

**TROPHY CLUB  
MUNICIPAL UTILITY DISTRICT NO.1  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
SEPTEMBER 30, 2023**

**ANNUAL FILING  
AFFIDAVIT**

THE STATE OF TEXAS }  
COUNTY OF DENTON }

I, Kevin R. Carr  
(Name of Duly Authorized Representative)

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

Hereby swear, or affirm, that the district named above has reviewed and approved at a meeting of the Board of Directors of the District on the 17th day of January 2024, its annual audit report for the fiscal year or period ended September 30, 2023 and that copies of the annual audit report have been filed in the district office, located at 100 Municipal Drive, Trophy Club, Texas, 76262.

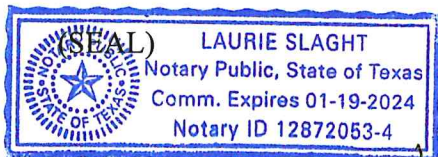
The annual filing affidavit and the attached copy of the annual audit report are being submitted to the Texas Commission on the Environmental Quality in satisfaction of the annual filing requirements of Texas Water Code Section 49.194.

Date: January 17, 2024.

By:   
(Signature of District Representative)

Kevin R. Carr, President, Board of Directors  
(Typed Name & Title)

Sworn to and subscribed to before me this 17<sup>th</sup> day of January, 2024.



  
(signature of notary)

My Commission Expires On: January 19, 2024.

Notary Public in and for the State of Texas

**TROPHY CLUB  
MUNICIPAL UTILITY DISTRICT NO.1  
AUDITED FINANCIAL STATEMENTS  
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# Rod L. Abbott, CPA PLLC

## Certified Public Accountant

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### INDEPENDENT AUDITOR'S REPORT

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

#### Opinions

I have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining aggregate fund information of the Trophy Club Municipal Utility District No. 1 (the "District"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the remaining aggregate fund information of the Trophy Club Municipal Utility District No. 1 as of September 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am required to be independent of the District, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

#### Responsibilities of Management for the Financial Statements

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, I:

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

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

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, General Fund budgetary comparison schedule, pension schedules, and other post-employment benefit schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

## Other Information

My audit was conducted for the purpose of forming an opinion on the basic financial statements of Trophy Club Municipal Utility District No. 1. The Texas TCEQ Supplemental Information on pages 41-54 is required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide*. The Texas TCEQ Supplemental Information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on it.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Abbott", with a long horizontal flourish extending to the right.

Rod L. Abbott, CPA PLLC  
Tom Bean, Texas  
January 17, 2024

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Trophy Club Municipal Utility District No. 1, Texas (the "District") Management's Discussion and Analysis (MD&A) is a narrative overview and analysis designed to provide the reader a means to identify and understand the financial activity of the District and changes in the District's financial position during the fiscal year ended September 30, 2023.

The Management's Discussion and Analysis is supplemental to, and should be considered along with, the District's financial statements.

**Financial Highlights**

- At the close of the fiscal year, the assets and deferred outflows of the District exceeded its liabilities and deferred inflows by \$43,237,459. Of this amount, \$14,909,747 is unrestricted net position and may be used to meet the District's ongoing commitments.
- The District's net position increased by \$4,163,010 during 2023. Significant contributors to this result were water and wastewater charges exceeding their related departmental expenses by \$4,596,651.
- At the end of the fiscal year, the District's governmental type funds reported a combined fund balance of \$17,722,802. As of September 30, 2023, the unassigned fund balance of the General Fund was \$10,030,878. The unassigned fund balance is equal to 10.2 months of 2023 General Fund expenditures and is considered a very healthy unassigned fund balance.

**Overview of the Financial Statements**

The MD&A is intended to introduce the reader to the District's basic financial statements, which are comprised of three components: 1. Government-Wide Financial Statements, 2. Fund Financial Statements, and 3. Notes to Basic Financial Statements. The report also contains other required supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements - the government-wide financial statements are designed to provide the reader with a general overview of the District's finances in a way that is comparable with financial statements from the private sector. The government-wide financial statements consist of two statements:

1. The Statement of Net Position - This statement presents information on all of the District's assets, deferred inflows, deferred outflows, liabilities, and net position. The net position is the difference between assets plus deferred outflows less deferred inflows plus liabilities. Over an extended period, the increase or decrease in net position will serve as a good indicator of whether the financial position of the District is improving or deteriorating.
2. The Statement of Activities – This statement gives information showing how the District's net position has changed during the fiscal year. All revenues and expenses are reported on the full accrual basis.



