



Board of Directors
Trophy Club Municipal Utility District No. 1
Trophy Club, Texas

We have audited the financial statements of Trophy Club Municipal Utility District No. 1 as of and for the year ended September 30, 2020, and have issued our report thereon dated January 18, 2021. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Trophy Club Municipal Utility District No. 1 are described in Note 1 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during 2020.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of depreciation expense on capital assets is based on management's estimated useful lives of those assets. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the allowance for doubtful accounts is based on historical water and sewer revenues, historical loss levels, and an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the Authority's net pension asset related to TMRS as well as the related deferred inflows and outflows is based on guidance from GASB Statement No. 68 and the plan's actuarial valuation. We evaluated the key factors and assumptions used to develop the asset in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimates of the Authority's total OPEB liability as well as the related deferred inflows, deferred outflows and expense is based on guidance from GASB Statement No. 75 and an actuarial valuation which itself includes assumptions regarding inflation, salary increases, healthcare costs trend rates and mortality rates. We evaluated the key factors and assumptions used to develop the liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated January 18, 2021.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the entity’s financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other information in documents containing audited financial statements

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management’s responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

With respect to the Texas supplemental information (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated January 18, 2021.

The Schedules of Services Rates (TSI-1) and Board Members, Key Personnel, and Consultants (TSI-8) accompanying the financial statements, which is the responsibility of management, was prepared for the purposes of additional analysis and is not a required part of the financial statements. Such information was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we did not express an opinion or provide any assurance on it.

Our auditors’ opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

* * *

This communication is intended solely for the information and use of the Board of Directors and management of Trophy Club Municipal Utility District No. 1 and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Worth, Texas
January 18, 2021

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED SEPTEMBER 30, 2020

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
TABLE OF CONTENTS
YEAR ENDED SEPTEMBER 30, 2020**

ANNUAL FILING AFFIDAVIT	1
INDEPENDENT AUDITORS' REPORT	2
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	4
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	11
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	12
STATEMENT OF CASH FLOWS	13
NOTES TO BASIC FINANCIAL STATEMENTS	14
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS	29
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS	30
SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS	31
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION	32
REQUIRED TCEQ SUPPLEMENTAL INFORMATION	
BUDGETARY COMPARISON SCHEDULE – ENTERPRISE FUND	33
NOTE TO BUDGETARY COMPARISON SCHEDULE – ENTERPRISE FUND	34
TEXAS SUPPLEMENTAL INFORMATION	
TSI-1. SERVICE AND RATES – UNAUDITED	35
TSI-2. SCHEDULE OF ENTERPRISE FUND EXPENSES	38
TSI-3. SCHEDULE OF TEMPORARY INVESTMENTS	39
TSI-4. TAXES LEVIED AND RECEIVABLE	40
TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS	42
TSI-6. CHANGES IN LONG-TERM DEBT	47
TSI-7. COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES ENTERPRISE FUND	48
TSI-8. BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS	50

ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS }
COUNTY OF DENTON }

I, Stephen J Flynn
(Name of Duly Authorized District Representative)

Of the Trophy Club Municipal Utility District No. 1
(Name of District)

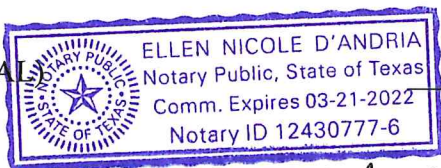
Hereby swear, or affirm, that the district named above has reviewed and approved at a meeting of the Board of Directors of the District on the 21st day of January, 2021, its annual audit report for the fiscal year or period ended September 30, 2020 and that copies of the annual audit report have been filed in the district office, located at 100 Municipal Drive, Trophy Club, Texas, 76262.

The annual filing affidavit and the attached copy of the audit report are being submitted to the Texas Commission on the Environmental Quality in satisfaction of the annual filing requirements of Texas Water Code Section 49.194.

Date: January 18th, 2021 By: Steve Flynn
(Signature of District Representative)

Steve Flynn, President, Board of Directors
(Typed Name & Title of above District Representative)

Sworn to and subscribed to before me this 18th day of JANUARY, 2021

(SEAL)  Ellen Nicole D'Andria
(Signature of Notary)

My Commission Expires On: March 21st, 2022
Notary Public in the State of Texas



INDEPENDENT AUDITORS' REPORT

Members of the Board of Directors
Trophy Club Municipal Utility District No. 1
Trophy Club, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Trophy Club Municipal Utility District No. 1 (the District), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The District's 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.

Auditors' 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Trophy Club Municipal Utility District No. 1, as of September 30, 2020, and the respective changes in financial position and 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 on pages 4-10 and the schedule of changes in total OPEB liability and related ratios, schedule of changes in net pension liability and related ratios, the schedule of employer pension contributions, and notes to required supplementary information on pages 29-32 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 an opinion on the basic financial statements of Trophy Club Municipal Utility District No. 1. The Texas TCEQ Supplemental Information on pages 33-34 and the Texas supplemental information on pages 35-50 is required by the Texas Commission on Environmental Quality as published in the Water District Financial Management Guide. The Texas supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Texas TCEQ Supplemental Information and Schedules TSI-1 through TSI-8 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 it.



CliftonLarsonAllen LLP

Dallas, Texas
January 18, 2021

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2020**

As management of Trophy Club Municipal Utility District No. 1 (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended September 30, 2020.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the District exceed its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$33,159,346 (net position). Of this amount, \$4,351,576 (unrestricted net position) may be used to meet the government's ongoing obligations to customers and creditors in accordance with the District's fiscal policies.
- The District's total net position increased by \$2,724,195. This increase is primarily the result of the District's operating revenues outpacing operating expenses by \$1,765,517.
- The District's total debt decreased by \$1,370,000, primarily due to total principal payments during the current year of that amount.

OVERVIEW OF THE FINANCIAL STATEMENTS

Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three statements: 1) statement of net position which provide all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources and provides information about the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities); 2) statement of revenues, expenses, and changes in net position shows the business-type activities of the District and provides information regarding revenues and expenses, both operating and nonoperating, that affect the net position; and 3) statement of cash flows. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments during the period using the direct method of reporting cash flows from operating, investing, and capital and noncapital financing activities. The basic financial statements can be found on pages 11-13.

Notes to the Financial Statements

Integral to the financial statements are the notes to the basic financial statements. These notes provide additional information that is essential to a full understanding of the financial data provided in the basic financial statements. The District has prepared notes sufficient to provide the readers of these financial statements a clear picture of the District's financial position and insight into the results of its operations. These notes comply with the Texas Commission on Environmental Quality (TCEQ) standardized reporting requirements and are in conformity with accounting principles generally accepted in the United States of America (GAAP). The Notes to the financial statements can be found on pages 14-28.

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2020**

Other Information

In addition to the basic financial statements and the accompanying notes, this section presents certain required and other supplementary information, much of which is required by TCEQ and GAAP, which may be beneficial to the reader.

The supplementary information can be found on pages 33-50 of the report.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Our analysis below focuses on the District's net position (Table 1) and changes in net position (Table 2) during the fiscal year ended September 30, 2020.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Trophy Club Municipal Utility District No. 1, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$33,159,346 as of September 30, 2020.

The largest portion of the District's net position (68%) reflects its investments in capital assets (e.g., land, building, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to customers; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the liabilities. An additional portion of the District's net position (19%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$4,351,576, or 13%) may be used to meet the District's ongoing obligations to customers and creditors.

Trophy Club Municipal District No. 1's Net Position – Table 1

	2020	2019	Change
Current and Other Assets	\$ 19,098,880	\$ 17,473,509	\$ 1,625,371
Capital Assets	42,256,558	42,628,151	(371,593)
Deferred Outflows of Resources	117,941	166,799	(48,858)
Total Assets and Deferred Outflows of Resources	61,473,379	60,268,459	1,204,920
Current Liabilities	3,735,704	1,634,990	2,100,714
Long-Term Liabilities	24,524,888	27,887,239	(3,362,351)
Deferred Inflows of Resources	53,441	21,696	31,745
Total Liabilities and Deferred Inflows of Resources	28,314,033	29,543,925	(1,229,892)
Net Position:			
Net Investment in Capital Assets	20,803,435	20,735,143	68,292
Restricted	959,991	5,950,424	(4,990,433)
Unrestricted	11,395,920	3,749,584	7,646,336
Total Net Position	\$ 33,159,346	\$ 30,435,151	\$ 2,724,195

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2020**

Regarding restricted net position, \$959,991 represents the portion restricted for debt service. Unrestricted net position of \$4,351,576 may be used to meet the government's ongoing obligations to its customer and creditors.

As of September 30, 2020, the District is able to report positive balances in all categories of net position. The same situation held true for the prior fiscal year.

The current and other assets increased by \$1,573,509.

During the current year, the District's debt (its revenue and general obligation bonds) decreased by \$1,370,000. Also included in long-term liabilities is the requirement to report an OPEB (Other Postemployment Benefits) liability of \$24,818, which includes a \$16,745 increase.

The District's net position increased by \$2,724,195 during the current fiscal year. Net position invested in capital assets, net of related debt, increased by \$1,672,501. Unrestricted net position increased by \$601,992.

The following table provides a summary of the District's operations for the fiscal year ended September 30, 2020, with comparative totals for the fiscal year ended September 30, 2019.

Trophy Club Municipal Utility District No. 1's Change in Net Position – Table 2

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Total Operating Revenues	\$ 9,194,478	\$ 8,587,955	\$ 606,523
Operating Expenses	(7,428,961)	(6,387,715)	(1,041,246)
Nonoperating Revenue (Expense), Net	<u>958,678</u>	<u>1,206,536</u>	<u>(247,858)</u>
Excess of Revenues Over Expenses	<u>2,724,195</u>	<u>3,406,776</u>	<u>(682,581)</u>
Change in Net Position	2,724,195	3,406,776	(682,581)
Net Position - Beginning of Year	<u>30,435,151</u>	<u>27,028,375</u>	<u>3,406,776</u>
Net Position - End of Year	<u>\$ 33,159,346</u>	<u>\$ 30,435,151</u>	<u>\$ 2,724,195</u>

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2020**

THE DISTRICT'S FUNDS

The District has one activity, the Enterprise Fund. Unrestricted net position of the proprietary fund, the Water and Sewer Fund, is \$4,351,576. This fund's net position increased in the fiscal year ended September 30, 2020 by \$2,724,195.

