

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED SEPTEMBER 30, 2021

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
TABLE OF CONTENTS
YEAR ENDED SEPTEMBER 30, 2021**

ANNUAL FILING AFFIDAVIT	1
INDEPENDENT AUDITORS' REPORT	2
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	4
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 (UNAUDITED)	
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS	30
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS	31
SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS	32
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION	33
TEXAS SUPPLEMENTARY INFORMATION (UNAUDITED)	
BUDGETARY COMPARISON SCHEDULE – ENTERPRISE FUND	34
NOTE TO BUDGETARY COMPARISON SCHEDULE – ENTERPRISE FUND	35
TSI-1. SERVICE AND RATES	36
TSI-2. SCHEDULE OF ENTERPRISE FUND EXPENSES	39
TSI-3. SCHEDULE OF TEMPORARY INVESTMENTS	40
TSI-4. TAXES LEVIED AND RECEIVABLE	41
TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS	43
TSI-6. CHANGES IN LONG-TERM DEBT	48
TSI-7. COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES ENTERPRISE FUND	49
TSI-8. BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS	51

ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS §
COUNTY OF DENTON §

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

Of Trophy Club Municipal Utility District No. 1

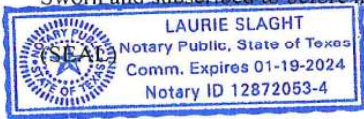
Hereby swear, or affirm, that the district named above has reviewed and approved at a meeting of the Board of Directors of the District on the 19th day of January 2022 its annual audit report for the fiscal year or period ended September 30, 2021 and that copies of the annual audit report have been filed 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 Environmental Quality in satisfaction of the annual filing requirements of the Texas Water Code Section 49.194.

Date: January 19th 2022

By: [Signature]
(Signature of District Representative)
Steven J. Flynn, President, Board of Directors
(Typed Name & Title of Representative)

Sworn and subscribed to before me this 19th day of January, 2022



[Signature]
(Signature of Notary)

My Commission Expires on: January 19th 2024

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, 2021, 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

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 an opinion 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, 2021, and the respective changes in financial position and its cash flows 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 30-33 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 Supplementary Information on pages 34-52 is required by the Texas Commission on Environmental Quality (TCEQ) as published in the Water District Financial Management Guide. The Texas Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Texas Supplementary Information has 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

Fort Worth, Texas
January 18, 2022

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2021**

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, 2021.

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 \$35,847,300 (net position). Of this amount, \$13,086,948 (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 \$2,687,954. This increase is primarily the result of the District's operating revenues outpacing operating expenses by \$1,811,559.
- The District's total debt decreased by \$1,813,257, primarily due to total principal payments on bonds payable and capital lease obligations 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 14-29.

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2021**

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 36-52 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, 2021.

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 \$35,847,300 as of September 30, 2021.

The largest portion of the District's net position (61%) 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 (3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$13,086,948, or 36%) 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

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Current and Other Assets	\$ 19,708,025	\$ 19,098,880	\$ 609,145
Capital Assets	41,434,713	42,256,558	(821,845)
Deferred Outflows of Resources	<u>246,946</u>	<u>117,641</u>	<u>129,305</u>
Total Assets and Deferred Outflows of Resources	61,389,684	61,473,079	(83,395)
Current Liabilities	2,796,979	3,735,704	(938,725)
Long-Term Liabilities	22,679,125	24,524,888	(1,845,763)
Deferred Inflows of Resources	<u>66,280</u>	<u>53,441</u>	<u>12,839</u>
Total Liabilities and Deferred Inflows of Resources	<u>25,542,384</u>	<u>28,314,033</u>	<u>(2,771,649)</u>
Net Position:			
Net Investment in Capital Assets	21,858,843	20,803,435	1,055,408
Restricted	901,509	959,991	(58,482)
Unrestricted	<u>13,086,948</u>	<u>11,395,920</u>	<u>1,691,028</u>
Total Net Position	<u>\$ 35,847,300</u>	<u>\$ 33,159,346</u>	<u>\$ 2,687,954</u>

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2021**

Regarding restricted net position, \$901,509 represents the portion restricted for debt service. Unrestricted net position of \$13,086,948 may be used to meet the government's ongoing obligations to its customer and creditors.

As of September 30, 2021, 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 \$609,145, primarily due to an increase in cash, cash equivalents, and investments. Operating revenues and operating expenses increased by 2% and 5%, respectively, and interest expense decreased \$328,064 resulting in an overall higher cash and investments balance at September 30, 2021.

During the current year, the District's debt (its revenue and general obligation bonds) decreased by \$1,580,000. Also included in long-term liabilities is the requirement to report an OPEB (Other Postemployment Benefits) liability of \$30,591, which includes a \$5,773 increase and Net Pension Liability of \$30,690, which includes a \$82,552 increase.

The District's net position increased by \$2,687,954 during the current fiscal year. Net position invested in capital assets, net of related debt, increased by \$1,055,408. Unrestricted net position increased by \$1,691,028.

The following table provides a summary of the District's operations for the fiscal year ended September 30, 2021, with comparative totals for the fiscal year ended September 30, 2020.

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

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Total Operating Revenues	\$ 9,386,772	\$ 9,194,478	\$ 192,294
Operating Expenses	(7,575,213)	(7,210,957)	(364,256)
Nonoperating Revenue (Expense), Net	<u>876,395</u>	<u>740,674</u>	<u>135,721</u>
Excess of Revenues Over Expenses	<u>2,687,954</u>	<u>2,724,195</u>	<u>(36,241)</u>
Change in Net Position	2,687,954	2,724,195	(36,241)
Net Position - Beginning of Year	<u>33,159,346</u>	<u>30,435,151</u>	<u>2,724,195</u>
Net Position - End of Year	<u><u>\$ 35,847,300</u></u>	<u><u>\$ 33,159,346</u></u>	<u><u>\$ 2,687,954</u></u>

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2021**

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 \$13,029,518. This fund's net position increased in the fiscal year ended September 30, 2021 by \$2,687,954.

Proprietary Fund Budgetary Highlights – The District Board of Directors approved a budget amendment during the FY 2020-2021 to largely account for the continued effects of COVID-19 and recent tendencies which reduced operational revenues by \$468,488 and reduced operational expenses by \$867,388, for a net impact of \$398,900 from the original adopted budget.

Actual operating revenues were decreased by \$412,003 from the original adopted budget which totaled \$56,485 more than the amended budget. Some significant operating revenue impacts were the decrease in water consumption sold compared to projected, reduction in utility billing revenue (penalties and service charges) collected, and a significant non-operating revenue impact was the decrease in interest earned throughout all accounts due to interest rates dropping to near zero.

Actual operating expenses were \$393,139 above the original adopted budget which totaled \$1,260,527 over the amended budget. The significant increase in expense is due to presenting depreciation expense in the financial statements, \$1,815,475, which is not directly presented in the adopted or amended budget. Other operational expense impacts were decreased water purchased from Fort Worth due to decreased consumption sold, reduced repair and maintenance due to reduced workload on the water system, and a reduction in a combined salaries and employee benefits due to open positions throughout the fiscal 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 34.

CAPITAL ASSETS

The District's capital assets for its business-type activities as of September 30, 2021 totaled to \$41,434,713 (net of accumulated depreciation). Capital assets include land, building, equipment, improvements, infrastructure, water rights and construction in progress.

The District's capital assets decreased \$821,845 during the current year.