**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**Overview of the Financial Statements - Continued**

Fund Financial Statements - Fund financial statements provide detailed information about the most important funds and not about the District as a whole as in the government-wide financial statements.

The District uses fund accounting to demonstrate compliance with finance related legal requirements which can be categorized as governmental fund activities.

Governmental Funds - All of the District's activities are reported in governmental funds. They are used to account for those functions known as governmental activities. But unlike government-wide financial statements, governmental fund financial statements focus on how monies flow into and out of those funds and their resulting balances at the end of the fiscal year. Statements of governmental funds provide a detailed short-term view of the District's general government operations and the basic services it provides. Such information can be useful in evaluating a government's short-term financing requirements.

The District maintains three governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Debt Service Fund and Capital Projects Fund.

The District adopts an annual appropriated budget for the General Fund. A budgetary comparison statement is provided for the General Fund to demonstrate compliance with its budget.

Notes to the Basic Financial Statements - The notes provide additional information that is essential to a full understanding of the data presented in the government-wide and fund financial statements.

**Government-wide Financial Analysis**

The Management's Discussion and Analysis highlights the information provided in both the Statement of Net Position and Statement of Activities in the government-wide financial statements. It may serve over an extended period of time, as a useful indicator of the District's financial position. At the end of the fiscal year, the District's assets and deferred outflows exceeded liabilities and deferred inflows by \$43,237,459. Of this amount, \$27,323,898 (63%) reflects the District's investment in capital assets (e.g., land, buildings, machinery and equipment, net of accumulated depreciation), less any related outstanding debt used to acquire those assets and unspent bond proceeds, \$1,003,815 (3%) restricted for debt service and capital projects, and the remaining \$14,909,747 (34%) is unrestricted.

2023 governmental activities have increased the District's net position by \$4,163,010, which amounts to a 10.6% increase in net position for the year ended September 30, 2023.

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**Government-wide Financial Analysis – Continued**

District operational analysis - The following table provides a summary analysis of the District's Statements of Net Position for the fiscal years ending on September 30, 2023 and 2022.

Table 1  
Condensed Statements of Net Position

	Governmental Activities	
	<b>FY23</b>	<b>FY22</b>
Current and other assets	\$ 18,827,852	\$ 18,749,584
Capital assets	46,164,516	44,399,904
Total assets	64,992,368	63,149,488
Deferred outflows of resources	321,158	258,908
Long-term liabilities	20,861,156	22,637,495
Other liabilities	1,053,284	1,399,980
Total liabilities	21,914,440	24,037,475
Deferred inflows of resources	161,626	296,471
Net position:		
Net investment in capital assets	27,323,898	23,922,288
Restricted	1,003,815	748,222
Unrestricted	14,909,747	14,403,939
Total net position	\$ 43,237,459	\$ 39,074,449

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**Government-wide Financial Analysis - Continued**

District operational analysis - The following table provides a summary analysis of the District's consolidated operations for the fiscal years ending on September 30, 2023 and 2022.

Table 2  
Condensed Statements of Activities

	Governmental Activities	
	<b>FY23</b>	<b>FY22</b>
Revenues:		
Program Revenues:		
Charges for services	\$ 11,973,510	\$ 10,937,443
Operating grants and contributions	-	-
Capital grants and contributions	-	-
General Revenues:		
Property taxes	2,047,252	2,136,367
Other unrestricted contributions	151,357	164,890
Investment income	573,996	95,640
Gain on sold assets	103,373	21,001
Other	17,432	92,899
	<u>14,866,920</u>	<u>13,448,240</u>
Expenses:		
Water	4,621,529	4,160,522
Wastewater	2,706,051	2,495,767
Administration	1,544,270	1,593,047
Fire protection	1,157,569	1,251,603
Non-departmental and Board	71,379	102,472
Interest on long-term debt	603,112	617,680
	<u>10,703,910</u>	<u>10,221,091</u>
Excess (deficiency) of revenues over expenditures before transfers	4,163,010	3,227,149
Transfers In (Out)	-	-
Increase in net position	4,163,010	3,227,149
Net position - October 1	39,074,449	35,847,300
Net position - September 30	<u>\$ 43,237,459</u>	<u>\$ 39,074,449</u>

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**Financial analysis of the District's funds**

**Governmental Funds** - the main focus of the District's governmental funds is to provide information on the flow of monies to and from the funds, and to note the unassigned fund balance, which is a good indicator of resources available for spending in the near term. The information derived from these funds is highly useful in assessing the District's financial requirements. The unassigned fund balance may serve as a useful measure of the District's net resources available for use at the fiscal year-end.

