394	192,009	237,805	284,534	313,151
Park development fees	56,399	18,000	25	7,535	15,010	8,299	9,133	24,069
Municipal court fines	265,299	282,441	318,832	226,440	296,492	241,540	270,421	135,168
Roadway impact fees	50,612	31,479	21,053	17,988	43,057	91,606	107,550	158,526
Contributions	22,345	-	-	-	-	-	-	-
Intergovernmental	12,000	12,000	12,000	12,000	15,000	15,000	15,000	-
Interest	82,882	51,722	56,499	71,467	108,063	75,280	76,996	39,691
Intragovernmental	-	-	-	-	1,871	-	-	-
Miscellaneous	44,704	482,288	(40,897)	42,332	21,897	147,430	49,062	34,222
Total Revenues	2,528,670	3,127,874	2,694,971	2,925,439	3,029,497	3,265,371	3,196,348	3,244,093
EXPENDITURES:								
General Government	791,984	840,552	683,775	661,600	669,725	808,164	588,284	636,686
Public Safety	724,973	706,617	808,161	866,448	945,562	950,366	969,916	861,473
Municipal Court	67,513	69,780	76,950	100,071	135,543	148,033	169,281	125,790
Public Works	299,116	496,924	455,856	521,343	2,819,746	405,289	417,662	397,652
Development Services	151,021	227,864	200,587	177,489	186,443	238,625	242,235	290,471
Capital outlay:								
General Government	5,216	56,068	932,759	815,532	-	30,932	-	-
Public Safety	61,203	70,273	5,992	14,462	-	-	26,573	39,809
Public Works	86,284	637,602	49,028	-	-	389,457	182,646	812,642
Debt Service-								
Principal Retirement	171,641	165,000	175,000	190,000	205,000	200,000	220,000	220,000
Interest and Fiscal Charges	60,353	54,786	80,748	113,941	223,101	235,610	227,355	219,496
Paying Agent Fees	1,240	-	15,801	20,347	49,259	1,100	891	800
Total Expenditures	2,420,544	3,325,466	3,484,657	3,481,233	5,234,379	3,407,576	3,044,843	3,604,819
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	108,126	(197,592)	(789,686)	(555,794)	(2,204,882)	(142,205)	151,505	(360,726)
OTHER FINANCING SOURCES (USES):								
Transfers In (out)	13,000	13,000	13,000	77,000	-	-	23,000	28,300
Bond Proceeds	-	-	1,010,000	800,000	3,664,471	-	-	-
Grants; Sale of Assets; Other	-	3,205	-	-	23,030	-	-	-
Refunding bonds issued	-	-	-	-	-	-	-	531,000
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	(510,000)
Premium on refunded bonds issued	-	-	-	-	-	-	-	(21,000)
Total Other Financing Sources (Uses)	13,000	16,205	1,023,000	877,000	3,687,501	-	23,000	28,300
NET CHANGE IN FUND BALANCES	121,126	(181,387)	233,314	321,206	1,482,619	(142,205)	174,505	(332,426)
Debt service as a percentage of noncapital expenditures	10.0%	8.2%	7.9%	9.3%	9.1%	14.5%	15.7%	15.8%

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

C-1

Fiscal Year Ended Sept. 30,	Estimated Market Value		Less:	Total Taxable	Total Direct
	Real Property	Personal Property	Tax-Exempt Property	Assesed Value	Tax Rate
2008	551,001,326	14,110,326	\$ (175,427,586)	\$ 389,684,066	0.38500
2009	570,134,746	16,947,890	\$ (182,660,852)	\$ 404,421,784	0.38500
2010	575,633,918	12,656,471	\$ (186,951,493)	\$ 401,338,896	0.38500
2011	580,259,623	44,130,363	\$ (186,901,969)	\$ 437,488,017	0.39750
2012	571,025,126	23,637,149	\$ (179,097,662)	\$ 415,564,613	0.39750
2013	581,057,492	21,009,569	\$ (180,780,230)	\$ 421,286,831	0.39750
2014	615,425,225	24,525,946	\$ (185,859,233)	\$ 454,091,938	0.39750

Source: Town Finance Department

TOWN OF ARGYLE, TEXAS
 DIRECT AND OVERLAPPING PROPERTY TAX RATES (per \$100 of assessed value)
 Last Eleven Fiscal Years