The major capital asset events during the current fiscal year include the completion of Chimney Rock/Carnoustie waterline project and transferring from asset group CIP to Water System, continued additions to the 16-inch Waterline Interconnect project, the project start of the District's water and wastewater master plan and the emergency response plan.

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2021**

Capital assets at year-end are as follows:

	2021	2020	Change
Construction in Progress	\$ 4,351,712	\$ 4,311,836	\$ 39,876
Land	648,178	648,178	-
Water Rights	864,678	864,678	-
Buildings	3,535,137	3,535,137	-
Improvements Other Than Buildings	600,776	551,298	49,478
Machinery and Equipment	2,984,794	2,690,810	293,984
Organization Costs	2,354,963	2,331,300	23,663
Vehicles	2,816,913	2,843,608	(26,695)
Water System	14,019,565	13,299,399	720,166
Wastewater Treatment System	22,497,150	22,638,174	(141,024)
Wastewater Collection System	4,541,890	4,533,630	8,260
Total	<u>\$ 59,215,756</u>	<u>\$ 58,248,048</u>	<u>\$ 967,708</u>

Accumulated depreciation at September 30, 2021 and 2020 was \$17,781,043 and \$15,991,490 respectively.

The following table summarizes the changes in capital assets:

	2021	2020
Balance - Beginning of Year	\$ 42,256,558	\$ 42,628,151
Additions and Transfers	1,154,549	19,154,606
Depreciation	(1,815,475)	(1,759,150)
Disposals and Transfers	(160,919)	(17,767,049)
Balance - End of Year	<u>\$ 41,434,713</u>	<u>\$ 42,256,558</u>

Additional information on the District's capital assets can be found in Note 4 on page 19 of this report,

DEBT ADMINISTRATION

At the end of the current fiscal year, the District had total debt obligations of \$24,393,994, which was comprised of revenue bonds and notes payable and capital lease obligations. The payoff date of the District's bonds and notes is during 2049.

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

	2021	2020	Change
Revenue Bonds/Notes Payable	\$ 24,015,000	\$ 25,595,000	\$ (1,580,000)
Capital Lease Obligations	378,994	612,251	(233,257)
Total	<u>\$ 24,393,994</u>	<u>\$ 26,207,251</u>	<u>\$ (1,813,257)</u>

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2021**

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

2022 budgetary highlights:

Revenue: The District's 2022 General Fund budgeted revenues reflect a projected increase of \$143,482, or 1.4%, when compared to the District's 2021 adopted budget.

- Water revenue is budgeted to increase from \$5,932,489 for fiscal year 2021 to \$6,033,776 for fiscal year 2022 with a total projected increase of \$101,287, or 1.7%.
- Sewer revenue is budgeted to increase from \$3,677,146 for fiscal year 2021 to \$3,824,473 for fiscal year 2022 with a total projected increase of \$147,327, or 4.0%.
- Even though the District's M&O tax rate decreased from fiscal year 2021 to fiscal year 2022, the District is projected to collect a M&O tax revenue increase total of \$27,178. The segregated M&O property tax revenue from fiscal year 2021 to fiscal year 2022 is budgeted to increase by \$26,558 for Fire and increase by \$620 for the MUD.

Expenses: The District's 2022 General Fund budgeted expenses reflect a projected increase of \$148,588, or 1.45%, when compared to the District's 2021 adopted budget.

- Wholesale water purchase from City of Fort Worth decreasing by \$87,684, or 3.4%, due to the continued impacts of COVID-19 consumption demands.
- Overall capital outlay increased by \$532,000, or 42.1% due to the District's proactive asset replacement schedule and the continued inflation cost for service and materials.
- The District's personnel cost collectively decreased by \$45,168, or 2.0% due to the reduction in FTE in both Wastewater and Admin combined with COLA increase and new employee benefit rates.

Overall: The District's 2022 operational budget is anticipated to have revenues of \$10,370,758 and expenses of \$10,370,758 for a total projected net of \$0 for the year.

Debt Service Fund 2022 budgetary highlights:

- The District's Debt Service expenses are budgeted to increase from \$2,256,798 in fiscal year 2021 to \$2,264,894 budgeted for fiscal year 2022 for a total increase of \$8,096, or 0.36%.
- Property tax revenues collected for Debt Service are budgeted to decrease from \$691,010 in fiscal year 2021 to \$690,667 budgeted in fiscal year 2022 for a total decrease of \$343, or 0.05%.

Overall: The District's consolidated budget revenue increased from \$14,315,262 in fiscal year 2021 budget to \$14,513,228 in fiscal year 2022 budget totaling a projected increase of 1.38%. The District's consolidated budget expenses increased from \$14,287,657 in fiscal year 2021 budget to \$14,513,228 in fiscal year 2022 budget totaling a projected decrease of 1.58%.

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2021**

Sewer and Water Rates highlights:

The District did not adopt new water or sewer rates during FY 2021 for either residential or commercial.

Legal highlights:

The District has one primary legal matter outstanding during FY 2021; 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, 2021

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

CURRENT ASSETS

Cash and Cash Equivalents	\$	5,156,204
Investments		7,092,105
Accounts Receivable, Net of Allowance		1,340,899
Taxes Receivable		23,947
Prepaid Expenses		4,956
Total Current Assets		13,618,111

RESTRICTED ASSETS

Cash and Cash Equivalents		1,097,321
Investments		4,992,593
Total Restricted Assets		6,089,914

CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION

Construction in Progress, Nondepreciable		4,351,712
Land, Nondepreciable		648,178
Water Rights, Nondepreciable		864,678
Buildings and Other Improvements, Net		2,985,345
Machinery, Vehicles and Other Equipment, Net		2,580,015
Water System, Net		29,976,755
Organization Costs, Net		28,030
Total Capital Assets		41,434,713

DEFERRED OUTFLOWS OF RESOURCES

Related to Pension		238,457
Related to OPEB		8,489
Total Deferred Outflows of Resources		246,946

	\$	61,389,684
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LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

CURRENT LIABILITIES

Accounts Payable	\$	487,495
Accrued Liabilities		75,820
Accrued Interest Payable		57,355
Customer Deposits		312,360
Current Portion of Long-Term Debt		1,863,949
Total Current Liabilities		2,796,979

LONG-TERM LIABILITIES

Long-Term Debt, Net of Current Portion		22,617,844
Net Pension Liability		30,690
OPEB Liability		30,591
Total Long-Term Liabilities		22,679,125

DEFERRED INFLOWS OF RESOURCES

Related to Pension		61,184
Related to OPEB		5,096
Total Deferred Inflows of Resources		66,280

		25,542,384
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NET POSITION

Net Investment in Capital Assets		21,858,843
Restricted for Debt Service		901,509
Unrestricted		13,086,948
Total Net Position		35,847,300

	\$	61,389,684
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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, 2021

OPERATING REVENUES

Charges for Water Service	\$ 5,610,887
Charges for Sewer Service	3,677,176
Tap Connection and Inspection Fees	400
Penalties and Interest	98,309
Total Operating Revenues	9,386,772

OPERATING EXPENSES

Purchased Water Service	1,893,513
Salaries and Payroll Taxes	1,504,251
Benefits	426,720
Repairs and Maintenance	936,260
Professional Fees	166,138
Utilities	316,690
Depreciation	1,815,475
Insurance	100,487
Software and Annual Support	96,552
Office Expenses	30,175
Bank and Payment Fees	90,222
Dues and Subscriptions	8,761
Training and Travel	8,756
TCEQ Fees and Permits	63,570
Fuel and Lube	28,348
Other	89,295
Total Operating Expenses	7,575,213

OPERATING INCOME

1,811,559

NONOPERATING REVENUES (EXPENSES)

Property Taxes	2,229,802
Investment Earnings	19,894
Interest Expense	(668,678)
Gain on Sale of Fixed Assets	23,975
Rental income	14,146
Other Income	77,283
Fire Department	(820,027)
Total Nonoperating Revenues	876,395

INCREASE IN NET POSITION

2,687,954

Total Net Position - Beginning

33,159,346

TOTAL NET POSITION - ENDING

\$ 35,847,300

See accompanying Notes to Basic Financial Statements.