At the end of the fiscal year, the District's governmental funds reported combined ending fund balances of \$17,722,802, of which 57%, or \$10,030,878, is unassigned and available to the District for future spending.

**General Fund budgetary highlights**

The District's Board of Directors approved a budget amendment during fiscal year 2023 to largely account for the increase of water consumption and increased capital outlay expense due to prior year projects being completed by fiscal year end. (page 36)

**Revenue: Revenues were \$980,914 (7.1%) more than budgeted**

- Water charges totaled \$8,001,954 and were \$859,699 (10.7%) more than budgeted.

**Expenditures: Expenditures were \$351,984 (3.0%) less than budgeted**

- Capital Outlay expenditures were \$380,904 (10.7%) less than budgeted.
- Water Operations were \$133,376 (3.2%) more than budgeted.
- Wastewater operations expenditures were \$77,187 (5.3%) less than budgeted.

**Capital Assets**

The District's investment in capital assets for its governmental activities as of September 30, 2023 amounted to \$46,164,516, net of accumulated depreciation. This represents a broad range of capital assets including, but not limited to land, buildings, improvements, machinery and equipment, vehicles, water, wastewater treatment, and wastewater collection systems.

Net capital assets increased \$1,764,612 or 4.0% during 2023 primarily due to over \$3.3 million of new improvements to the District's water and wastewater system. Additional information about capital assets may be found in Note 5 in the notes to financial statements.

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**Debt administration**

Long-Term Debt - at the end of the current fiscal year, the District had \$20,747,398 of general obligation bonds, revenue bonds, and type A financing leases, which is a decrease of 7.9% from the previous fiscal year due to \$1,782,648 of 2023 principal payments. All 2023 debt service requirements were met and the District did not issue any new debt during fiscal year 2023.

**Economic factors and next year's budgets and rates:**

**General Fund 2023 - 2024 budgetary highlights:**

**Revenue:** The District's 2024 General Fund budgeted revenues reflect a projected increase of \$2,690,579, or 22.93%, when compared to the District's 2023 adopted budget.

- Water revenue is budgeted to increase from \$6,710,979 for fiscal year 2023 to \$6,939,998 for fiscal year 2024 for a total projected increase of \$229,019, or 3.41%.
- Sewer revenue is budgeted to decrease from \$3,839,686 for fiscal year 2023 to \$3,679,786 for fiscal year 2024 for a total projected decrease of (\$159,900), or (4.16%).
- The District's M&O tax rate increased from fiscal year 2023 to fiscal year 2024. The fiscal year 2024 segregated M&O property tax revenue is budgeted to increase by \$67,366 for Fire and decrease by (\$2,222) for the MUD when compared to 2023.

**Expenses:** The District's 2024 General Fund budgeted expenses reflect a projected increase of \$2,690,579, or 22.93%, when compared to the District's 2023 adopted budget.

- Wholesale water purchase from City of Fort Worth increased by \$15,366, or 0.58%, due to the consumption demands.
- The capital outlay collectively increased by \$2,603,000, or 98.34% due to the District's proactive asset replacement schedule and the completion of prior year projects.
- The maintenance and repairs collectively decreased by (\$53,900), or (7.86%) due to reduction in required repairs with the proactive replacement schedule.
- The electricity collectively decreased by (\$85,132), or (16.09%) due the District's current provider new contract rates effective December 2022.
- The District's personnel cost collectively increased by \$72,796, or 3.58% due to the COLA increase and new employee benefit rates.

Overall: The District's 2024 General Fund budget is anticipated to have revenues of \$14,372,315 and expenses of \$16,485,079 for a total projected net spend down of fund balance of (\$2,112,764).

**Debt Service Fund 2023 - 2024 budgetary highlights:**

- The District's Debt Service expenses are budgeted to decrease from \$2,269,673 in fiscal year 2023 to \$1,800,479 budgeted for fiscal year 2024 for a total decrease of \$469,194, or 20.67%.
- Property tax revenues collected for Debt Service are budgeted to decrease from \$696,446 in fiscal year 2023 to \$219,481 budgeted in fiscal year 2024 for a total decrease of (\$476,965), or (68.49%).