Proprietary Fund Budgetary Highlights – The District made a budget amendment during the year to account for the effects of COVID-19 which reduced revenues by approximately \$814,000 and reduced expenses by approximately \$770,000 for a net impact of approximately \$44,000.

Actual operating revenues were \$991,229 lower than adopted budget amounts due in large part to the impacts of COVID-19. Some of the significant revenue impacts were decreased water consumption from commercial accounts, removal and suspension of late fees and disconnects for half the current year and a decrease in interest earned throughout all accounts due to interest rates dropping.

Actual operating expenses were \$1,605,803 below budgeted amounts largely due to the decrease in water purchased from Fort Worth due to decreased consumption during the year, reduced repair and maintenance due to reduced work load on the water system and a reduction in a combination of salaries and employee benefits due to open positions throughout the current year.

Additional information on the comparison of the District's actual operations to its budget can be found in the Budgetary Comparison Schedule – Enterprise Fund beginning on page 33.

CAPITAL ASSETS

The District's capital assets for its business-type activities as of September 30, 2020 totaled to \$42,256,558 (net of accumulated depreciation). Capital assets include land, building, equipment, improvements, infrastructure, and construction in progress.

The District's capital assets decreased \$371,593 during the current year.

The major capital asset events during the current fiscal year include transferring the substantially complete Wastewater Treatment Plant from asset group CIP to Wastewater treatment system, and the additions to the 16-inch Waterline Interconnect project.

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2020**

Capital assets at year-end are as follows:

	2020	2019	Change
Construction in Progress	\$ 4,311,836	\$ 21,521,726	\$ (17,209,890)
Land	648,178	648,178	-
Water Rights	864,678	864,678	-
Buildings	3,535,137	3,479,008	56,129
Improvements Other Than Buildings	551,298	324,334	226,964
Machinery and Equipment	2,690,810	1,932,349	758,461
Organization Costs	2,331,300	2,331,300	-
Vehicles	2,843,608	2,833,983	9,625
Water System	13,299,399	12,662,214	637,185
Wastewater Treatment System	22,638,174	5,773,106	16,865,068
Wastewater Collection System	4,533,630	4,521,074	12,556
Total	<u>\$ 58,248,048</u>	<u>\$ 56,891,950</u>	<u>\$ 1,356,098</u>

Accumulated depreciation at September 30, 2020 and 2019 was \$15,991,490 and \$14,263,799 respectively.

The following table summarizes the changes in capital assets:

	2020	2019
Balance - Beginning of Year	\$ 42,628,151	\$ 40,816,042
Additions and Transfers	19,154,606	2,690,408
Depreciation	(1,759,150)	(878,299)
Disposals and Transfers	(17,767,049)	-
Balance - End of Year	<u>\$ 42,256,558</u>	<u>\$ 42,628,151</u>

Additional information on the District's capital assets can be found in Note 4 on page 18 of this report,

DEBT ADMINISTRATION

At the end of the current fiscal year, the District had total debt obligations of \$25,595,000. The payoff date of the District's bonds is during 2049.

**Outstanding Debt at Year-End
Bonds, Capital Lease Obligations, and Note Payable**

	2020	2019	Change
Revenue Bonds/Notes Payable	\$ 25,595,000	\$ 26,965,000	\$ (1,370,000)
Capital Lease Obligations	612,251	839,966	(227,715)
Total	<u>\$ 26,207,251</u>	<u>\$ 27,804,966</u>	<u>\$ (1,597,715)</u>

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2020**

The District's revenue-supported debt was rated by Standard & Poor's Rating Services, A Division of the McGraw-Hill Companies, Inc. in 2019 at AA-. Application for contract ratings on the Bonds has not been made to any of the rating companies since that initial rating. Furthermore, the District did not apply for municipal bond insurance.

Additional information on the District's long-term debt can be found beginning with Note 5 on pages 19-20 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

2020 budgetary highlights:

Revenue: The District's 2021 General Fund budgeted revenues reflect a projected decrease of \$417,800 from the District's 2020 budget due to the unknown longevity impacts of COVID-19.

- Water revenue is budgeted to decrease from \$6,486,623 for fiscal year 2020 to \$5,932,489 for fiscal year 2021 with a total projected decrease of \$554,134.
- Sewer revenue is budgeted to increase from \$3,503,885 for fiscal year 2020 to \$3,677,146 for fiscal year 2021 with a total projected increase of \$173,261.
- Even though the District's M&O tax rate decreased from fiscal year 2020 to fiscal year 2021, the District is projected to collect a M&O tax revenue increase of \$34,307. The segregated M&O property tax revenue from fiscal year 2020 to fiscal year 2021 is budgeted to increase by \$32,647 for Fire and increase by \$1,660 for the MUD.

Expenses: The District's 2021 General Fund budgeted expenses reflect a projected decrease of \$416,683 from the District's 2020 budget due to reduced or deferred expenses of several factors:

- Wholesale water purchase from City of Fort Worth decreasing by \$118,415 due to the continued impacts of COVID-19 consumption demands.
- Overall Capital Outlay decrease by \$197,375 due to projects becoming substantially completed in 2020 and fewer current capital projects projected for 2020.
- Wastewater salary and employee benefit increase by roughly 10%, in the amount of \$65,586, largely due to creating a new position to provide greater coverage and reduce economic exposure.

Overall: The District's 2021 operational budget is anticipated to have revenues of \$10,227,277 and expenses of \$10,222,170 netting a projected surplus of \$5,107 for the year.

Debt Service Fund 2020 budgetary highlights:

- The District's Debt Service expenses are budgeted to decrease from \$2,405,613 in fiscal year 2020 to \$2,256,798 budgeted for fiscal year 2021 for a total decrease of \$148,815.
- Property tax revenues collected for Debt Service are budgeted to increase from \$682,441 in fiscal year 2020 to \$694,010 budgeted in fiscal year 2021 for a total increase of \$11,569.

Overall: The District's consolidated budget revenue decreased from \$14,278,444 in fiscal year 2020 budget to \$13,753,452 in fiscal year 2021 budget totaling a projected decrease of 3.68%. The District's consolidated budget expenses decrease from \$14,069,340 in fiscal year 2020 budget to \$13,725,845 in fiscal year 2021 budget totaling a projected decrease of 2.44%.

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2020**

Sewer and Water Rates highlights:

The District did not adopt a new water base or water volumetric rate during the fiscal year 2020. Effective April 1, 2020 the sewer volumetric rates were increased for both the commercial and residential customers by the District's Board of Directors to reflect the updated winter average calculations. The sewer rate charges are calculated based on the average water consumption for three months of billing: December, January, and February.

Legal highlights:

The District had two primary legal matters to navigate during Fiscal Year 2020. The first was a potential litigation with Webber Cadagua Partners, that has since been resolved. Approval of a final change order, acceptance of project completion, release of retainage, and final payment is scheduled the January 18, 2021 Board of Directors meeting. Secondly, the District's legal action against Acadia Services, Inc. and MRW Investors, LLC in connection with the unauthorized construction of surface improvements within the District's wastewater easement is still pending. While the Court granted the District's motion for summary judgement, the remaining dispute related to the payment of legal representation expenses incurred by the District awaits jury trial selection, which has continued to be postponed due to the COVID-19 pandemic.

REQUEST FOR INFORMATION

The financial report is designated to provide our residents, customers, investors, and creditors with a general overview of the District's finances. If you have any questions about this report or need any additional information, contact the General Manager or Finance Director, 100 Municipal Drive, Trophy Club, Texas, 76262 or call 682-831-4600.

BASIC FINANCIAL STATEMENTS

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 4,789,019
Investments	6,152,228
Accounts Receivable, Net of Allowance	1,279,222
Taxes Receivable	28,067
Due from Other Governments	24,595
Prepaid Expenses	62,041
Total Current Assets	12,335,172
RESTRICTED ASSETS	
Cash and Cash Equivalents	4,989,212
Investments	1,722,634
Total Restricted Assets	6,711,846
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	
Construction in Progress, Nondepreciable	4,311,836
Land, Nondepreciable	648,178
Water Rights, Nondepreciable	864,678
Buildings and Other Improvements, Net	3,037,509
Machinery, Vehicles and Other Equipment, Net	2,724,624
Water System, Net	30,659,711
Organization Costs, Net	10,022
Total Capital Assets	42,256,558
OTHER ASSETS	
Net Pension Asset	51,862
Total Other Assets	51,862
DEFERRED OUTFLOWS OF RESOURCES	
Related to Pension	111,849
Related to OPEB	6,092
Total Deferred Outflows of Resources	117,941
Total Assets and Deferred Outflows of Resources	\$ 61,473,379
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
CURRENT LIABILITIES	
Accounts Payable	\$ 1,471,621
Accrued Liabilities	75,107
Accrued Interest Payable	64,064
Customer Deposits	311,655
Current Portion of Long-Term Debt	1,813,257
Total Current Liabilities	3,735,704
LONG-TERM LIABILITIES	
Long-Term Debt, Net of Current Portion	24,500,070
OPEB Liability	24,818
Total Long-Term Liabilities	24,524,888
DEFERRED INFLOWS OF RESOURCES	
Related to Pension	49,623
Related to OPEB	3,818
Total Deferred Inflows of Resources	53,441
Total Liabilities and Deferred Inflows of Resources	28,314,033
NET POSITION	
Net Investment in Capital Assets	20,803,435
Restricted for Debt Service	959,991
Unrestricted	11,395,920
Total Net Position	33,159,346
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 61,473,379

See accompanying Notes to Basic Financial Statements.

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2020

OPERATING REVENUES	
Charges for Water Service	\$ 5,768,789
Charges for Sewer Service	3,343,636
Tap Connection and Inspection Fees	10,350
Penalties and Interest	71,703
Total Operating Revenues	9,194,478
OPERATING EXPENSES	
Purchased Water Service	1,865,024
Salaries and Payroll Taxes	1,495,355
Benefits	410,280
Repairs and Maintenance	655,518
Professional Fees	221,219
Utilities	317,965
Depreciation	1,759,150
Water and Sewer System Maintenance	218,004
Insurance	99,679
Software and Annual Support	124,037
Office Expenses	32,457
Bank and Payment Fees	73,964
Dues and Subscriptions	6,578
Training and Travel	11,903
TCEQ Fees and Permits	35,794
Fuel and Lube	18,286
Other	83,748
Total Operating Expenses	7,428,961
OPERATING INCOME	1,765,517
NONOPERATING REVENUES (EXPENSES)	
Property Taxes	2,229,770
Investment Earnings	133,579
Interest Expense	(996,742)
Gain on Sale of Fixed Assets	12,520
Rental income	236,804
Other Income	61,404
Fire Department	(718,657)
Total Nonoperating Revenues	958,678
INCREASE IN NET POSITION	2,724,195
Total Net Position - Beginning	30,435,151
TOTAL NET POSITION - ENDING	\$ 33,159,346

See accompanying Notes to Basic Financial Statements.