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 9,325,800
Cash Paid to Employees for Services	(1,957,700)
Cash Paid to Suppliers	(2,877,639)
Cash Paid for Other Expenses	(1,853,574)
Net Cash Provided by Operating Activities	<u>2,636,887</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	19,894
Purchases of Investments	(4,209,836)
Net Cash Used by Financing Activities	<u>(4,189,942)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and Construction of Capital Assets	(993,630)
Principal Payments on Long-Term Debt	(1,813,257)
Proceeds from Sale of Capital Assets	23,975
Interest on Long-Term Debt	(694,063)
Net Cash Used by Capital and Related Financing Activities	<u>(3,476,975)</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES	
Receipts of Property Taxes	2,233,922
Receipts of Rental Income	14,146
Other Receipts	77,283
Payments to the Town of Trophy Club for Fire Department	(820,027)
Net Cash Provided by Noncapital and Related Financing Activities	<u>1,505,324</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,524,706)
Cash and Cash Equivalents - Beginning of Year	<u>9,778,231</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 6,253,525</u>
CASH AND CASH EQUIVALENTS	\$ 5,156,204
RESTRICTED CASH AND CASH EQUIVALENTS	<u>1,097,321</u>
TOTAL CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 6,253,525</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	\$ 1,811,559
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	1,815,475
Change in Accounts Receivable	(61,677)
Change in Due from Other Governments	24,595
Change in Prepaids	57,085
Change in Net Pension Liability/Asset	82,552
Change in Deferred Outflows Related to Pensions	(126,608)
Change in Deferred Inflows Related to Pensions	11,561
Change in OPEB Liability	5,773
Change in Deferred Outflows Related to OPEB	(2,397)
Change in Deferred Inflows Related to OPEB	1,278
Change in Compensated Absences	399
Change in Accounts Payable	(984,126)
Change in Accrued Liabilities	713
Change in Customer Deposits	705
Net Cash Provided by Operating Activities	<u>\$ 2,636,887</u>
NONCASH ITEMS	
Amortization of Bond Discount/Premium	<u>\$ (18,676)</u>

See accompanying Notes to Basic Financial Statements.

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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, 2021

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. Revenues resulting from other transactions are reported as nonoperating revenues. 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, 2021 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, 2021 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, 2021

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, 2021, a liability of \$62,817 for unused vacation leave has been accrued and is included in current liabilities within salaries and benefits payable.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources until then. The District reports deferred outflows related to pensions and OPEB.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time. The District reports deferred inflows related to pensions and OPEB.

Net Position

Net position is the residual of assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources. The District maintains the following classifications of net position:

- Net Investment in Capital Assets – This category of net position represents capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, repair, or improvement of those assets.
- Restricted – This category of net position represents any net positions subject to externally imposed conditions.
- Unrestricted – This category of net position represents any net position not recorded as Net Investment in Capital Assets or Restricted.

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, 2021, the District did not own any types of securities other than those permitted by statute.

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

At September 30, 2021, the bank balance of the District's cash deposits totaled \$5,790,525, and the carrying value was \$5,155,604. These amounts exclude the restricted cash amount held in escrow, which totaled \$1,097,321 at September 30, 2021. The District has obtained a pledge of securities in the amount of \$5,941,811 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:

	Credit Quality Ratings	Fair Value	Weighted Average Maturity
Unrestricted Cash and Investments			
Deposits with a Financial Institution	Not Rated	\$ 5,155,604	N/A
Petty Cash	Not Rated	600	N/A
TexPool	AAAm	7,092,105	37 Days
Total		<u>\$ 12,248,309</u>	
Restricted Cash and Investments			
Mutual Fund	Not Rated	\$ 1,097,321	N/A
TexPool	AAAm	4,992,593	37 Days
Total		<u>\$ 6,089,914</u>	

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

Restricted Cash and Investments	
Restricted for Customer Deposits	\$ 312,285
Restricted for Capital Projects	4,818,690
Restricted for Debt Service	958,939
Total Restricted Cash and Equivalents	<u>\$ 6,089,914</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.

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

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. TexPool does not have any limitations or restrictions on participants' withdrawals that would have to be stated in the notes to the financial statements.

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: (i) 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. 79, *Certain External Investment Pools and Pool Participants*.

NOTE 3 ACCOUNTS RECEIVABLE

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

Accounts Receivable	\$ 1,234,425
Accrued Unbilled Receivables	118,525
Less: Allowance for Uncollectibles	<u>(12,051)</u>
Total Accounts Receivable, Net	<u><u>\$ 1,340,899</u></u>

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 4 CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance at October 1, 2020	Additions	Disposals	Transfers	Balance at September 30, 2021
Capital Assets, Undepreciable:					
Land	\$ 648,178	\$ -	\$ -	\$ -	\$ 648,178
Construction in Progress	4,311,836	423,027	-	(383,151)	4,351,712
Water Rights	864,678	-	-	-	864,678
Total Nondepreciable Assets	<u>5,824,692</u>	<u>423,027</u>	<u>-</u>	<u>(383,151)</u>	<u>5,864,568</u>
Capital Assets, Depreciable:					
Buildings	3,535,137	-	-	-	3,535,137
Improvements Other Than Buildings	551,298	49,478	-	-	600,776
Machinery and Equipment	2,690,810	118,126	-	175,858	2,984,794
Organization Costs	2,331,300	-	-	23,663	2,354,963
Vehicles	2,843,608	-	26,695	-	2,816,913
Water System	13,299,399	536,536	-	183,630	14,019,565
Wastewater Treatment System	22,638,174	19,122	160,146	-	22,497,150
Wastewater Collection System	4,533,630	8,260	-	-	4,541,890
Total Depreciable Assets	<u>52,423,356</u>	<u>731,522</u>	<u>186,841</u>	<u>383,151</u>	<u>53,351,188</u>
Less Accumulated Depreciation:					
Buildings	755,589	80,890	-	-	836,479
Improvements Other Than Buildings	293,337	20,752	-	-	314,089
Machinery and Equipment	1,281,657	203,804	-	-	1,485,461
Organization Costs	2,321,278	5,655	-	-	2,326,933
Vehicles	1,528,137	234,016	25,922	-	1,736,231
Water System	4,495,023	242,969	-	-	4,737,992
Wastewater Treatment System	3,555,425	946,982	-	-	4,502,407
Wastewater Collection System	1,761,044	80,407	-	-	1,841,451
Total Accumulated Depreciation	<u>15,991,490</u>	<u>1,815,475</u>	<u>25,922</u>	<u>-</u>	<u>17,781,043</u>
Total Depreciable Assets, Net	<u>36,431,866</u>	<u>(1,083,953)</u>	<u>160,919</u>	<u>383,151</u>	<u>35,570,145</u>
Capital Assets, Net	<u>\$ 42,256,558</u>	<u>\$ (660,926)</u>	<u>\$ 160,919</u>	<u>\$ -</u>	<u>\$ 41,434,713</u>