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**Sewer and Water Rates highlights:**

Effective October 1<sup>st</sup>, 2022, the District’s Board of Directors adopted an increase in both the base and volumetric water rates, and effective April 1, 2023, adopted an increase in sewer volumetric rates for commercial customers. The District did not adopt a water or sewer rate increase for FY 2024.

**Requests for information**

This financial report is designed to provide a general overview of the District's consolidated finances for all interested parties. Questions concerning any of the information in this report or requests for additional information should be directed to the Trophy Club Municipal Utility District No. 1, Finance Manager, 100 Municipal Drive, Trophy Club, Texas 76262.

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**Statement of Net Position**  
**September 30, 2023**

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 6,086,438
Investments	7,652,770
Restricted assets:	
Restricted cash	146,955
Restricted investments	3,081,580
Prepaid assets	3,880
Receivables:	
Accounts receivables - net	1,757,383
Property taxes	12,341
Net pension asset	86,505
Capital assets:	
Non-depreciable capital assets	6,084,233
Depreciable capital assets (net)	40,080,283
Total assets	<u>64,992,368</u>
<b>Deferred outflows of resources</b>	
Deferred outflows of resources - OPEB	7,531
Deferred outflows of resources - Pension	313,627
Total deferred outflows of resources	<u>321,158</u>
<b>Liabilities</b>	
Accounts payable	833,096
Accrued liabilities	26,155
Interest payable	47,078
Customer meter deposits	146,955
Non-current liabilities:	
Due within one year	1,257,398
Due in more than one year	19,579,298
OPEB liability	24,460
Total liabilities	<u>21,914,440</u>
<b>Deferred inflows of resources</b>	
Deferred inflows of resources - OPEB	16,114
Deferred inflows of resources - Pension	145,512
Total deferred inflows of resources	<u>161,626</u>
<b>Net Position</b>	
Net investment in capital assets	27,323,898
Restricted for:	
Capital projects	860,652
Debt service	143,163
Unrestricted	14,909,747
Total net position	<u>\$ 43,237,459</u>

The accompanying notes are an integral part of these financial statements.

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**Statement of Activities**  
**For the Year Ended September 30, 2023**

Governmental Activities						Net (Expense)
						Revenue and
						Changes in Net
						Position
Functions/Programs	Expenses	Program Revenues			Capital Grants and Contributions	Total Governmental Activities
		Charges for Services	Operating Grants and Contributions			
<b>Primary government:</b>						
Governmental activities:						
Water operations	\$ 4,621,529	\$ 8,079,155	\$ -	\$ -	\$	3,457,626
Wastewater operations	2,706,051	3,845,076	-	-		1,139,025
Administration	1,544,270	49,279	-	-		(1,494,991)
Fire protection	1,157,569	-	-	-		(1,157,569)
Non-departmental	68,637	-	-	-		(68,637)
Board of directors	2,742	-	-	-		(2,742)
Interest on long-term debt	603,112	-	-	-		(603,112)
Total governmental activities	\$ 10,703,911	\$ 11,973,510	\$ -	\$ -		1,269,599
General revenues:						
Property taxes						2,047,252
Contributions not restricted to specific programs						151,357
Investment earnings						573,996
Miscellaneous						17,432
Gain on sale of assets						103,373
Total general revenues						2,893,411
Change in net position						4,163,010
Net position - beginning						39,074,449
Net position - ending						\$ 43,237,459

The accompanying notes are an integral part of these financial statements.



**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**BALANCE SHEET -**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2023**