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 9,268,023
Cash Paid to Employees for Services	(1,895,589)
Cash Paid to Suppliers	(1,876,359)
Cash Paid for Other Expenses	(1,976,290)
Net Cash Provided by Operating Activities	<u>3,519,785</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	133,579
Purchases of Investments	121,994
Net Cash Provided by Investing Activities	<u>255,573</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and Construction of Capital Assets	(1,387,287)
Principal Payments on Long-Term Debt	(1,503,147)
Proceeds from Sale of Capital Assets	12,250
Interest on Long-Term Debt	(1,005,431)
Net Cash Used by Capital and Related Financing Activities	<u>(3,883,615)</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES	
Receipts of Property Taxes	2,235,164
Receipts of Rental Income	236,804
Other Receipts	61,404
Payments to the Town of Trophy Club for Fire Department	(718,657)
Net Cash Provided by Noncapital and Related Financing Activities	<u>1,814,715</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,706,458
Cash and Cash Equivalents - Beginning of Year	<u>8,071,773</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 9,778,231</u>
CASH AND CASH EQUIVALENTS	\$ 4,789,019
RESTRICTED CASH AND CASH EQUIVALENTS	<u>4,989,212</u>
TOTAL CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 9,778,231</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	\$ 1,765,517
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	1,759,150
Change in Accounts Receivable	82,699
Change in Due from Other Governments	(23,583)
Change in Prepays	(53,555)
Change in Pension Liability/Asset	(105,882)
Change in Deferred Outflows Related to Pensions	53,066
Change in Deferred Inflows Related to Pensions	30,379
Change in OPEB Liability	8,073
Change in Deferred Outflows Related to OPEB	(4,208)
Change in Deferred Inflows Related to OPEB	1,366
Change in Accounts Payable	(11,335)
Change in Accrued Liabilities	27,252
Change in Customer Deposits	(9,154)
Net Cash Provided by Operating Activities	<u>\$ 3,519,785</u>
NONCASH ITEMS	
Amortization of Bond Discount/Premium	<u>\$ 65,962</u>

See accompanying Notes to Basic Financial Statements.

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Denton County Municipal Utility District No. 1 (the District) was created by the Texas Water Rights Commission (later known as Texas Commission on Environmental Quality (TCEQ)) on March 4, 1975 and confirmed by the electorate of the District at a confirmation election on October 7, 1975. The Board of Directors held its first meeting on April 24, 1975. The Bonds were first sold on June 8, 1976. The District operates pursuant to Article XVI, Chapter 59 of the Texas Constitution and Chapter 54 of the Texas Water Code, as amended. Effective April 1, 1983, the District's name was officially changed by order from Denton County Municipal Utility District No. 1 to Trophy Club Municipal Utility District No. 1.

On May 9, 2009, citizens voted to consolidate the District and Trophy Club Municipal Utility District No. 2 (MUD2). As a result, the District reports consolidated activity and balances for the District and the entities formerly known as MUD2 and the Trophy Club Master District Joint Venture (a joint venture of MUD1 and MUD2).

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for the District. The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units.

Measurement Focus

The accompanying basic financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. The District's operating revenues are derived from charges to users, primarily for the transportation and sale of water and wastewater. The District constructs facilities to provide services to others, which are financed in part by the issuance of its revenue bonds and notes.

Basis of Presentation

The District presents its financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, guidance for governments engaged in business-type activities. Accordingly, the basic financial statements and Required Supplementary Information (RSI) of the District consist of MD&A, statement of net position, statement of revenues, expenses, and changes in net position, statement of cash flows, notes to financial statements, schedule of changes in total OPEB liability and related ratios, schedule of changes in net pension liability and related ratios, and the schedule of employer pension contributions. Additionally, the District complies with the reporting requirements promulgated by the "Water District Financial Management Guide" published by the Texas Commission on Environmental Quality.

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues

Revenues are recognized as earned and generally result from providing water and sewer services to customers. Property taxes attach as an enforceable lien on property as of October 1. Taxes are levied each October 1 and are due and payable on or before January 31 of the following year. All unpaid taxes become delinquent February 1 of the following year. The Denton County Tax Assessor/Collector bills and collects the District's property taxes.

Expenses

Direct charges attributable to the operations of the District's water and sewer systems, including depreciation and amortization, are reported as operating expenses. Interest expense and other similar charges not directly related to the systems' operations are reported as nonoperating expenses. Restricted resources, if any, are used first to fund related appropriations, before unrestricted resources are used.

Cash Equivalents

All highly liquid investments (including restricted assets) with original maturities of three months or less when purchased are considered to be cash equivalents.

Accounts Receivable

Accounts receivable consists primarily of receivables related to water and sewer services. Accounts receivable includes an accrual for unbilled revenue earned during the month of September 2020. The unbilled revenue balance as of September 30, 2020 was \$194,750.

Allowances for Doubtful Accounts

Trade accounts receivable are evaluated periodically for collectability based on customer history and current economic conditions. When considered necessary, an allowance is made for doubtful accounts. The allowance for doubtful accounts balance as of September 30, 2020 was \$12,051.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results could differ from those estimates.

Capital Assets

All purchased capital assets are stated at historical cost unless they are determined to be impaired based on GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. Donated assets are stated at their estimated acquisition values on the date donated.

Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized.

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

According to the District's capitalization policy, assets capitalized have an original cost of \$5,000 or more and two or more years of estimated useful life. Depreciation is calculated on each class of depreciable property using the straight-line method. Estimated useful lives range from 5 to 40 years for buildings and water and sewer equipment, 5 to 20 years for machinery and equipment, and 10 to 40 years for engineering fees and purchased computer software.

Compensated Absences

Employees are allowed to accumulate vacation within certain limitations. Payment for accrued vacation (within limits) upon termination is subject to the employee leaving in good standing. At September 30, 2020, a liability of \$62,418 for unused vacation leave has been accrued and is included in current liabilities within salaries and benefits payable.

NOTE 2 CASH AND INVESTMENTS

Legal provisions generally permit the District to invest in direct and indirect obligations of the United States of America or its agencies, certain certificates of deposit, repurchase agreements, public funds investment pools, and mutual funds. During the year ended September 30, 2020, the District did not own any types of securities other than those permitted by statute.

At September 30, 2020, the bank balance of the District's cash deposits totaled \$5,187,804, and the carrying value was \$5,100,739. These amounts exclude the restricted cash amount held in escrow which totaled \$4,677,492 at September 30, 2020. The District has obtained a pledge of securities in the amount of \$5,914,065 from a financial institution in order to mitigate credit and custodial risks associated with deposits. This amount plus the bank depository insurance limits were sufficient to fully collateralize the District's deposits.

The following is a summary of cash and investments at September 30:

	<u>Credit Quality Ratings</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Unrestricted Cash and Investments			
Deposits with a Financial Institution	Not Rated	\$ 4,788,419	N/A
Petty Cash	Not Rated	600	N/A
TexPool	AAAm	6,152,228	30 Days
Total		<u>\$ 10,941,247</u>	
Restricted Cash and Investments			
Mutual Fund	Not Rated	\$ 4,989,212	N/A
TexPool	AAAm	1,722,634	30 Days
Total		<u>\$ 6,711,846</u>	

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

The following is a summary of cash restrictions as of September 30:

Restricted Cash and Investments

Restricted for Customer Deposits	\$ 311,720
Restricted for Capital Projects	5,440,135
Restricted for Debt Service	<u>959,991</u>
Total Restricted Cash and Equivalents	<u><u>\$ 6,711,846</u></u>

In compliance with the District's investment policy, the District limits exposure to credit risk and interest rate risk by limiting the effective duration of securities to less than 12 months and limiting investments to high quality rated securities. The District limits exposure to custodial credit risk through a pledge of securities obtained from a financial institution.

The District invests in TexPool. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool, the Texas Local Government Investment Pool. 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 both Participants in 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, TexPool is rated AAAM by Standard & Poor's. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as the office of the Comptroller for public 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 market value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

The mutual fund held in escrow is invested in a fund operating a government money market fund. As such, the fund: (1) invests at least 99.5% of its total assets in: cash; (ii) securities issued or guaranteed by the United States or certain U.S. government agencies or instrumentalities; and/or (iii) repurchase agreements that are collateralized fully; (2) generally continues to use amortized cost to value its portfolio securities and transact at stable \$1.00 net asset value.

The TexPool and the mutual fund are measured at amortized cost and are exempt for fair value reporting under GASB Statement No. 72, *Fair Value Measurement and Application*.

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable arising from business activities at September 30 are as follows:

Accounts Receivable	\$ 1,096,523
Accrued Unbilled Receivables	194,750
Less: Allowance for Uncollectibles	(12,051)
Total Accounts Receivable, Net	<u>\$ 1,279,222</u>

NOTE 4 CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance at September 1, 2019	Additions and Transfers	Disposals and Transfers	Balance at August 31, 2020
Capital Assets, Undepreciable:				
Land	\$ 648,178	\$ -	\$ -	\$ 648,178
Construction in Progress	21,521,726	557,639	17,767,529	4,311,836
Water Rights	864,678	-	-	864,678
Total Nondepreciable Assets	<u>23,034,582</u>	<u>557,639</u>	<u>17,767,529</u>	<u>5,824,692</u>
Capital Assets, Depreciable:				
Buildings	3,479,008	56,129	-	3,535,137
Improvements Other Than Buildings	324,334	226,964	-	551,298
Machinery and Equipment	1,932,349	758,461	-	2,690,810
Organization Costs	2,331,300	570	570	2,331,300
Vehicles	2,833,983	40,034	30,409	2,843,608
Water System	12,662,214	637,185	-	13,299,399
Wastewater Treatment System	5,773,106	16,865,068	-	22,638,174
Wastewater Collection System	4,521,074	12,556	-	4,533,630
Total Depreciable Assets	<u>33,857,368</u>	<u>18,596,967</u>	<u>30,979</u>	<u>52,423,356</u>
Less Accumulated Depreciation:				
Buildings	680,091	75,498	-	755,589
Improvements Other Than Buildings	277,691	15,646	-	293,337
Machinery and Equipment	1,124,792	156,865	-	1,281,657
Organization Costs	2,318,839	2,439	-	2,321,278
Vehicles	1,308,356	251,240	31,459	1,528,137
Water System	4,261,343	233,680	-	4,495,023
Wastewater Treatment System	2,612,050	943,375	-	3,555,425
Wastewater Collection System	1,680,637	80,407	-	1,761,044
Total Accumulated Depreciation	<u>14,263,799</u>	<u>1,759,150</u>	<u>31,459</u>	<u>15,991,490</u>
Total Depreciable Assets, Net	<u>19,593,569</u>	<u>16,837,817</u>	<u>(480)</u>	<u>36,431,866</u>
Capital Assets, Net	<u>\$ 42,628,151</u>	<u>\$ 17,395,456</u>	<u>\$ 17,767,049</u>	<u>\$ 42,256,558</u>