NOTE 5 LONG-TERM LIABILITIES

Summary of long-term liabilities are summarized as follows:

	Balance at September 1, 2020	Additions/ Issued	Retired or Refunded	Balance at September 30, 2021	Amount Due Within One Year
GO Bonds	\$ 7,205,000	\$ -	\$ (810,000)	\$ 6,395,000	\$ 835,000
Revenue Bonds	18,390,000	-	(770,000)	17,620,000	790,000
Net Bond Premium (Discount)	43,658	-	(18,676)	24,982	-
Capital Lease Obligations	612,251	-	(233,257)	378,994	238,949
Compensated Absences	62,418	399	-	62,817	-
Total Long-Term Liabilities	<u>\$ 26,313,327</u>	<u>\$ 399</u>	<u>\$ (1,831,933)</u>	<u>\$ 24,481,793</u>	<u>\$ 1,863,949</u>

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

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:				
2012 Refunding Bonds	2.00-3.00%	8/31/2023	\$ 490,000	\$ 240,000
2013 Tax Bonds	2.00-3.00%	8/31/2023	425,000	210,000
2014 Tax Bonds	1.50-3.50%	8/31/2034	4,275,000	270,000
2020 Refunding Series	1.30%	8/31/2031	1,205,000	115,000
Revenue Bonds:				
2015 Series	2.00-3.25%	8/31/2035	7,110,000	410,000
2016 Series	.50-2.20%	8/31/2036	3,585,000	220,000
2019 Series	3.00-3.5%	8/31/2049	6,925,000	160,000
Capital Lease Obligations:				
Fire Truck Lease	2.50%	10/23/2021	124,047	124,047
Freightliner Truck	2.95%	2/1/2023	147,210	73,067
Camera Van	3.95%	2/1/2024	107,737	41,835
Net Bond Premium (Discount)			24,982	-
Total Long-Term Debt			<u>\$ 24,418,976</u>	<u>\$ 1,863,949</u>

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

<u>Year Ending September 30,</u>	General Obligation Bonds		Revenue Bonds		Total Bond Service Requirements
	Interest Amount	Principal Amount	Interest Amount	Principal Amount	
2022	\$ 168,203	\$ 835,000	\$ 468,340	\$ 790,000	\$ 2,261,542
2023	147,808	860,000	453,514	805,000	2,266,321
2024	124,988	410,000	438,140	825,000	1,798,127
2025	116,178	415,000	422,118	850,000	1,803,295
2026	107,243	420,000	404,313	865,000	1,796,555
2027-2031	381,848	2,300,000	1,701,205	4,710,000	9,093,053
2032-2036	80,975	1,155,000	1,026,232	4,830,000	7,092,207
2037-2041	-	-	568,281	1,330,000	1,898,281
2042-2046	-	-	340,038	1,550,000	1,890,038
2047-2049	-	-	73,931	1,065,000	1,138,931
Total	<u>\$ 1,127,241</u>	<u>\$ 6,395,000</u>	<u>\$ 5,896,110</u>	<u>\$ 17,620,000</u>	<u>\$ 31,038,350</u>

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 \$927,697 at September 30, 2021. Amortization expense has been included in depreciation expense for the year ended September 30, 2021.

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

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, 2021:

<u>Year Ending September 30.</u>	<u>Amount</u>
2022	\$ 249,162
2023	120,919
2024	22,840
Total Payments	<u>392,921</u>
Less: Amount Representing Interest	(13,927)
Present Value of Net Minimum Lease Payments	<u><u>\$ 378,994</u></u>

NOTE 6 RETIREMENT PLAN

Plan Description

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 an annual comprehensive financial report (ACFR) on a calendar-year basis. The ACFR 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.

Membership information is shown in the chart below.

Inactive Employees or Beneficiaries Currently Receiving Benefits	2
Inactive Employees Entitled to But Not Yet Receiving Benefits	12
Active Employees	<u>20</u>
Total	<u><u>34</u></u>

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 6 RETIREMENT PLAN (CONTINUED)

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 9.0% during the fiscal year. Total employer contributions for the year ended September 30, 2021 was \$130,699.

The contribution rate payable by the employee members for the fiscal year 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.

Actuarial Assumptions

The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The actuarial assumptions that determined the total pension liability as of December 31, 2020 were based on the results of an actuarial experience study for the period January 1, 2013 through December 31, 2016. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2020
Actuarial Cost Method	Entry Age
Amortization Method	Straight-Line amortization over Expected Working Life
Remaining Amortization Period	20.0 years (based on contribution rate calculated in 12/31/2020 valuation)
Asset Valuation Method	5-year smoothed market
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	2.50%
Salary Increases	Varies by age and service. 4.6% average over career including inflation.
Investment Rate of Return	7.60% (Gross of administrative expenses)
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.
Retirement Age	61 years (average)
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 non-depositing 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 for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014
Cost-of-Living Adjustments	Cost-of-Living Adjustments for Trophy Club Municipal Utility District No 1 are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations.

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 6 RETIREMENT PLAN (CONTINUED)

Discount Rate

The discount rates used to measure the total pension liability is 7.60%. The discount rate used in the prior year was 8.00%. 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 7.60%. 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.

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of December 31, 2020 are summarized below:

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return ⁽²⁾
U.S. Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.25%
Global Equities	MSCI World (Net) Index	2.50%	4.55%
International Equities - Developed	MSCI World Ex USA (Net) Index	5.00%	4.25%
International Equities - Emerging	MSCI Emerging Markets (Net) Index	6.00%	4.75%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.85%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	2.11%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.70%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽³⁾	4.00%	5.70%
REIT Equities	67% FTSE NA REIT Equity REITs Index + 33% S&P Global REIT (Net) Index	2.00%	3.45%
Master Limited Partnership (MLPs)	Alerian MLP Index	2.00%	5.10%
Private Real Estate Partnership	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	4.90%
Private Equity	Cambridge Associates Global Private Equity and Venture Capital Index ⁽⁵⁾	25.00%	7.25%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	1.85%
Cash Equivalents	90-Day U.S. Treasury	2.00%	-0.70%

(1) Target asset allocation adopted at the March 2021 TCDRS Board meeting.

(2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.00%, per Cliffwater's 2021 capital market assumptions.

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

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

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

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 6 RETIREMENT PLAN (CONTINUED)

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 (7.60%) in measuring the 2020 Net Pension Liability:

	1% Decrease	Current Discount Rate	1% Increase
	<u>6.60%</u>	<u>7.60%</u>	<u>8.60%</u>
Net Pension Liability/(asset)	\$ 335,239	\$ 30,690	\$ (223,801)

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

At September 30, 2021, the District reported \$30,690 for the net pension liability and pension expense of \$98,043 related to the December 31, 2020 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	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a)-(b)
Balance - December 31, 2019	\$ 1,625,400	\$ 1,677,261	\$ (51,861)
Changes in Pension Liability			
Service Cost	183,103	-	183,103
Interest on Total Pension Liability ⁽¹⁾	145,931	-	145,931
Effect of Economic/Demographic Gains or Losses	21,485	-	21,485
Effect of assumptions changes or inputs	127,091	-	127,091
Refund of Contributions	(4,908)	(4,908)	-
Benefit Payments	(9,141)	(9,141)	-
Administrative Expenses	-	(1,506)	1,506
Member Contributions	-	94,695	(94,695)
Net Investment Income	-	173,686	(173,686)
Employer Contributions	-	122,021	(122,021)
Other ⁽²⁾	-	6,163	(6,163)
Balance - December 31, 2020	<u>\$ 2,088,961</u>	<u>\$ 2,058,271</u>	<u>\$ 30,690</u>

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

⁽²⁾ No plan changes valued.