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b>Assets</b>				
Cash	\$ 6,086,438	\$ -	\$ -	\$ 6,086,438
Investments	7,652,770	-	-	7,652,770
Restricted assets:				
Restricted cash	146,955	-	-	146,955
Restricted investments	-	143,162	2,938,418	3,081,580
Prepaid assets	3,880	-	-	3,880
Receivables:				
Accounts receivable - net	1,757,383	-	-	1,757,383
Property taxes	8,957	3,384	-	12,341
Due from other funds	81,691	-	-	81,691
Total assets	<u>\$ 15,738,074</u>	<u>\$ 146,546</u>	<u>\$ 2,938,418</u>	<u>\$ 18,823,038</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	\$ 833,096	\$ -	\$ -	\$ 833,096
Accrued payroll liabilities	26,155	-	-	26,155
Customer deposits	146,955	-	-	146,955
Due to other funds	-	-	81,691	81,691
Total current liabilities	<u>1,006,206</u>	<u>-</u>	<u>81,691</u>	<u>1,087,897</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - Property taxes	8,956	3,383	-	12,339
Total deferred inflows of resources	<u>8,956</u>	<u>3,383</u>	<u>-</u>	<u>12,339</u>
<b>Fund Balances</b>				
Non-spendable:				
Prepaid assets	3,880	-	-	3,880
Restricted for:				
Debt service	-	143,163	-	143,163
Capital projects	-	-	2,856,727	2,856,727
Assigned for:				
Capital projects	4,688,154	-	-	4,688,154
Unassigned	10,030,878	-	-	10,030,878
Total fund balances	<u>14,722,912</u>	<u>143,163</u>	<u>2,856,727</u>	<u>17,722,802</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 15,738,074</u>	<u>\$ 146,546</u>	<u>\$ 2,938,418</u>	<u>\$ 18,823,038</u>

The accompanying notes are an integral part of these financial statements.

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**at September 30, 2023**

Fund balances of governmental funds	\$	17,722,802
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**Amounts reported for governmental activities in the statement of net position are different because:**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		46,164,516
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Deferred outflows of resources related to pension and OPEB balances do not provide current financial resources and, therefore, are not reported in the governmental funds.		321,158
--	--	---------

Deferred inflows of resources related to pension and OPEB balances do not require the use of current financial resources and, therefore, are not reported in the governmental funds.		(161,626)
--	--	-----------

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(20,861,156)
--	--	--------------

Accrued interest payable for governmental-type long-term debt is recognized in the governmental activities in the statement of net position.		(47,078)
--	--	----------

The District's net pension asset balance does not provide current financial resources and, therefore, is not reported in the governmental funds.		86,505
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Property tax receivables not received within sixty days after fiscal year-end are deferred income on the fund financial statements, but these amounts are realized as income on the government-wide financials.		12,338
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Net position of governmental activities	\$	43,237,459
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The accompanying notes are an integral part of these financial statements.

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Governmental Funds**  
**For the Year Ended September 30, 2023**

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenues				
Water charges	\$ 8,001,954	\$ -	\$ -	\$ 8,001,954
Wastewater charges	3,845,076	-	-	3,845,076
Property taxes	1,355,148	701,238	-	2,056,386
Intergovernmental	151,357	-	-	151,357
Late charges	77,201	-	-	77,201
Rental income	45,179	-	-	45,179
Inspections and other charges for services	4,100	-	-	4,100
Other revenue	17,432	-	-	17,432
Investment earnings	397,122	49,191	127,683	573,996
Total revenues	13,894,570	750,428	127,683	14,772,681
Expenditures				
Current:				
Water	4,157,215	-	-	4,157,215
Wastewater	1,460,607	-	-	1,460,607
Administration	1,474,970	-	-	1,474,970
Fire	978,435	-	-	978,435
Non-departmental	68,637	-	-	68,637
Board of directors	2,742	-	-	2,742
Capital outlays	3,553,442	-	216,188	3,769,630
Debt service:				
Principal retirement	117,645	1,665,000	-	1,782,645
Interest and fees	3,305	603,395	-	606,700
Total expenditures	11,816,999	2,268,395	216,188	14,301,582
Excess of revenues over (under) expenditures	2,077,571	(1,517,967)	(88,505)	471,099
Other financing sources (uses)				
Proceeds from sold assets	110,979	-	-	110,979
Transfers in	-	1,573,226	-	1,573,226
Transfers (out)	(1,573,226)	-	-	(1,573,226)
Total other financing sources(uses)	(1,462,247)	1,573,226	-	110,979
Net changes in fund balances	615,324	55,259	(88,505)	582,078
Fund balances - beginning	14,107,588	87,904	2,945,232	17,140,724
Fund balances - ending	\$ 14,722,912	\$ 143,163	\$ 2,856,727	\$ 17,722,802

The accompanying notes are an integral part of these financial statements.