C-2

Fiscal Year	Town Direct Rates			Overlapping Rates			Total Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Argyle Independent School District	Denton County	Argyle Emergency Services District	
2005	0.32230	0.08080	0.40310	1.91950	0.24648	N/A	2.56908
2006	0.31500	0.07088	0.38588	1.76943	0.23192	N/A	2.38723
2007	0.31860	0.06640	0.38500	1.41005	0.23589	N/A	2.03094
2008	0.31860	0.06640	0.38500	1.41005	0.23577	N/A	2.03082
2009	0.33260	0.05240	0.38500	1.41005	0.24980	N/A	2.04485
2010	0.31945	0.06555	0.38500	1.44005	0.27390	0.10000	2.19895
2011	0.31945	0.07805	0.39750	1.46005	0.27740	0.10000	2.23495
2012	0.31945	0.07805	0.39750	1.48005	0.28287	0.10000	2.26042
2013	0.31945	0.07805	0.39750	1.48005	0.28287	0.10000	2.26042
2014	0.31945	0.07805	0.39750	1.47505	0.28901	0.10000	2.26156
2015	0.31945	0.07805	0.39750	1.57005	0.27220	0.10000	2.33975

Source: Denton County Appraisal District and Town records.

Note: Tax rates are per \$100 of assessed value.

TOWN OF ARGYLE, TEXAS
 RATIO OF GENERAL BONDED DEBT OUTSTANDING
 Last Seven Fiscal Years (dollars in thousands, except per capita)

D-1

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
	General Obligation Bonds	Certificates of Obligations	Total		
2008	640,000	760,000	1,400,000	0.004	444
2009	505,000	1,730,000	2,235,000	0.006	698
2010	365,000	2,480,000	2,845,000	0.007	875
2011	225,000	6,065,000	6,290,000	0.014	1,917
2012	115,000	5,975,000	6,090,000	0.015	1,818
2013	-	5,870,000	5,870,000	0.014	1,716
2014	531,000	5,140,000	5,671,000	0.012	1,620

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements
 (1) See Exhibit C-1 for property value data.

TOWN OF ARGYLE, TEXAS
 PRINCIPAL TAXPAYERS
 Current Year and Six Years Ago

E-1

TAXPAYER NAME	2014		2008	
	Rank	Taxable Value	Rank	Taxable Value
Hillwood O & G Operating Co LP	1	\$5,446,069		
Professional Depot LTD	2	\$2,925,930	2	\$3,037,360
Oaks of Argyle LLC, The	3	\$2,618,635		
Fern Hill Village Apartments	4	\$2,595,090	4	\$2,327,575
US Trinity Contractors, LLC	5	\$2,084,092		
James, Derrell R & Trudy Fountain	6	\$1,932,271		
Devon Energy Production Co LP	7	\$1,884,160		
Browder, John H & Yin C	8	\$1,637,050	9	\$1,535,872
Watts, Gary B & Vicki L	9	\$1,396,157	7	\$1,588,482
Barker, Bradley T & Alicia H TR of Barker Living Trust	10	\$1,371,640		
Spotts, Stephen L & Irma K As Co-Trustees of the Spotts	11	\$1,365,168	6	\$1,611,493
XTO Energy Inc	12	\$1,328,210		
Combs, Joe C & Marcyllie	13	\$1,311,592		
Encore Retail Dev Co LP	14	\$1,300,907	5	\$1,758,251
Cook, Charles Jr & Heather	15	\$1,292,146		
Gordon, Linda T	16	\$1,278,990		
Dealy, Rich & Jennifer	17	\$1,255,800		
Burrows, Max S & Loueva K	18	\$1,249,795		
Keller, Victor L Jr & Alesha Kim	19	\$1,229,866		
Jobe, Brandt & Jennifer	20	\$1,210,670		
Total		<u>\$36,714,238</u>		<u>\$11,859,033</u>

Source: Taken from Official Statement for Denton County Appraisal District

TOWN OF ARGYLE, TEXAS
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM,
 Last Seven Fiscal Years

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<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Government	5	5	5.5	6	6	6	6	5
Development Services	0	1	1	1	1	1	1	1
Public Safety	10	10	10	10	10	10	10	10
Public Works	4.25	4.25	4.75	5.25	5.25	5.25	5.5	5.5
Wastewater	1.75	1.75	1.75	1.75	1.75	1.75	1.5	1.5
Total	21	22	23	24	24	24	24	23

Source: Town Budget Office