⁽³⁾ Relates to allocation of system-wide items.

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 6 RETIREMENT PLAN (CONTINUED)

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	\$ 14,898	\$ 30,612
Changes in Assumptions	-	109,821
Net Difference Between Projected and Actual Earnings	46,286	-
Contributions Made Subsequent to Measurement Date	-	98,024
Total	\$ 61,184	\$ 238,457

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

\$98,024 reported as deferred outflow of resources for contributions made subsequent to the measurement date will be recognized as an addition to the net pension liability in 2022. 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>
2022	\$ 10,343
2023	21,368
2024	2,473
2025	20,304
2026	24,761
Thereafter	-
Total	\$ 79,249

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The District participates in the retiree Group Term Life (GTL) program for the Texas County & District Retirement System (TCDRS), which is a statewide, multiple-employer defined benefit plan. For TCDRS, the retiree death benefit paid from the GTL program is an OPEB benefit. The OPEB program is treated as an unfunded trust because the GTL trust covers both actives and retirees and is not segregated. Contributions made to the retiree GTL Program are held in the GTL Fund. The GTL fund does not meet the requirements of a trust under Paragraph 4b of GASB 75, as the assets of the GTL fund can be used to pay active GTL benefits which are not part of the OPEB plan.

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
 NOTES TO BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2021**

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Plan Description (Continued)

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 TCDRS pension plan. Only employers that have elected participation in the retiree Group Term Life program are included in the OPEB plan. TCDRS in the aggregate issues an annual comprehensive financial report (ACFR) on a calendar-year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

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 TCDRS 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	2
Inactive Employees Entitled to But Not Yet Receiving Benefits	5
Active Employees	20
Total	27

Contributions

Employer contributions to the GTL program for the reporting period for active members and retirees was 0.24% and 0.00%, respectively. The contributions for retiree GTL coverage are assigned to the OPEB plan under GASB 75 and are used to determine the benefit payments.

Total OPEB Liability

The total OPEB liability was measured as of December 31, 2020, using an actuarial valuation as of that date. The actuarial assumptions that determined the total OPEB liability as of December 31, 2020 were based on the results of an actuarial experience study for the period January 1, 2013 through December 31, 2016. The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Valuation Date	December 31, 2020
Actuarial Cost Method	Entry Age Normal
Amortization Method	
Recognition of economic/demographic gains or losses	Straight-Line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-Line amortization over Expected Working Life
Investment Rate of Return (Discount Rate)	2.12% 20 Year Bond GO Index published by bondbuyer.com as of December 31, 2020
Disability	Rates of disability are in a custom table 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 non-depositing 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 for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014
Retirement	Members eligible for service retirement are assumed to retire at the rates shown on a custom table provided by TCDRS.
Other Termination of Employment	The rate of assumed future termination from active participation in the plan for reasons other than death, disability or retirement are illustrated in a custom table provided by TCDRS. The rates vary by length of service, entry-age group (age at hire) and gender. No termination after eligibility for retirement is assumed.

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, 2020 (measurement date under GASB 75). At this date, the discount rate was 2.12%. The discount rate as of December 31, 2019 was 2.74%.

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 (1.12%) or 1% point higher (3.12%) than the current rate, for measurement period ended December 31, 2020:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	1.12%	2.12%	3.12%
Total OPEB Liability	\$ 38,873	\$ 30,591	\$ 24,419

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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	\$	3,314
Interest on Total OPEB Liability		771
Effect of Economic/Demographic Gains or Losses		-
Effect of Assumptions Changes or Inputs		(2,345)
Employer Contributions		4,033
		<u>-</u>
 Total Change in Total OPEB Liability		 5,773
 Total OPEB Liability - Beginning		 <u>24,818</u>
 Total OPEB Liability - Ending	 <u>\$</u>	 <u>30,591</u>

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.

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

For the fiscal year ended September 30, 2021, the District recognized expense related to OPEB of \$4,654. As of December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 3,550	\$ -
Changes in Assumptions	1,546	8,489
Total	<u>\$ 5,096</u>	<u>\$ 8,489</u>

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

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

<u>Year Ending September 30,</u>	<u>Amount</u>
2022	\$ 569
2023	569
2024	571
2025	479
2026	963
Thereafter	<u>242</u>
Total	<u>\$ 3,393</u>

REQUIRED SUPPLEMENTARY INFORMATION – UNAUDITED

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
YEAR ENDED SEPTEMBER 30, 2021

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability:				
Service Cost	\$ 3,314	\$ 2,241	\$ 2,503	\$ 2,889
Interest on Total OPEB Liability	771	778	669	595
Effect of Assumption Changes or Inputs	4,033	6,476	(2,704)	946
Effect of Economic/Demographic (Gains) or Losses	(2,345)	(1,422)	(678)	(321)
Benefit Payments/Refunds of Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Total OPEB Liability	5,773	8,073	(210)	4,109
Total OPEB Liability - Beginning	<u>24,818</u>	<u>16,745</u>	<u>16,955</u>	<u>12,846</u>
Total OPEB Liability - Ending	<u>\$ 30,591</u>	<u>\$ 24,818</u>	<u>\$ 16,745</u>	<u>\$ 16,955</u>
Covered Employee Payroll	\$ 1,352,780	\$ 1,146,956	\$ 1,055,433	\$ 1,140,976
Total OPEB Liability as a % of Covered Payroll	2.26%	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, 2021

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:							
Service Cost	\$ 183,103	\$ 164,365	\$ 153,752	\$ 176,975	\$ 200,990	\$ 150,689	\$ 170,600
Interest on Total Pension Liability	145,931	121,767	100,515	83,553	57,230	41,351	27,449
Effect of Plan Changes	-	-	-	-	-	(22,086)	-
Effect of Assumption Changes or Inputs	127,091	-	-	5,971	-	7,686	-
Effect of Economic/Demographic (Gains) or Losses	21,485	8,770	13,723	(25,170)	(9,790)	(11,320)	(7,057)
Benefit Payments/Refunds of Contributions	(14,049)	(16,533)	(15,970)	(1,695)	(2,091)	(1,902)	(3,156)
Net Change in Total Pension Liability	463,561	278,369	252,020	239,634	246,339	164,418	187,836
Total Pension Liability - Beginning	1,625,400	1,347,031	1,095,011	855,377	609,038	444,620	256,784
Total Pension Liability - Ending (a)	<u>\$ 2,088,961</u>	<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	\$ 122,021	\$ 103,641	\$ 94,803	\$ 102,802	\$ 95,185	\$ 97,043	\$ 93,694
Member Contributions	94,695	80,287	73,880	79,868	78,388	78,171	74,784
Investment Income Net of Investment Expenses	173,686	212,168	(19,840)	126,587	46,440	(15,011)	18,561
Benefit Payments/Refunds of Contributions	(14,049)	(16,533)	(15,970)	(1,695)	(2,091)	(1,902)	(3,156)
Administrative Expenses	(1,506)	(1,278)	(1,039)	(769)	(505)	(394)	(285)
Other	6,162	5,966	4,666	2,418	19,889	(47)	(21)
Net Change in Fiduciary Net Position	381,009	384,251	136,500	309,211	237,306	157,860	183,577
Fiduciary Net Position - Beginning	1,677,262	1,293,011	1,156,511	847,300	609,994	452,134	268,557
Fiduciary Net Position - Ending (b)	<u>\$ 2,058,271</u>	<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>\$ 30,690</u>	<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	98.53%	103.19%	95.99%	105.62%	99.06%	100.16%	101.69%
Pensionable Covered Payroll	\$ 1,352,780	\$ 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	2.27%	-4.51%	5.12%	-5.39%	0.72%	-0.09%	-0.70%

Note: Only seven 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, 2021**

Year Ending December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll ⁽¹⁾	Actual Contributions as a % of Covered Payroll
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%
2020	117,151	122,021	(4,870)	1,352,780	9.0%

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

See accompanying Note to Required Supplementary Information.