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances of Governmental Funds**  
**To the Statement of Activities**  
**For the Year Ended September 30, 2023**

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

Net change in fund balances - total governmental funds	\$ 582,078
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expense exceeded depreciation expense in the fiscal year.	1,772,218
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Accrued interest does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds. This is the (increase) decrease in accrued interest.	3,588
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Principal payments on long-term debt are an expenditure for the governmental funds, but this expenditure is a reduction of long-term debt for the government-wide financial statements.	1,782,645
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Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing a \$9,134 decrease in deferred revenue, a \$15,092 increase in accrued compensated absences, and various other smaller items. The net effect of these reclassifications is to decrease net position.	(31,832)
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Modifications are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting for OPEB and pension expense. The net effect of these adjustments is to increase net position.	54,313
Change in net position of governmental activities:	<div style="border-top: 1px solid black; border-bottom: 3px double black; padding: 2px 0;">\$ 4,163,010</div>

The accompanying notes are an integral part of these financial statements.

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. General Statement**

Denton County Municipal Utility District No. I (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 Director's 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. I 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 (MUD 2). As a result, the District reports consolidated activity and balances for the District and the entities formerly known as MUD 2 and the Trophy Club Master District Joint Venture (a joint venture of MUD 1 and MUD 2).

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.

**B. Financial Reporting Entity**

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

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

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization. Some organizations are included as component units because of their fiscal dependency on the primary government.

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval by the primary government. The District has determined it has no component units.

**C. Government-Wide and Fund Financial Statements**

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the activities of the District, except for fiduciary funds. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The activities of the District are comprised only of governmental activities.

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

**Fund Financial Statements**

The District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements are required to present each major fund in a separate column on the fund financial statements. For fiscal year 2023, the major funds are the General Fund, Debt Service Fund, and the Capital Projects Fund.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The District has presented the following governmental funds:

**General Fund**

The General Fund is the main operating fund of the District. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

**Debt Service Fund**

The Debt Service Fund is used to account for resources accumulated and payments made for principal and interest on the long-term debt of the District.

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Capital Projects Fund**

The Capital Projects Fund is used to account for funds received and expended for the acquisition and construction of infrastructure and other capital assets.

**D. Measurement Focus and Basis of Accounting**

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting.

The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the Statement of Net Position and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available.

"Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

**E. Cash and Investments**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments of three months or less from the date of acquisition.

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

The District's investment policy requires that all monies be deposited with the authorized District depository or in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (5) certificates of deposit by state and national banks domiciled in this state that are (A) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (B) secured by obligations that are fully collateralized.

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

**F. Capital Assets**

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Assets capitalized have an original cost of \$5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

<u>Asset Category</u>	<u>Depreciable Life in Years</u>
Buildings	50
Improvements other than Buildings	15-30
Machinery and Equipment	5-15
Vehicles	6-12
Water & Wastewater Infrastructure	30-65

**G. Compensated Absences**

Employees earn vacation pay based upon seniority that accrues at various rates up to a maximum four weeks per year. Upon termination, employees will be paid for their unused earned vacation. The District accrues a liability for the value of these compensated absences on the full-accrual basis statement of net position.



**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**H. Net Position**

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

**I. Estimates**

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported amounts of revenue and expenses/expenditures. Actual results could differ from those estimates.

**J. Fund Balances**

Governmental Accounting Standards Board (GASB) *Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) defines the different types of fund balances that a governmental entity must use for financial reporting purposes in the fund financial statements for governmental type funds. It does not apply for the government-wide financial statements.

GASB 54 requires the fund balance amounts to be properly reported within one of the following fund balance categories:

***Nonspendable*** - such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),

***Restricted*** - fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,

***Committed*** - fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Board of Directors (the District's highest level of decision-making authority),

***Assigned*** - fund balance classifications are assigned by the District Manager with the intentions to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and

***Unassigned*** - fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications, and other funds that have total negative fund balances.

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**K. Accounts Receivable and Allowances for Bad Debt**

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 2023. 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.

**NOTE 2. CASH AND INVESTMENTS**

The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

At September 30, 2023, the carrying amount of the District's cash deposits was \$6,232,793 and the bank balance was \$7,309,657. Of the District's cash deposits at September 30, 2023, \$250,000 was insured by FDIC and \$7,059,657 was covered by pledged securities,

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas; (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity, allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

Cash and investments as of September 30, 2023 consist of the following:

Deposits with financial institutions	\$ 6,232,793
Unrestricted TexPool investments	7,652,770
Restricted TexPool investments	2,264,563
Restricted escrow investments	817,017
Petty cash	600
Total Cash and Investments	<u><u>\$ 16,967,744</u></u>

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE 2. CASH AND INVESTMENTS – CONTINUED**

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by investing mainly in investment pools which purchase a combination of shorter-term investments with an average maturity of less than 60 days thus reducing the interest rate risk. The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The District monitors its interest rate risk, which is governed by adopted Investment Policies.