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 5 LONG-TERM LIABILITIES

Summary of long-term liabilities are summarized as follows:

	Balance at September 1, 2019	Additions/ Issued	Retired or Refunded	Balance at August 31, 2020	Amount Due Within One Year
GO Bonds	\$ 7,970,000	\$ 1,220,000	\$ (1,985,000)	\$ 7,205,000	\$ 810,000
Revenue Bonds	18,995,000	-	(605,000)	18,390,000	770,000
Deferred Loss on Refunding	(3,463)	-	3,463	-	-
Net Bond Premium (Discount)	(22,304)	-	65,962	43,658	-
Capital Lease Obligations	839,966	-	(227,715)	612,251	233,257
Compensated Absences	37,275	25,143	-	62,418	-
Total Long-Term Liabilities	<u>\$ 27,816,474</u>	<u>\$ 1,245,143</u>	<u>\$ (2,748,290)</u>	<u>\$ 26,313,327</u>	<u>\$ 1,813,257</u>

The bonds and notes are secured by the water and sewer system and any revenues generated by the provision of water and sewer service through the use of this system.

Long-term debt includes the following issuances:

	Interest Rate (%)	Maturity Date	Outstanding	Due Within One Year
GO Bonds:				
2010 Tax Bonds	2.00-3.00%	8/31/2021	\$ 95,000	\$ 95,000
2012 Refunding Bonds	2.00-3.00%	8/31/2023	720,000	230,000
2013 Tax Bonds	2.00-3.00%	8/31/2023	630,000	205,000
2014 Tax Bonds	1.50-3.50%	8/31/2024	4,540,000	265,000
2020 Refunding Series	1.30%	8/31/2031	1,220,000	15,000
Revenue Bonds:				
2015 Series	2.00-3.25%	8/31/2035	7,510,000	400,000
2016 Series	.50-2.20%	8/31/2036	3,800,000	215,000
2019 Series	3.00-3.5%	8/31/2049	7,080,000	155,000
Capital Lease Obligations:				
Fire Truck Lease	2.50%	10/23/2021	245,070	121,022
Freightliner Truck	2.95%	2/1/2023	219,216	72,005
Camera Van	3.95%	2/1/2024	147,965	40,230
Net Bond Premium (Discount)			43,658	-
Total Long-Term Debt			<u>\$ 26,250,909</u>	<u>\$ 1,813,257</u>

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

The annual requirements to retire revenue bonds and notes outstanding, including interest, are:

<u>Year Ending August 31,</u>	<u>General Obligation Bonds</u>		<u>Revenue Bonds</u>		<u>Total Bond Service Requirements</u>
	<u>Interest Amount</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Principal Amount</u>	
2021	\$ 190,073	\$ 810,000	\$ 482,624	\$ 770,000	\$ 2,252,697
2022	168,203	835,000	468,340	790,000	2,261,543
2023	147,808	860,000	453,514	805,000	2,266,322
2024	124,988	410,000	438,140	825,000	1,798,128
2025	116,178	415,000	422,118	850,000	1,803,296
2026-2030	436,267	2,235,000	1,813,640	4,575,000	9,059,907
2031-2035	133,800	1,640,000	1,175,499	5,315,000	8,264,299
2036-2040	-	-	614,043	1,560,000	2,174,043
2041-2045	-	-	389,350	1,505,000	1,894,350
2046-2049	-	-	121,469	1,395,000	1,516,469
Total	<u>\$ 1,317,317</u>	<u>\$ 7,205,000</u>	<u>\$ 6,378,737</u>	<u>\$ 18,390,000</u>	<u>\$ 8,522,317</u>

During the year ended September 30, 2020, the District issued \$1,220,000 in Series 2020 General Obligation Refunding Bonds to refinance the outstanding portions of the Series 2010 General Obligation Tax Bonds. The refunding of these bonds resulted in cash savings of \$253,563 with a present value of savings of \$169,687.

The District has entered into three capital lease agreements. Of the leased property under capital leases, all are classified as vehicles. Total capitalized cost is \$1,621,640 and amortized value is \$1,092,239 at September 30, 2020. Amortization expense has been included in depreciation expense for the year ended September 30, 2020.

The following is a schedule of future minimum payments under the capital leases together with the present value of the minimum lease payments as of September 30, 2020:

<u>Year Ending September 30,</u>	<u>Amount</u>
2021	\$ 250,240
2022	249,162
2023	120,919
2024	22,840
Total Payments	643,161
Less: Amount Representing Interest	(30,910)
Present Value of Net Minimum Lease Payments	<u>\$ 612,251</u>

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 6 RETIREMENT PLAN

The District provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 701 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar-year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 10 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 80 or more. Members are vested after 10 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Contributions

The employer has elected the annually determined contribution rate (ADCR) plan provision of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 9.02% for the 2019 plan year. Total employer contributions for the year ended September 30, 2020 was \$119,341.

The contribution rate payable by the employee members for calendar years 2018 and 2019 is the rate of 7.00% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 6 RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date:	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	
Smoothing Period	5 Years
Recognition Method	Non-asymptotic
Corridor	None
Inflation:	2.75%
Salary Increase:	4.90%
Investment Rate of Return:	8.00%

Discount Rate

The discount rate used to measure the total pension liability was 8.10%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the nonemployer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8.10%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 6 RETIREMENT PLAN (CONTINUED)

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of December 31, 2019 are summarized below:

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return (Expected Minus Inflation) ⁽²⁾
U.S. Equities	Dow Jones U.S. Total Stock Market Index	14.50%	5.20%
Private Equity	Cambridge Associates Global Private Equity and Venture Capital Index ⁽³⁾	20.00%	8.20%
Global Equities	MSCI World (Net) Index	2.50%	5.50%
International Equities - Developed	MSCI World Ex USA (Net)	7.00%	5.20%
International Equities - Emerging	MSCI Emerging Markets (Net) Index	7.00%	5.70%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.20%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	3.14%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.16%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽⁴⁾	4.00%	6.90%
REIT Equities	67% FTSE NA REIT Equity REITs Index + 33% S&P Global REIT (Net) Index	3.00%	4.50%
Master Limited Partnership (MLPs)	Alerian MLP Index	2.00%	8.40%
Private Real Estate Partnership	Cambridge Associates Real Estate Index ⁽⁵⁾	6.00%	5.50%
Hedges Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	8.00%	2.30%

(1) Target asset allocation adopted at the June 2020 TCDRS Board meeting.

(2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.80%, per Cliffwater's 2020 capital market assumptions.

(3) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

(4) Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

(5) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8.10%) in measuring the 2017 Net Pension Liability:

	1% Decrease	Current Discount Rate	1% Increase
	<u>7.10%</u>	<u>8.10%</u>	<u>9.10%</u>
Total Pension Liability	\$ 183,795	\$ (51,862)	\$ (249,217)

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 6 RETIREMENT PLAN (CONTINUED)

Pension Assets/Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2020, the District reported \$51,862 for the net pension asset and pension expense of \$94,976 related to the December 31, 2019 valuation. The breakdown of the components of the total pension liability, plan fiduciary net position, and the net pension liability follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance - December 31, 2018	\$ 1,347,031	\$ 1,293,011	\$ 54,020
Changes in Pension Liability			
Service Cost	164,365	-	164,365
Interest on Total Pension Liability ⁽¹⁾	121,767	-	121,767
Effect of Economic/Demographic			
Gains or Losses	8,770	-	8,770
Refund of Contributions	(7,391)	(7,391)	-
Benefit Payments	(9,141)	(9,141)	-
Administrative Expenses	-	(1,278)	1,278
Member Contributions	-	80,287	(80,287)
Net Investment Income	-	212,168	(212,168)
Employer Contributions	-	103,641	(103,641)
Other ⁽²⁾	-	5,965	(5,965)
Balance - December 31, 2019	<u>\$ 1,625,401</u>	<u>\$ 1,677,262</u>	<u>\$ (51,861)</u>

(1) Reflects the change in the liability due to the time value of money.
TCDRS does not charge fees or interest.

(2) Relates to allocation of system-wide items.

The District reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences Between Expected and Actual Experience	\$ 22,807	\$ 16,475
Changes in Assumptions	-	5,868
Net Difference Between Projected and Actual Earnings	26,816	-
Contributions Made Subsequent to Measurement Date	-	89,506
Total	<u>\$ 49,623</u>	<u>\$ 111,849</u>

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 6 RETIREMENT PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

\$89,506 reported as deferred outflow of resources for contributions made subsequent to the measurement date will be recognized as an addition to the net pension asset in 2021. The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending September 30.</u>	<u>Amount</u>
2021	\$ (6,392)
2022	(8,501)
2023	2,524
2024	(16,371)
2025	1,460
Thereafter	-
Total	<u>\$ (27,280)</u>

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The District participates in the retiree Group Term Life program for the Texas County & District Retirement System (TCDRS), which is a statewide, multiple-employer, public employee retirement system.

All full and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year and are eligible for the TCERS pension plan. Only employers that have elected participation in the retiree Group Term Life program are included in the OPEB plan.

The plan provides a \$5,000 post-retirement death benefit to beneficiaries of service retirees and disability retirees of employers that have elected participation in the retiree GTL program. The OPEB benefit is a fixed \$5,000 lump-sum benefit. No future increases are assumed in the \$5,000 benefit amount.

Benefit terms are established under the TCERS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of January 1 each year. The District's contribution rate for the retiree GTL program is calculated annually on an actuarial basis, and is equal to the cost of providing a one-year deal benefit equal to \$5,000.

Membership information is shown in the chart below.