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2021**

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 , new mortality assumptions during the 2017 plan year and new inflation, mortality and other assumptions during the 2019 plan year.

**OTHER INFORMATION – UNAUDITED
(TEXAS SUPPLEMENTARY INFORMATION)**

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
BUDGETARY COMPARISON SCHEDULE – ENTERPRISE FUND
YEAR ENDED SEPTEMBER 30, 2021

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
OPERATING REVENUES				
Charges for Water Service	\$ 5,939,221	\$ 5,642,387	\$ 5,610,887	\$ (31,500)
Charges for Sewer Service	3,727,146	3,602,000	3,677,176	75,176
Tap Connection and Inspection Fees	3,250	400	400	-
Penalties and Interest	129,158	85,500	98,309	12,809
Total Operating Revenues	<u>9,798,775</u>	<u>9,330,287</u>	<u>9,386,772</u>	<u>56,485</u>
OPERATING EXPENSES				
Purchased Water Service	2,596,295	2,316,841	1,893,513	423,328
Salaries and Payroll Taxes	1,676,655	1,515,295	1,504,251	11,044
Benefits	594,303	465,738	426,720	39,018
Repairs and Maintenance	1,027,403	942,246	936,260	5,986
Professional Fees	323,725	180,925	166,138	14,787
Utilities	337,414	334,484	316,690	17,794
Depreciation	-	-	1,815,475	(1,815,475)
Insurance	105,000	105,000	100,487	4,513
Software and Annual Support	126,854	96,500	96,552	(52)
Office Expenses	47,000	38,418	30,175	8,243
Bank and Payment Fees	67,000	82,000	90,222	(8,222)
Dues and Subscriptions	9,900	9,811	8,761	1,050
Training and Travel	36,292	12,675	8,756	3,919
TCEQ Fees and Permits	75,000	75,000	63,570	11,430
Fuel and Lube	27,500	27,500	28,348	(848)
Other	131,733	112,253	89,295	22,958
Total Operating Expenses	<u>7,182,074</u>	<u>6,314,686</u>	<u>7,575,213</u>	<u>(1,260,527)</u>
OPERATING INCOME	2,616,701	3,015,601	1,811,559	1,317,012
NONOPERATING REVENUES (EXPENSES)				
Property Taxes	2,241,743	2,242,057	2,229,802	(12,255)
Investment Earnings	119,500	37,590	19,894	(17,696)
Interest Expense	(693,781)	(693,781)	(668,678)	25,103
Gain on Sale of Fixed Assets	5,000	19,575	23,975	4,400
Rental Income	14,146	14,146	14,146	-
Other Income	7,000	18,488	77,283	58,795
Fire Department	(820,027)	(820,027)	(820,027)	-
Total Nonoperating Revenues	<u>873,581</u>	<u>818,048</u>	<u>876,395</u>	<u>58,347</u>
INCREASE IN NET POSITION	3,490,282	3,833,649	2,687,954	1,375,359
Total Net Position - Beginning	<u>33,159,346</u>	<u>33,159,346</u>	<u>33,159,346</u>	<u>-</u>
TOTAL NET POSITION - ENDING	<u>\$ 36,649,628</u>	<u>\$ 36,992,995</u>	<u>\$ 35,847,300</u>	<u>\$ 1,375,359</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, 2021**

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.

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
TSI-1. SERVICES AND RATES
SEPTEMBER 30, 2021

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

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
TSI-1. SERVICES AND RATES (CONTINUED)
SEPTEMBER 30, 2021

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"	2,499	2,480	1	2,480
1"	702	701	3	1,753
1 1/2"	28	27	5	135
2"	107	98	8	784
3"	42	42	15	630
4"	17	17	25	425
6"	5	5	50	250
8"	1	1	80	80
10"	-	-	115	-
Total Water	<u>3,401</u>	<u>3,371</u>		<u>6,537</u>
Total Wastewater	<u>3,406</u>	<u>3,374</u>	<u>1</u>	<u>3,374</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	89.93%

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

For the most recent fiscal year, FY2021:

	Total Levy	Total Collected	Percentage Collected
Debt Service	\$ 685,173	\$ 683,190	99.7%
Operations and Maintenance	\$ 1,371,682	\$ 1,367,712	99.7%

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

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
TSI-1. SERVICES AND RATES (CONTINUED)
SEPTEMBER 30, 2021**

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	

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
TSI-2. SCHEDULE OF ENTERPRISE FUND EXPENSES
SEPTEMBER 30, 2021**

OPERATING EXPENSES

Purchased Water Service	\$ 1,893,513
Benefits	426,720
Repairs and Maintenance	936,260
Professional Fees	166,138
Utilities	316,690
Depreciation	1,815,475
Insurance	100,487
Software and Annual Support	96,552
Office Expenses	30,175
Bank and Payment Fees	90,222
Dues and Subscriptions	8,761
Training and Travel	8,756
TCEQ Fees and Permits	63,570
Fuel and Lube	28,348
Other	<u>89,295</u>

TOTAL EXPENSES

\$ 7,575,213

*Number of persons employed by the Authority: 20 Full-Time, 0 Part-Time
(Not including independent contractors or consultants.)

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
TSI-3. SCHEDULE OF TEMPORARY INVESTMENTS
SEPTEMBER 30, 2021

Financial Institution	Identification Number	Interest Rate	Maturity Date	Balance End of Year	Accrued Interest End of Year
Prosperity Bank	216267724	0.300	Demand	\$ 2,000,890	Paid Monthly
Prosperity Bank	7318701	0.250	Demand	3,466,999	Paid Monthly
TexPool	613300002	0.037	Demand	7,092,105	Paid Daily
TexPool	613300003	0.037	Demand	32,911	Paid Daily
TexPool	613300011	0.037	Demand	-	Paid Daily
TexPool	613300013	0.037	Demand	26,061	Paid Daily
TexPool	613300014	0.037	Demand	894,311	Paid Daily
TexPool	613300017	0.037	Demand	5,656	Paid Daily
TexPool	613300018	0.037	Demand	4,033,089	Paid Daily
TexPool	613300020	0.037	Demand	565	Paid Daily
Bank of Texas BOKF	82-1747-01-1	0.010	Demand	785,036	Paid Daily
Bank of Texas BOKF	82-3288-01-4	0.010	Demand	-	Paid Daily
Total - All Funds				<u>\$ 18,337,623</u>	

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
TSI-4. TAXES LEVIED AND RECEIVABLE
SEPTEMBER 30, 2021

	General Fund			Debt Service	Total
	Operations	Fire	Total		
Taxes receivable beginning of year	\$ 1,751	\$ 16,712	\$ 18,463	\$ 9,603	\$ 28,066
2020 tax levy	129,913	1,186,622	1,316,535	657,626	1,974,160
Total to be accounted for	<u>131,664</u>	<u>1,203,334</u>	<u>1,334,998</u>	<u>667,229</u>	<u>2,002,226</u>
Less collections and adjustments:					
Current year	(129,521)	(1,183,044)	(1,312,565)	(655,642)	(1,968,207)
Prior years	(691)	(5,931)	(6,622)	(3,451)	(10,073)
Total to be accounted for	<u>(130,212)</u>	<u>(1,188,975)</u>	<u>(1,319,187)</u>	<u>(659,093)</u>	<u>(1,978,280)</u>
Taxes receivable, end of year	<u>\$ 1,452</u>	<u>\$ 14,359</u>	<u>\$ 15,811</u>	<u>\$ 8,136</u>	<u>\$ 23,947</u>

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	35	273	308	222	530
2009	66	264	329	166	495
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	1,083	1,153	812	1,966
2016	67	1,142	1,209	742	1,951
2017	63	549	612	349	961
2018	139	1,216	1,355	748	2,103
2019	(181)	(1,627)	(1,808)	(915)	(2,722)
2020	392	3,578	3,970	1,983	5,953
	<u>\$ 1,494</u>	<u>\$ 14,024</u>	<u>\$ 15,518</u>	<u>\$ 7,986</u>	<u>\$ 23,504</u>

Property valuations (in 000's)	F/Y 20/21	F/Y 19/20	F/Y 18/19	F/Y 17/18	F/Y 16/17
Land	\$ 823,775	\$ 800,425	\$ 667,906	\$ 620,210	\$ 562,280
Improvements	1,159,708	1,042,035	981,366	908,581	798,401
Personal property	101,998	109,764	103,985	105,783	99,772
Exemptions	(152,776)	(140,704)	(81,906)	(82,556)	(57,745)
	<u>\$ 1,932,705</u>	<u>\$ 1,811,520</u>	<u>\$ 1,671,351</u>	<u>\$ 1,552,018</u>	<u>\$ 1,402,708</u>

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
TSI-4. TAXES LEVIED AND RECEIVABLE (CONTINUED)
SEPTEMBER 30, 2021**

Tax rate per \$100 valuation					
Operations	0.00709	0.00748	0.00765	0.00788	0.00438
Fire department	0.06476	0.06738	0.06719	0.06870	0.07445
Debt service	0.03589	0.03787	0.04134	0.04363	0.04839
Tax rate per \$100 valuation	<u>0.10774</u>	<u>0.11273</u>	<u>0.11618</u>	<u>0.12021</u>	<u>0.12722</u>
Tax levy:	\$ 2,056,855	\$ 2,052,305	\$ 1,919,984	\$ 1,870,008	\$ 1,779,098
Percent of taxes collected to taxes levied	99.71%	99.76%	99.48%	99.75%	99.60%

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
<u>None</u>	<u></u>	<u>\$</u>
<u></u>	<u></u>	<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	0.224985	0.234
City	Town of Trophy Club	0.446442	0.446442
School District	Northwest ISD/Carroll ISD	1.4663	1.2864
		2.137727	1.966842
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		0.10774	0.10774
Total Overlapping Tax District		2.245467	2.429181

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS
SEPTEMBER 30, 2021

All Bonded Debt Series

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1 and September 1	Total
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>\$ 24,015,000</u>	<u>\$ 7,023,353</u>	<u>\$ 31,038,353</u>

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS (CONTINUED)
SEPTEMBER 30, 2021

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
2022	\$ 240,000	\$ 14,700	\$ 254,700
2023	250,000	7,500	257,500
	<u>\$ 490,000</u>	<u>\$ 22,200</u>	<u>\$ 512,200</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
2022	\$ 210,000	\$ 13,825	\$ 223,825
2023	215,000	7,525	222,525
	<u>\$ 425,000</u>	<u>\$ 21,350</u>	<u>\$ 446,350</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
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>\$ 4,275,000</u>	<u>\$ 996,200</u>	<u>\$ 5,271,200</u>

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS (CONTINUED)
SEPTEMBER 30, 2021

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
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>\$ 1,205,000</u>	<u>\$ 87,490</u>	<u>\$ 1,292,490</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
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>\$ 7,110,000</u>	<u>\$ 1,663,638</u>	<u>\$ 8,773,638</u>

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS (CONTINUED)
SEPTEMBER 30, 2021

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

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1 and September 1	Total
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>\$ 3,585,000</u>	<u>\$ 542,013</u>	<u>\$ 4,127,013</u>

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS (CONTINUED)
SEPTEMBER 30, 2021

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

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1 and September 1	Total
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>\$ 6,925,000</u>	<u>\$ 3,690,463</u>	<u>\$ 10,615,463</u>

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
TSI-6. CHANGES IN LONG-TERM DEBT
YEAR ENDED SEPTEMBER 30, 2021**

	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	\$ 95,000	\$ 720,000	\$ 630,000	\$ 4,540,000	\$ 1,220,000	\$ 7,510,000	\$ 3,800,000	\$ 7,080,000	\$ 25,595,000
Bonds Issued	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retirements of Principal	\$ 95,000	\$ 230,000	\$ 205,000	\$ 265,000	\$ 15,000	\$ 400,000	\$ 215,000	\$ 155,000	\$ 1,580,000
Bonds Outstanding at End of Fiscal Year	<u>\$ -</u>	<u>\$ 490,000</u>	<u>\$ 425,000</u>	<u>\$ 4,275,000</u>	<u>\$ 1,205,000</u>	<u>\$ 7,110,000</u>	<u>\$ 3,585,000</u>	<u>\$ 6,925,000</u>	<u>\$ 24,015,000</u>
Retirements of Interest	<u>\$ 3,325</u>	<u>\$ 21,600</u>	<u>\$ 19,975</u>	<u>\$ 129,313</u>	<u>\$ 15,860</u>	<u>\$ 200,438</u>	<u>\$ 58,599</u>	<u>\$ 223,588</u>	<u>\$ 672,698</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>	General Obligation Bonds								
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
FIVE YEARS ENDED SEPTEMBER 30, 2021