Inactive Employees or Beneficiaries Currently Receiving Benefits	1
Inactive Employees Entitled to But Not Yet Receiving Benefits	6
Active Employees	<u>19</u>
Total	<u><u>26</u></u>

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Total OPEB Liability

The District's total OPEB liability was determined by an actuarial valuation dated December 31, 2019.

Estimates include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

Below is a schedule of significant assumptions used to estimate the District's ARC:

Valuation Date:	December 31, 2019
Amortization Method:	Straight-Line Over Expected Working Life
Discount Rate:	2.74%
Disability:	Custom rates based on TCDRS experience
Mortality:	
Depositing Members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Service Retirees, Beneficiaries and Nondepositing Members	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Disabled Retirees	130% of the RP-2014 Disabled Annuitant Mortality Table formulas and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

Discount Rate

The discount rate is based on a yield or index for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or better for benefits not covered by plan assets.

The 20 Year Bond GO Index published by bondbuyer.com was used in determining the discount rate used to measure the Total OPEB Liability as of December 31, 2019 (measurement date under GASB 75). At this date, the discount rate was 2.74%.

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Change in the OPEB Liability

The changes in the total OPEB liability for the Plan are as follows:

Total OPEB Liability:	
Service Cost	\$ 2,241
Interest on Total OPEB Liability	778
Effect of Economic/Demographic Gains or Losses	(1,422)
Effect of Assumptions Changes or Inputs	6,476
Employer Contributions	<u>-</u>
 Total Change in Total OPEB Liability	 8,073
 Total OPEB Liability - Beginning	 <u>16,745</u>
 Total OPEB Liability - Ending	 <u>\$ 24,818</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the District's Total OPEB Liability if it were calculated using a discount rate that is 1% point lower (1.74%) or 1% point higher (3.74%) than the current rate, for measurement period ended December 31, 2019:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	1.74%	2.74%	3.74%
Total OPEB Liability	\$ 31,538	\$ 24,818	\$ 19,820

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gain and losses related to the changes in total OPEB liability is recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are recognized in future OPEB expense. These amounts are amortized straight-line over expected working life.

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended September 30, 2020, the District recognized expense related to OPEB of \$3,347. As of September 30, 2019, the District reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences Between Expected and Actual Experience	\$ 1,886	\$ -
Changes in Assumptions	1,932	6,092
Total	\$ 3,818	\$ 6,092

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending September 30,	Amount
2021	\$ 328
2022	328
2023	328
2024	330
2025	238
Thereafter	722
Total	\$ 2,274

REQUIRED SUPPLEMENTARY INFORMATION

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
YEAR ENDED SEPTEMBER 30, 2020

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability:			
Service Cost	\$ 2,241	\$ 2,503	\$ 2,889
Interest on Total OPEB Liability	778	669	595
Effect of Assumption Changes or Inputs	6,476	(2,704)	946
Effect of Economic/Demographic (Gains) or Losses	(1,422)	(678)	(321)
Benefit Payments/Refunds of Contributions	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Total OPEB Liability	8,073	(210)	4,109
Total OPEB Liability - Beginning	<u>16,745</u>	<u>16,955</u>	<u>12,846</u>
Total OPEB Liability - Ending	<u><u>\$ 24,818</u></u>	<u><u>\$ 16,745</u></u>	<u><u>\$ 16,955</u></u>
Covered Employee Payroll	\$ 1,146,956	\$ 1,055,433	\$ 1,140,976
Total OPEB Liability as a % of Covered Payroll	2.16%	1.59%	1.49%

See accompanying Note to Required Supplementary Information.

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
YEAR ENDED SEPTEMBER 30, 2020

	2019	2018	2017	2016	2015	2014
Total Pension Liability:						
Service Cost	\$ 164,365	\$ 153,752	\$ 176,975	\$ 200,990	\$ 150,689	\$ 170,600
Interest on Total Pension Liability	121,767	100,515	83,553	57,230	41,351	27,449
Effect of Plan Changes	-	-	-	-	(22,086)	-
Effect of Assumption Changes or Inputs	-	-	5,971	-	7,686	-
Effect of Economic/Demographic (Gains) or Losses	8,770	13,723	(25,170)	(9,790)	(11,320)	(7,057)
Benefit Payments/Refunds of Contributions	(16,533)	(15,970)	(1,695)	(2,091)	(1,902)	(3,156)
Net Change in Total Pension Liability	278,369	252,020	239,634	246,339	164,418	187,836
Total Pension Liability - Beginning	1,347,031	1,095,011	855,377	609,038	444,620	256,784
Total Pension Liability - Ending (a)	<u>\$ 1,625,400</u>	<u>\$ 1,347,031</u>	<u>\$ 1,095,011</u>	<u>\$ 855,377</u>	<u>\$ 609,038</u>	<u>\$ 444,620</u>
Fiduciary Net Position:						
Employer Contributions	\$ 103,641	\$ 94,803	\$ 102,802	\$ 95,185	\$ 97,043	\$ 93,694
Member Contributions	80,287	73,880	79,868	78,388	78,171	74,784
Investment Income Net of Investment Expenses	212,168	(19,840)	126,587	46,440	(15,011)	18,561
Benefit Payments/Refunds of Contributions	(16,533)	(15,970)	(1,695)	(2,091)	(1,902)	(3,156)
Administrative Expenses	(1,278)	(1,039)	(769)	(505)	(394)	(285)
Other	5,966	4,666	2,418	19,889	(47)	(21)
Net Change in Fiduciary Net Position	384,251	136,500	309,211	237,306	157,860	183,577
Fiduciary Net Position - Beginning	1,293,011	1,156,511	847,300	609,994	452,134	268,557
Fiduciary Net Position - Ending (b)	<u>\$ 1,677,262</u>	<u>\$ 1,293,011</u>	<u>\$ 1,156,511</u>	<u>\$ 847,300</u>	<u>\$ 609,994</u>	<u>\$ 452,134</u>
Net Pension Liability (Asset) - Ending <=(a)-(b)	<u>\$ (51,862)</u>	<u>\$ 54,020</u>	<u>\$ (61,500)</u>	<u>\$ 8,077</u>	<u>\$ (956)</u>	<u>\$ (7,514)</u>
Fiduciary Net Position as a % of Total Pension Liability	103.19%	95.99%	105.62%	99.06%	100.16%	101.69%
Pensionable Covered Payroll	\$ 1,150,893	\$ 1,055,433	\$ 1,140,976	\$ 1,119,822	\$ 1,116,721	\$ 1,068,342
Net Pension Liability as a % of Covered Payroll	-4.51%	5.12%	-5.39%	0.72%	-0.09%	-0.70%

Note: Only six years of data are presented as prior years are not available.

See accompanying Note to Required Supplementary Information.

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS
YEAR ENDED SEPTEMBER 30, 2020**

<u>Year Ending December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll⁽¹⁾</u>	<u>Actual Contributions as a % of Covered Payroll</u>
2010	Not Available	Not Available	Not Available	Not Available	Not Available
2011	Not Available	Not Available	Not Available	Not Available	Not Available
2012	Not Available	Not Available	Not Available	Not Available	Not Available
2013	\$ 84,476	\$ 198,219	\$ (113,743)	\$ 963,243	20.6%
2014	93,694	93,694	-	1,068,342	8.8%
2015	97,043	97,043	-	1,116,721	8.7%
2016	97,875	97,875	-	1,119,822	8.7%
2017	102,802	102,802	-	1,140,976	9.0%
2018	92,561	94,803	(2,242)	1,055,433	9.0%
2019	97,337	103,641	(6,304)	1,146,956	9.0%

(1) Payroll is calculated based on contributions as reported to TCDRS.

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2020**

NOTE 1 OPEB AND PENSION LIABILITY

The District has not accumulated assets in a Trust to pay the OPEB liability.

Change in Benefit Terms

There were no changes of benefit terms that affected the measurement of the total OPEB or pension liability during the measurement period.

Change in Assumptions

There were no changes in assumptions or other inputs that affected the measurement of the total OPEB during the measurement period. Changes in assumptions affecting the measurement of the net pension liability included new inflation and mortality tables during the 2015 plan year and new mortality assumptions during the 2017 plan year.

**OTHER INFORMATION - UNAUDITED
(REQUIRED TCEQ SUPPLEMENTAL INFORMATION)**

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
BUDGETARY COMPARISON SCHEDULE – ENTERPRISE FUND
(UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
OPERATING REVENUES				
Charges for Water Service	\$ 6,500,814	\$ 6,014,191	\$ 5,768,789	\$ (245,402)
Charges for Sewer Service	3,553,885	3,280,000	3,343,636	63,636
Tap Connection and Inspection Fees	3,250	7,000	10,350	3,350
Penalties and Interest	127,758	70,000	71,703	1,703
Total Operating Revenues	<u>10,185,707</u>	<u>9,371,191</u>	<u>9,194,478</u>	<u>(176,713)</u>
OPERATING EXPENSES				
Purchased Water Service	2,714,710	2,299,249	1,865,024	434,225
Salaries and Payroll Taxes	1,737,185	1,532,701	1,495,355	37,346
Benefits	555,685	490,774	410,280	80,494
Repairs and Maintenance	796,135	774,212	655,518	118,694
Professional Fees	284,400	264,400	221,219	43,181
Utilities	340,803	340,803	317,965	22,838
Depreciation	-	-	1,759,150	(1,759,150)
Water and Sewer System Maintenance	215,979	215,979	218,004	(2,025)
Insurance	102,000	98,419	99,679	(1,260)
Software and Annual Support	134,681	154,681	124,037	30,644
Office Expenses	47,000	42,000	32,457	9,543
Bank and Payment Fees	67,000	67,000	73,964	(6,964)
Dues and Subscriptions	9,900	9,900	6,578	3,322
Training and Travel	36,202	15,036	11,903	3,133
TCEQ Fees and Permits	78,000	45,000	35,794	9,206
Fuel and Lube	27,500	27,500	18,286	9,214
Other	128,434	127,134	83,748	43,386
Total Operating Expenses	<u>7,275,614</u>	<u>6,504,788</u>	<u>7,428,961</u>	<u>(924,173)</u>
OPERATING INCOME	2,910,093	2,866,403	1,765,517	747,460
NONOPERATING REVENUES (EXPENSES)				
Property Taxes	2,204,929	2,204,929	2,229,770	24,841
Investment Earnings	111,400	71,400	133,579	62,179
Interest Expense	(560,855)	(560,855)	(996,742)	(435,887)
Gain on Sale of Fixed Assets	13,000	13,000	12,520	(480)
Rental Income	194,833	194,833	236,804	41,971
Other Income	7,000	21,000	61,404	40,404
Fire Department	(674,452)	(674,452)	(718,657)	(44,205)
Total Nonoperating Revenues	<u>1,295,855</u>	<u>1,269,855</u>	<u>958,678</u>	<u>(311,177)</u>
INCREASE IN NET POSITION	4,205,948	4,136,258	2,724,195	436,283
Total Net Position - Beginning	<u>30,435,151</u>	<u>30,435,151</u>	<u>30,435,151</u>	
TOTAL NET POSITION - ENDING	<u>\$ 34,641,099</u>	<u>\$ 34,571,409</u>	<u>\$ 33,159,346</u>	

See accompanying Note to Budgetary Comparison Schedules – Enterprise Fund.