	2021	2020	2019	2018	2017
OPERATING REVENUES					
Charges for Water Service	\$ 5,610,887	\$ 5,768,789	\$ 5,358,205	\$ 6,169,279	\$ 5,958,412
Charges for Sewer Service	3,677,176	3,343,636	3,181,555	3,117,435	2,674,335
Tap Connection and Inspection Fees	400	10,350	-	-	-
Penalties and Interest	98,309	71,703	-	-	-
Total Operating Revenues	<u>9,386,772</u>	<u>9,194,478</u>	<u>8,539,760</u>	<u>9,286,714</u>	<u>8,632,747</u>
OPERATING EXPENSES					
Purchased Water Service	1,893,513	1,865,024	-	-	-
Salaries and Payroll Taxes	1,504,251	1,495,355	-	-	-
Benefits	426,720	410,280	-	-	-
Repairs and Maintenance	936,260	655,518	-	-	-
Professional Fees	166,138	221,219	-	-	-
Utilities	316,690	317,965	-	-	-
Depreciation	1,815,475	1,759,150	-	-	-
Insurance	100,487	99,679	-	-	-
Software and Annual Support	96,552	124,037	-	-	-
Office Expenses	30,175	32,457	-	-	-
Bank and Payment Fees	90,222	73,964	-	-	-
Dues and Subscriptions	8,761	6,578	-	-	-
Training and Travel	8,756	11,903	-	-	-
TCEQ Fees and Permits	63,570	35,794	-	-	-
Fuel and Lube	28,348	18,286	-	-	-
Other	89,295	83,748	-	-	-
Water Operations	-	-	3,325,173	3,385,244	3,217,030
General Government	-	-	1,561,141	1,395,655	1,336,409
Wastewater Operations	-	-	1,250,940	1,149,853	1,209,579
Non-Departmental	-	-	179,748	190,494	294,196
Wastewater Collection System	-	-	68,213	67,858	67,830
Directors	-	-	2,500	9,811	6,497
Total Operating Expenses	<u>7,575,213</u>	<u>7,210,957</u>	<u>6,387,715</u>	<u>6,198,915</u>	<u>6,131,541</u>
OPERATING INCOME	1,811,559	1,983,521	2,152,045	3,087,799	2,501,206
NONOPERATING REVENUES (EXPENSES)					
Property Taxes	2,229,802	2,229,770	1,918,080	1,878,557	1,785,407
Investment Earnings	19,894	133,579	233,313	112,040	54,791
Interest Expense	(668,678)	(996,742)	(567,032)	(569,293)	(584,186)
Gain on Sale of Fixed Assets	23,975	12,520	52,600	9,477	1,906
Rental Income	14,146	18,800	-	-	-
Contribution Not Restricted to Specific Programs	-	-	298,654	195,528	103,619
Other Income	77,283	61,404	85,068	91,972	136,863
Capital Grants and Contributions	-	-	-	-	-
Fire Department	(820,027)	(718,657)	(765,952)	(698,845)	(702,943)
Total Nonoperating Revenues	<u>876,395</u>	<u>740,674</u>	<u>1,254,731</u>	<u>1,019,436</u>	<u>795,457</u>
INCREASE IN NET POSITION	2,687,954	2,724,195	3,406,776	4,107,235	3,296,663
Total Net Position - Beginning	<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 NET POSITION - ENDING	<u>\$ 35,847,300</u>	<u>\$ 33,159,346</u>	<u>\$ 30,435,151</u>	<u>\$ 27,028,375</u>	<u>\$ 22,921,140</u>
Total Active Retail Water and/or Wastewater Connections	<u>3,374</u>	<u>3,371</u>	<u>3,330</u>	<u>3,284</u>	<u>3,244</u>

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
TSI-7. COMPARATIVE SCHEDULE OF REVENUES
AND EXPENSES ENTERPRISE FUND (CONTINUED)
FIVE YEARS ENDED SEPTEMBER 30, 2021

	2021	2020	2019	2018	2017
OPERATING REVENUES					
Charges for Water Service	60%	63%	63%	66%	69%
Charges for Sewer Service	39%	36%	37%	34%	31%
Tap Connection and Inspection Fees	0%	0%	0%	0%	0%
Penalties and Interest	1%	1%	0%	0%	0%
Total Operating Revenues	100%	100%	100%	100%	100%
OPERATING EXPENSES					
Purchased Water Service	20%	22%	0%	0%	0%
Salaries and Payroll Taxes	16%	18%	0%	0%	0%
Benefits	5%	5%	0%	0%	0%
Repairs and Maintenance	10%	8%	0%	0%	0%
Professional Fees	2%	3%	0%	0%	0%
Utilities	3%	4%	0%	0%	0%
Depreciation	19%	21%	0%	0%	0%
Insurance	1%	1%	0%	0%	0%
Software and Annual Support	1%	1%	0%	0%	0%
Office Expenses	0%	0%	0%	0%	0%
Bank and Payment Fees	1%	1%	0%	0%	0%
Dues and Subscriptions	0%	0%	0%	0%	0%
Training and Travel	0%	0%	0%	0%	0%
TCEQ Fees and Permits	1%	0%	0%	0%	0%
Fuel and Lube	0%	0%	0%	0%	0%
Other	1%	1%	0%	0%	0%
Water Operations	0%	0%	39%	36%	37%
General Government	0%	0%	18%	15%	15%
Wastewater Operations	0%	0%	15%	12%	14%
Non-Departmental	0%	0%	2%	2%	3%
Wastewater Collection System	0%	0%	1%	1%	1%
Directors	0%	0%	0%	0%	0%
Total Operating Expenses	81%	84%	75%	67%	71%
OPERATING INCOME	19%	16%	25%	33%	29%
NONOPERATING REVENUES (EXPENSES)					
Property Taxes	24%	26%	22%	20%	21%
Investment Earnings	0%	2%	3%	1%	1%
Interest Expense	-7%	-12%	-7%	-6%	-7%
Gain on Sale of Fixed Assets	0%	0%	1%	0%	0%
Rental Income	0%	0%	0%	0%	0%
Contribution Not Restricted to Specific Programs	0%	0%	3%	2%	1%
Other Income	1%	1%	1%	1%	2%
Capital Grants and Contributions	0%	0%	0%	0%	0%
Fire Department	-9%	-8%	-9%	-8%	-8%
Total Nonoperating Revenues	9%	9%	15%	11%	9%
INCREASE IN NET POSITION	28%	24%	40%	44%	38%

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
TSI-8. BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS
SEPTEMBER 30, 2021**

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:				
Kevin Carr 15 Edgemere Drive Trophy Club, TX 76262	11/20-05/24	\$ -	\$ -	Director
William Rose 219 Inverness Drive Trophy Club, TX 76262	11/20-05/24	\$ -	\$ -	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

Name and Address	Date of Contract or Vendor Created	Total Paid Out FY 2021	Type of Vendor
Key Personnel:			
City of Fort Worth 200 Texas St Fort Worth, Texas	9/30/2000	\$ 2,334,038	Wholesale Water
Consultants/Legal:			
Denton Central Appraisal District P.O. Box 2816 Denton, TX 76202	4/1/1981	\$ 8,591	Appraiser
Tarrant Appraisal District 2500 Handley-Ederville Rd. Fort Worth, TX 76262	10/1/2007	\$ 2,638	Appraiser

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
TSI-8. BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS (CONTINUED)
SEPTEMBER 30, 2021**

Key Personnel (Continued):

CliftonLarsonAllen LLP P.O. Box 679342 Dallas, TX 75267-9487	8/27/2020	\$	21,000	Auditors
Halff Associates, Inc. P.O. Box 678316 Dallas, TX 75267-8316	1/1/2017	\$	419,433	Engineers
Wiss Janney Elstner P.O. Box 678316 Dallas, TX 75267-8316	1/1/2017	\$	12,173	Engineers
McLean & Howard, L.L.P. 901 S. Mopac Expressway Building 2, Suite 225 Austin, TX 78746	3/1/2017	\$	38,138	Legal/Bond Counsel
DuBois Bryant Campbell LLP 303 Colorado, Suite 2300 Austin, TX 78701	5/18/2017	\$	680	Legal Counsel
Whitaker Chalk Swindle & Schwartz PLLC 301 Commerce St, Suite 3500 Fort Worth, TX 76102-4186	4/30/2018	\$	6,429	Legal Counsel
New Gen Strategies & Solutions 1300 E. Lookout Dr. Suite 100 Richardson, TX 75082	7/1/2013	\$	45,244	Rate Consultant