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
NOTE TO BUDGETARY COMPARISON SCHEDULE – ENTERPRISE FUND
SEPTEMBER 30, 2020

The District adopts an accrual basis budget annually. The budget is prepared by management and approved by the Board of Directors. The adopted budget is not a spending limitation under the law but rather a tool used in controlling and administering the management and operation of the District. The District does not historically budget for depreciation expense. Charges for water service were under budget due to changes in usage. Interest expense was over budget because of fees for the Series 2020 Refunding Bonds issued during the current fiscal year.

**TEXAS SUPPLEMENTAL INFORMATION
(UNAUDITED)**

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
TSI-1. SERVICES AND RATES
SEPTEMBER 30, 2020
(UNAUDITED)

1. Services Provided by the Authority during the Fiscal Year:

<u> X </u>	Retail Water
<u> X </u>	Retail Wastewater

2. Retail Service Providers

a. Retail Rates for a 5/8" meter (or equivalent):

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate Per 1,000 Gallons Over Minimum Usage</u>	<u>Usage Levels</u>
Water:	\$ 32.00	-	N	\$ 5.00	0 to 8,000
				\$ 6.50	8,0001 to 20,000
				\$ 8.40	20,001 to 45,000
				\$ 10.90	45,001 and Above

Individuals over the age of 65 receive 3,000 gallons in the monthly minimum.

Wastewater:					
Residential	\$ 33.00	-	N	\$ 5.60	0 and Above

Individuals over the age of 65 receive 2,000 gallons in the monthly minimum.

Commercial	\$ 36.00	-	N	\$ 5.60	0 and Above
------------	----------	---	---	---------	-------------

Authority employs winter averaging for wastewater usage? Yes

Total Charges per 10,000 Gallons Usage:	Wastewater	\$ 100.29
---	------------	-----------

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
TSI-1. SERVICES AND RATES (CONTINUED)
SEPTEMBER 30, 2020
(UNAUDITED)

1. Services provided by the District:
 - a) Retail Water
 - b) Retail Wastewater
 - c) Wholesale Water
 - d) Wholesale Wastewater Treatment
 - e) Fire Protection
 - f) Irrigation
 - g) Participates in regional system and/or wastewater service (other than emergency interconnect)

2. Retail service providers: Current Rates

Water Base Rates		Water Volumetric Rates	
Residential and Commercial			
Meter Size	Base Rate	Rates per 1,000	Gallons
5/8"	\$18.15		
1"	\$34.11	\$3.96	0 to 6,000
1.5"	\$60.26	\$4.61	6,001 to 17,000
2"	\$91.63	\$5.34	17,001 to 25,000
3"	\$164.84	\$6.20	25,001 to 50,000
4"	\$269.43	\$7.21	50,001 +
6"	\$530.89		

Sewer Base Fee		Sewer Volumetric Rates	
	Base Rate	Rates per 1,000	Gallons
Residential*	\$22.15	\$4.10	0 to 4,000
		\$5.85	4,001 to 8,000
		\$8.25	8,001 to 12,000
		\$11.75	12,000 +
Commercial**	\$22.15	\$6.94	1,000 +

*Effective October 1, 2016 Winter Averaging for Sewer Rates were adopted for Residential Customers. Residential sewer rates each year are based on average water usage for the months of December, January, and February.

**Commercial sewer usage is billed based on actual water usage per month

NOTE: all rates noted above were amended effective April 1, 2020.

District employs winter averaging for wastewater usage? Yes

***Total water and wastewater charges per 10,000 gallons usage (including surcharges) effective April 1, 2020 (based on 5/8" & 3/4")

First 10,000 gallons used	10,000	\$	138.80
Next 10,000 gallons used	20,000	\$	187.09
Next 10,000 gallons used	30,000	\$	244.79
Next 10,000 gallons used	40,000	\$	306.79
Next 10,000 gallons used	50,000	\$	368.79
Next 10,000 gallons used and subsequent	60,000	\$	440.89

*** The above sewer calculations are based on a Winter Average of 10,000 gallons per month.

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
TSI-1. SERVICES AND RATES (CONTINUED)
SEPTEMBER 30, 2020
(UNAUDITED)

b) Retail service providers: number of retail water and/or wastewater* connections within the District as of the fiscal year end. Provide actual numbers and single family equivalents (ESFC).

Meter Size	Connections		ESFC Factor	Active ESFC's
	Total	Active		
Unmetered	-	-	1	-
Less than 3/4"	2,500	2,487	1	2,487
1"	701	696	3	1,740
1 1/2"	28	27	5	135
2"	106	95	8	760
3"	42	42	15	630
4"	15	15	25	375
6"	5	5	50	250
8"	1	1	80	80
10"	-	-	115	-
Total Water	<u>3,398</u>	<u>3,368</u>		<u>6,457</u>
Total Wastewater	<u>3,403</u>	<u>3,371</u>	<u>1</u>	<u>3,371</u>

* Number of connections relates to water service if provided. Otherwise, the number of wastewater connections should be provided.

Note: Total water connections does not include Fire Lines or Portable meters

Note: "inactive" means that water and wastewater connections were made, but service is not being provided.

Note: District provides wholesale services to the Town of Trophy Club through 1,444 connections

3. Total water consumption (in thousands) during the fiscal year:	
Gallons pumped into the system	926,776
Gallons billed to customers	830,970
Water accountability ratio	89.66%

4. Standby Fees:
Does the District assess standby fees? No

For the most recent fiscal year, FY2020:

	Total Levy	Total Collected	Percentage Collected
Debt Service	\$ 689,442	\$ 687,823	99.8%
Operations and Maintenance	\$ 1,362,863	\$ 1,359,663	99.8%

Have standby fees been levied in accordance with Water Code Section 49.231, thereby constituting a lien on property? No

5. Location of District:
Counties in which District is located: Denton
Tarrant

Is the District located entirely in one county? No

Is the District located within a city? Partially

Cities in which District is located: Town of Trophy Club
Town of Westlake

Is District located within a city's extra territorial jurisdiction (ETJ)? Unknown

ETJ's in which District is located: Unknown

Is the general membership of the Board appointed by an office outside the District? No

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
TSI-2. SCHEDULE OF ENTERPRISE FUND EXPENSES
(UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2020**

OPERATING EXPENSES

Purchased Water Service	\$ 1,865,024
Benefits	410,280
Repairs and Maintenance	655,518
Professional Fees	221,219
Utilities	317,965
Depreciation	1,759,150
Water and Sewer System Maintenance	218,004
Insurance	99,679
Software and Annual Support	124,037
Office Expenses	32,457
Bank and Payment Fees	73,964
Dues and Subscriptions	6,578
Training and Travel	11,903
TCEQ Fees and Permits	35,794
Fuel and Lube	18,286
Other	<u>83,748</u>

TOTAL EXPENSES

\$ 7,428,961

*Number of persons employed by the Authority: 21 Full-Time, 0 Part-Time
(Not including independent contractors or consultants.)

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
TSI-3. SCHEDULE OF TEMPORARY INVESTMENTS
(UNAUDITED)
SEPTEMBER 30, 2020

<u>Financial Institution</u>	<u>Identification Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance End of Year</u>	<u>Accrued Interest End of Year</u>
Prosperity Bank	216267724	1.220	Demand	\$ 1,844,602	Paid Monthly
Prosperity Bank	7318701	0.500	Demand	3,343,202	Paid Monthly
TexPool	613300002	2.1371	Demand	6,152,229	Paid Daily
TexPool	613300003	2.1371	Demand	34,511	Paid Daily
TexPool	613300011	2.1371	Demand	492,391	Paid Daily
TexPool	613300013	2.1371	Demand	25,988	Paid Daily
TexPool	613300014	2.1371	Demand	893,867	Paid Daily
TexPool	613300017	2.1371	Demand	5,625	Paid Daily
TexPool	613300018	2.1371	Demand	269,721	Paid Daily
TexPool	613300020	2.1371	Demand	531	Paid Daily
Bank of Texas BOKF	82-1747-01-1	1.560	Demand	784,967	Paid Daily
Bank of Texas BOKF	82-3288-01-4	1.300	Demand	<u>3,892,525</u>	Paid Daily
Total - All Funds				<u><u>\$ 17,740,158</u></u>	

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
TSI-4. TAXES LEVIED AND RECEIVABLE
SEPTEMBER 30, 2020
(UNAUDITED)

	General Fund			Debt	Total
	Operations	Fire	Total	Service	
Taxes receivable beginning of year	\$ 2,088	\$ 19,523	\$ 21,610	\$ 11,850	\$ 33,461
2019 tax levy	131,748	1,186,791	1,318,540	667,020	1,985,560
Total to be accounted for	133,836	1,206,314	1,340,150	678,870	2,019,020
Less collections and adjustments:					
Current year	(131,429)	(1,183,911)	(1,315,340)	(665,401)	(1,980,741)
Prior years	(656)	(5,691)	(6,347)	(3,865)	(10,212)
Total to be accounted for	(132,085)	(1,189,602)	(1,321,687)	(669,266)	(1,990,953)
Taxes receivable, end of year	\$ 1,751	\$ 16,712	\$ 18,463	\$ 9,603	\$ 28,067
Taxes receivable by year					
1996 and prior	\$ -	\$ -	\$ -	\$ -	\$ -
1997	-	-	-	-	-
1998	-	-	-	-	-
1999	-	-	-	-	-
2000	-	-	-	-	-
2001	-	-	-	-	-
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	24	111	135	172	307
2007	23	223	245	272	517
2008	57	448	505	364	869
2009	172	693	865	436	1,301
2010	132	1,645	1,778	1,159	2,936
2011	132	1,463	1,595	748	2,343
2012	140	1,471	1,611	276	1,887
2013	144	1,346	1,491	565	2,055
2014	247	1,286	1,534	687	2,221
2015	71	1,084	1,155	814	1,969
2016	67	1,142	1,209	742	1,951
2017	90	785	875	499	1,374
2018	232	2,034	2,266	1,251	3,517
2019	320	2,880	3,200	1,619	4,819
	\$ 1,852	\$ 16,612	\$ 18,464	\$ 9,603	\$ 28,067
Property valuations (in 000's)	F/Y	F/Y	F/Y	F/Y	F/Y
	19/20	18/19	17/18	16/17	15/16
Land	\$ 800,425	\$ 667,906	\$ 620,210	\$ 562,280	\$ 497,482
Improvements	1,042,035	981,366	908,581	798,401	719,295
Personal property	109,764	103,985	105,783	99,772	71,096
Exemptions	(140,704)	(81,906)	(82,556)	(57,745)	(57,305)
	\$ 1,811,520	\$ 1,671,351	\$ 1,552,018	\$ 1,402,708	\$ 1,230,568

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
TSI-4. TAXES LEVIED AND RECEIVABLE (CONTINUED)
SEPTEMBER 30, 2020
(UNAUDITED)

Tax rate per \$100 valuation					
Operations	0.00748	0.00765	0.00788	0.00438	0.00472
Fire department	0.06738	0.06719	0.06870	0.07445	0.07222
Debt service	0.03787	0.04134	0.04363	0.04839	0.05420
Tax rate per \$100 valuation	<u>0.11273</u>	<u>0.11618</u>	<u>0.12021</u>	<u>0.12722</u>	<u>0.13114</u>
Tax levy:	\$ 2,052,305	\$ 1,919,984	\$ 1,870,008	\$ 1,779,098	\$ 2,000,874
Percent of taxes collected to taxes levied	99.76%	99.48%	99.75%	99.60%	99.70%

Tax rate for any other special district which (a) encompass less than a county, (b) provides water, wastewater collection, drainage or roads to property in the district and (c) taxes property in the district.

Name of Special Districts	Service Provided	Tax Rate
None		\$
		<u>\$</u>
Total rate(s) of special districts		<u>\$</u>

Tax rates (per \$100 net taxable value) for all overlapping jurisdictions. Include any taxing entities which overlap 10% or more of the District.

	Denton County	Tarrant County
County	Denton/Tarrant 0.225278	0.234
City	Town of Trophy Club 0.446442	0.446442
School District	Northwest ISD/Carroll ISD 1.42	1.3
	2.09172	1.980442
Special Districts not included above	Hospital District 0	0.224429
	Tarrant County Comm. College 0	0.13017
Total Special Districts	0	0.354599
MUD 1 District Tax Rate	0.11273	0.11273
Total Overlapping Tax District	2.20445	2.447771

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS
(UNAUDITED)
SEPTEMBER 30, 2020

All Bonded Debt Series

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1 and September 1	Total
2021	\$ 1,580,000	\$ 672,697	\$ 2,252,697
2022	1,625,000	636,543	2,261,543
2023	1,665,000	601,322	2,266,322
2024	1,235,000	563,128	1,798,128
2025	1,265,000	538,296	1,803,296
2026	1,285,000	511,556	1,796,556
2027	1,325,000	482,948	1,807,948
2028	1,360,000	452,287	1,812,287
2029	1,400,000	419,307	1,819,307
2030	1,440,000	383,809	1,823,809
2031	1,485,000	344,703	1,829,703
2032	1,400,000	304,049	1,704,049
2033	1,440,000	263,749	1,703,749
2034	1,500,000	221,124	1,721,124
2035	1,130,000	175,675	1,305,675
2036	515,000	142,612	657,612
2037	250,000	129,538	379,538
2038	255,000	122,038	377,038
2039	265,000	114,069	379,069
2040	275,000	105,788	380,788
2041	285,000	96,850	381,850
2042	290,000	87,588	377,588
2043	300,000	78,163	378,163
2044	310,000	68,413	378,413
2045	320,000	58,338	378,338
2046	330,000	47,538	377,538
2047	345,000	36,400	381,400
2048	355,000	24,756	379,756
2049	365,000	12,775	377,775
	<u>\$ 25,595,000</u>	<u>\$ 7,696,050</u>	<u>\$ 33,291,050</u>

General Obligation Bonds - Series 2010 (Fire Station)
(\$2,000,000)

Due During Fiscal Years Ending	Principal Due 1-Sep	Interest Due March 1 and September 1	Total
2021	\$ 95,000	\$ 3,325	\$ 98,325
	<u>\$ 95,000</u>	<u>\$ 3,325</u>	<u>\$ 98,325</u>

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS (CONTINUED)
(UNAUDITED)
SEPTEMBER 30, 2020

General Obligation Bonds - Series 2012
(2,355,000)

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1 and September 1	Total
2021	\$ 230,000	\$ 21,600	\$ 251,600
2022	240,000	14,700	254,700
2023	250,000	7,500	257,500
	<u>\$ 720,000</u>	<u>\$ 43,800</u>	<u>\$ 763,800</u>

General Obligation Bonds - Series 2013
(1,905,000)

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1 and September 1	Total
2021	\$ 205,000	\$ 19,975	\$ 224,975
2022	210,000	13,825	223,825
2023	215,000	7,525	222,525
	<u>\$ 630,000</u>	<u>\$ 41,325</u>	<u>\$ 671,325</u>

General Obligation Bonds - Series 2014
(5,765,000)

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1 and September 1	Total
2021	\$ 265,000	\$ 129,313	\$ 394,313
2022	270,000	124,013	394,013
2023	280,000	118,613	398,613
2024	290,000	112,313	402,313
2025	295,000	105,063	400,063
2026	305,000	97,688	402,688
2027	315,000	90,063	405,063
2028	325,000	81,400	406,400
2029	335,000	72,463	407,463
2030	345,000	62,413	407,413
2031	360,000	51,200	411,200
2032	370,000	39,500	409,500
2033	385,000	27,475	412,475
2034	400,000	14,000	414,000
	<u>\$ 4,540,000</u>	<u>\$ 1,125,513</u>	<u>\$ 5,665,513</u>

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS (CONTINUED)
(UNAUDITED)
SEPTEMBER 30, 2020

Unlimited Tax Refunding Bonds, Series 2020
 Refunded Bond: M1 Series 2010
 (1,220,000)

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1 and September 1	Total
2021	\$ 15,000	\$ 15,860	\$ 30,860
2022	115,000	15,665	130,665
2023	115,000	14,170	129,170
2024	120,000	12,675	132,675
2025	120,000	11,115	131,115
2026	115,000	9,555	124,555
2027	120,000	8,060	128,060
2028	125,000	6,500	131,500
2029	125,000	4,875	129,875
2030	125,000	3,250	128,250
2031	125,000	1,625	126,625
	<u>\$ 1,220,000</u>	<u>\$ 103,350</u>	<u>\$ 1,323,350</u>

Revenue Bonds - Series 2015
 (9,230,000)

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1 and September 1	Total
2021	\$ 400,000	\$ 200,438	\$ 600,438
2022	410,000	192,438	602,438
2023	420,000	184,238	604,238
2024	435,000	175,838	610,838
2025	450,000	167,138	617,138
2026	460,000	157,013	617,013
2027	475,000	145,513	620,513
2028	490,000	133,638	623,638
2029	510,000	120,163	630,163
2030	525,000	106,138	631,138
2031	545,000	90,388	635,388
2032	565,000	74,038	639,038
2033	585,000	57,088	642,088
2034	610,000	39,538	649,538
2035	630,000	20,475	650,475
	<u>\$ 7,510,000</u>	<u>\$ 1,864,075</u>	<u>\$ 9,374,075</u>

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS (CONTINUED)
(UNAUDITED)
SEPTEMBER 30, 2020

Revenue Bonds - Series 2016
(4,635,000)

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1 and September 1	Total
2021	\$ 215,000	\$ 58,599	\$ 273,599
2022	220,000	56,965	276,965
2023	220,000	55,139	275,139
2024	220,000	53,115	273,115
2025	225,000	50,893	275,893
2026	225,000	48,463	273,463
2027	230,000	45,875	275,875
2028	230,000	42,862	272,862
2029	235,000	39,619	274,619
2030	240,000	35,671	275,671
2031	245,000	31,303	276,303
2032	250,000	26,624	276,624
2033	250,000	21,749	271,749
2034	260,000	16,749	276,749
2035	265,000	11,262	276,262
2036	270,000	5,724	275,724
	<u>\$ 3,800,000</u>	<u>\$ 600,612</u>	<u>\$ 4,400,612</u>

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS (CONTINUED)
(UNAUDITED)
SEPTEMBER 30, 2020

Revenue Bonds - Series 2019
(7,080,000)

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1 and September 1	Total
2021	\$ 155,000	\$ 223,588	\$ 378,588
2022	160,000	218,938	378,938
2023	165,000	214,138	379,138
2024	170,000	209,188	379,188
2025	175,000	204,088	379,088
2026	180,000	198,838	378,838
2027	185,000	193,438	378,438
2028	190,000	187,888	377,888
2029	195,000	182,188	377,188
2030	205,000	176,338	381,338
2031	210,000	170,188	380,188
2032	215,000	163,888	378,888
2033	220,000	157,438	377,438
2034	230,000	150,838	380,838
2035	235,000	143,938	378,938
2036	245,000	136,888	381,888
2037	250,000	129,538	379,538
2038	255,000	122,038	377,038
2039	265,000	114,069	379,069
2040	275,000	105,788	380,788
2041	285,000	96,850	381,850
2042	290,000	87,588	377,588
2043	300,000	78,163	378,163
2044	310,000	68,413	378,413
2045	320,000	58,338	378,338
2046	330,000	47,538	377,538
2047	345,000	36,400	381,400
2048	355,000	24,756	379,756
2049	365,000	12,775	377,775
	<u>\$ 7,080,000</u>	<u>\$ 3,914,050</u>	<u>\$ 10,994,050</u>

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
TSI-6. CHANGES IN LONG-TERM DEBT
(UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2020

	Series 2010 GO Bonds	Series 2012 GO Bonds	Series 2013 GO Bonds	Series 2014 GO Bonds	M1 GO Series 2020 GO Bonds	Series 2015 Revenue Bonds	Series 2016 Revenue Bonds	Series 2019 Revenue Bonds	Total
Interest Rate	3.50-5.00%	2.00-3.00%	2.00-3.50%	1.50-3.50%	1.3%	2.0-3.25%	0.53-2.12%	3.00-3.50%	
Date Interest Payable	3/1 & 9/1	3/1 & 9/1	3/1 & 9/1	3/1 & 9/1	3/1 & 9/1	3/1 & 9/1	3/1 & 9/1	3/1 & 9/1	
Maturity Date	9/1/2031	9/1/2023	9/1/2023	9/1/2034	9/1/2031	9/1/2035	9/1/2036	9/1/2049	
Bonds Outstanding at Beginning of Year	\$ 1,405,000	\$ 945,000	\$ 825,000	\$ 4,795,000	\$ -	\$ 7,900,000	\$ 4,015,000	\$ 7,080,000	\$ 26,965,000
Bonds Issued	\$ -	\$ -	\$ -	\$ -	\$ 1,220,000	\$ -	\$ -	\$ -	\$ 1,220,000
Retirements of Principal	\$ 1,310,000	\$ 225,000	\$ 195,000	\$ 255,000	\$ -	\$ 390,000	\$ 215,000	\$ -	\$ 2,590,000
Bonds Outstanding at End of Fiscal Year	<u>\$ 95,000</u>	<u>\$ 720,000</u>	<u>\$ 630,000</u>	<u>\$ 4,540,000</u>	<u>\$ 1,220,000</u>	<u>\$ 7,510,000</u>	<u>\$ 3,800,000</u>	<u>\$ 7,080,000</u>	<u>\$ 25,595,000</u>
Retirements of Interest	<u>\$ 33,191</u>	<u>\$ 28,350</u>	<u>\$ 25,825</u>	<u>\$ 133,775</u>	<u>\$ 3,260</u>	<u>\$ 208,238</u>	<u>\$ 60,125</u>	<u>\$ 326,686</u>	<u>\$ 819,450</u>
Paying Agent's Name & City:	The Bank of New York Mellon Newark, NJ	The Bank of New York Mellon Newark, NJ	The Bank of New York Mellon Newark, NJ	The Bank of TX Corporate Trust Austin, TX	JP Morgan Chase New York, NY	The Bank of TX Corporate Trust Austin, TX	The Bank of TX Corporate Trust Austin, TX	The Bank of TX Corporate Trust Austin, TX	
<u>Bond Authority</u>	<u>General Obligation Bonds</u>								
Amount Authorized by Voters	\$ 34,859,217								
Amount Issued	\$ 34,855,000								
Remaining to be Issued	<u>\$ 4,217</u>								

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
TSI-7. COMPARATIVE SCHEDULE OF REVENUES
AND EXPENSES ENTERPRISE FUND
(UNAUDITED)
FIVE YEARS ENDED SEPTEMBER 30, 2020

	2020	2019	2018	2017	2016
OPERATING REVENUES					
Charges for Water Service	\$ 5,768,789	\$ 5,358,205	\$ 6,169,279	\$ 5,958,412	\$ 4,325,300
Charges for Sewer Service	3,343,636	3,181,555	3,117,435	2,674,335	2,404,626
Tap Connection and Inspection Fees	10,350	-	-	-	-
Penalties and Interest	71,703	-	-	-	-
Total Operating Revenues	<u>9,194,478</u>	<u>8,539,760</u>	<u>9,286,714</u>	<u>8,632,747</u>	<u>6,729,926</u>
OPERATING EXPENSES					
Purchased Water Service	1,865,024	-	-	-	-
Salaries and Payroll Taxes	1,495,355	-	-	-	-
Benefits	410,280	-	-	-	-
Repairs and Maintenance	655,518	-	-	-	-
Professional Fees	221,219	-	-	-	-
Utilities	317,965	-	-	-	-
Depreciation	1,759,150	-	-	-	-
Water and Sewer System Maintenance	218,004	-	-	-	-
Insurance	99,679	-	-	-	-
Software and Annual Support	124,037	-	-	-	-
Office Expenses	32,457	-	-	-	-
Bank and Payment Fees	73,964	-	-	-	-
Dues and Subscriptions	6,578	-	-	-	-
Training and Travel	11,903	-	-	-	-
TCEQ Fees and Permits	35,794	-	-	-	-
Fuel and Lube	18,286	-	-	-	-
Other	83,748	-	-	-	-
Water Operations	-	3,325,173	3,385,244	3,217,030	3,254,882
General Government	-	1,561,141	1,395,655	1,336,409	1,302,074
Wastewater Operations	-	1,250,940	1,149,853	1,209,579	1,175,588
Non-Departmental	-	179,748	190,494	294,196	380,317
Wastewater Collection System	-	68,213	67,858	67,830	68,016
Directors	-	2,500	9,811	6,497	15,782
Total Operating Expenses	<u>7,428,961</u>	<u>6,387,715</u>	<u>6,198,915</u>	<u>6,131,541</u>	<u>6,196,659</u>
OPERATING INCOME	1,765,517	2,152,045	3,087,799	2,501,206	533,267
NONOPERATING REVENUES (EXPENSES)					
Property Taxes	2,229,770	1,918,080	1,878,557	1,785,407	2,038,634
Investment Earnings	133,579	233,313	112,040	54,791	44,116
Interest Expense	(996,742)	(567,032)	(569,293)	(584,186)	(553,343)
Gain on Sale of Fixed Assets	12,520	52,600	9,477	1,906	48,083
Rental Income	236,804	-	-	-	-
Contribution Not Restricted to Specific Programs	-	298,654	195,528	103,619	146,125
Other Income	61,404	85,068	91,972	136,863	142,027
Capital Grants and Contributions	-	-	-	-	584,570
Fire Department	(718,657)	(765,952)	(698,845)	(702,943)	(1,098,445)
Total Nonoperating Revenues	<u>958,678</u>	<u>1,254,731</u>	<u>1,019,436</u>	<u>795,457</u>	<u>1,351,767</u>
INCREASE IN NET POSITION	2,724,195	3,406,776	4,107,235	3,296,663	1,885,034
Total Net Position - Beginning	<u>30,435,151</u>	<u>27,028,375</u>	<u>22,921,140</u>	<u>19,624,477</u>	<u>17,739,443</u>
TOTAL NET POSITION - ENDING	<u>\$ 33,159,346</u>	<u>\$ 30,435,151</u>	<u>\$ 27,028,375</u>	<u>\$ 22,921,140</u>	<u>\$ 19,624,477</u>
Total Active Retail Water and/or Wastewater Connections	<u>3,371</u>	<u>3,330</u>	<u>3,284</u>	<u>3,244</u>	<u>3,422</u>

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
TSI-7. COMPARATIVE SCHEDULE OF REVENUES
AND EXPENSES ENTERPRISE FUND (CONTINUED)
(UNAUDITED)
FIVE YEARS ENDED SEPTEMBER 30, 2020

	2020	2019	2018	2017	2016
OPERATING REVENUES					
Charges for Water Service	63%	63%	66%	69%	64%
Charges for Sewer Service	36%	37%	34%	31%	36%
Tap Connection and Inspection Fees	0%	0%	0%	0%	0%
Penalties and Interest	1%	0%	0%	0%	0%
Total Operating Revenues	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
OPERATING EXPENSES					
Purchased Water Service	20%	0%	0%	0%	0%
Salaries and Payroll Taxes	16%	0%	0%	0%	0%
Benefits	4%	0%	0%	0%	0%
Repairs and Maintenance	7%	0%	0%	0%	0%
Professional Fees	2%	0%	0%	0%	0%
Utilities	3%	0%	0%	0%	0%
Depreciation	19%	0%	0%	0%	0%
Water and Sewer System Maintenance	2%	0%	0%	0%	0%
Insurance	1%	0%	0%	0%	0%
Software and Annual Support	1%	0%	0%	0%	0%
Office Expenses	0%	0%	0%	0%	0%
Bank and Payment Fees	1%	0%	0%	0%	0%
Dues and Subscriptions	0%	0%	0%	0%	0%
Training and Travel	0%	0%	0%	0%	0%
TCEQ Fees and Permits	0%	0%	0%	0%	0%
Fuel and Lube	0%	0%	0%	0%	0%
Other	1%	0%	0%	0%	0%
Water Operations	0%	39%	36%	37%	48%
General Government	0%	18%	15%	15%	19%
Wastewater Operations	0%	15%	12%	14%	17%
Non-Departmental	0%	2%	2%	3%	6%
Wastewater Collection System	0%	1%	1%	1%	1%
Directors	0%	0%	0%	0%	0%
Total Operating Expenses	<u>81%</u>	<u>75%</u>	<u>67%</u>	<u>71%</u>	<u>92%</u>
OPERATING INCOME	19%	25%	33%	29%	8%
NONOPERATING REVENUES (EXPENSES)					
Property Taxes	24%	22%	20%	21%	30%
Investment Earnings	1%	3%	1%	1%	1%
Interest Expense	-11%	-7%	-6%	-7%	-8%
Gain on Sale of Fixed Assets	0%	1%	0%	0%	1%
Rental Income	3%	0%	0%	0%	0%
Contribution Not Restricted to Specific Programs	0%	3%	2%	1%	2%
Other Income	1%	1%	1%	2%	2%
Capital Grants and Contributions	0%	0%	0%	0%	9%
Fire Department	-8%	-9%	-8%	-8%	-16%
Total Nonoperating Revenues	<u>10%</u>	<u>15%</u>	<u>11%</u>	<u>9%</u>	<u>20%</u>
INCREASE IN NET POSITION	30%	40%	44%	38%	28%

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
TSI-8. BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS
SEPTEMBER 30, 2020
(UNAUDITED)**

Complete District Mailing Address: 100 Municipal Drive, Trophy Club, Texas 76262

District Business Telephone Number: Metro (682) 831-4600

Limit of Fees of Office that a Director may receive during a fiscal year: \$0
(Set by Board Resolution - TWC Section 49.060)

Name and Address	Term of Office Elected/Expires or Date Hired	Fees of Office Paid FY19	Expense Reimbursements FY19	Title at Year End
Board Members:				
Gregory Wilson 2013 Churchill Downs Lane Trophy Club, TX 76262	05/16-05/20	\$ -	\$ -	Director
William Rose 219 Inverness Drive Trophy Club, TX 76262	05/16-05/20	\$ -	\$ -	Director
Steve Flynn 417 Ramsey Trail Trophy Club, TX 76262	05/18-05/22	\$ -	\$ -	President
Kelly Castonguay 402 Parkview Drive Trophy Club, TX 76262	05/18-5/22	\$ -	\$ -	Secretary/Treasurer
Mark Chapman 197 Durango Dr Trophy Club, TX 76262	05/18-05/22	\$ -	\$ -	Vice-President