As of September 30, 2023, the District had the following investments:

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Weighted Avg. Maturity</u>
TexPool Pooled Investments	\$ 9,917,333	26 days
BOK Financial - U.S. Securities	\$ 817,017	12 days

As of September 30, 2023, the District did not invest in any securities which are highly sensitive to interest rate fluctuations.

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the Public Funds Investment Act, the District's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Minimum Legal Rating</u>	<u>Rating at Year-End</u>
TexPool Pooled Investments	\$ 9,917,333	AAAm	AAAm
BOK Financial - U.S. Securities	\$ 817,017	AAAm	AAAm

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE 2. CASH AND INVESTMENTS – CONTINUED**

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act and the District's investment policy have the following provision for deposits: They require that a financial institution secure deposits made by state or local governmental units by either 1) pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit), or 2) an irrevocable standby letter of credit with the District named as the beneficiary. The market value of pledged securities in the collateral pool or the value of the letter of credit must equal at least the bank balance less FDIC insurance at all times.

**Investment in State Investment Pools**

The District is a voluntary participant in TexPool. The State Comptroller of Public Accounts exercises responsibility over TexPool. This 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. TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized costs rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares. The TexPool and the mutual fund investments are measured at amortized cost and are exempt for fair value reporting under GASB Statement No. 72, *Fair Value Measurement and Application*.

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE 3. ACCOUNTS RECEIVABLE**

Receivables as of September 30, 2023 are as follows:

Accounts Receivable:

Water sales	\$ 1,087,947
Wastewater sales	323,334
Unbilled receivables	204,627
Refuse (as an agent for the Town of Trophy Club)	91,480
Storm drainage (as an agent for the Town of Trophy Club)	37,172
Refuse tax (as an agent for the Town of Trophy Club)	7,692
PID surcharge (as an agent for the Town of Trophy Club)	11,963
Property taxes	12,341
Other	5,217
Gross receivables	1,781,774
Less: Allowance for uncollectables	(12,051)
Net receivables	<u>\$ 1,769,723</u>

**NOTE 4. INTERFUND TRANSFERS AND BALANCES**

Transfers between funds during the year-ended September 30, 2023 are as follows:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Debt Service Fund	\$ 1,573,226	Debt service assistance
	Total:	<u>\$ 1,573,226</u>	

Interfund due to/due from balances as of September 30, 2023 are as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 81,691	
Capital Projects Fund		81,691
	<u>\$ 81,691</u>	<u>\$ 81,691</u>

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2023, was as follows:

<u>Governmental Activities:</u>	<u>Beginning</u> <u>Balances</u>	<u>Additions</u>	<u>Retirements/</u> <u>Transfers</u>	<u>Ending</u> <u>Balance</u>
Capital assets - Non-Depreciable				
Land	\$ 648,178	\$ -	\$ -	\$ 648,178
Construction in progress	8,649,949	3,668,405	(7,746,977)	4,571,377
Water rights	864,678			864,678
Total non-depreciable assets:	10,162,805	3,668,405	(7,746,977)	6,084,233
Capital assets - Depreciable				
Buildings	3,535,137	-	-	3,535,137
Improvements other than buildings	600,776	-	93,653	694,429
Machinery and equipment	3,044,563	-	478,753	3,523,316
Organization costs	2,643,563	-	32,593	2,676,156
Vehicles	2,787,645	101,225	391,394	3,280,264
Water system	14,056,578	-	5,488,506	19,545,084
Wastewater treatment system	22,497,150	-	268,605	22,765,755
Wastewater collection system	4,541,890	-	825,059	5,366,949
Total capital assets being depreciated:	53,707,302	101,225	7,578,563	61,387,090
Less accumulated depreciation for:				
Buildings	917,369	81,102	-	998,471
Improvements other than buildings	336,310	24,331	-	360,641
Machinery and equipment	1,589,866	202,713	-	1,792,579
Organization costs	2,342,353	70,555	-	2,412,908
Vehicles	1,926,797	236,046	(160,808)	2,002,035
Water system	4,991,590	351,973	-	5,343,563
Wastewater treatment system	5,444,050	943,294	-	6,387,344
Wastewater collection system	1,921,868	87,398	-	2,009,266
Total accumulated depreciation:	19,470,203	1,997,412	(160,808)	21,306,807
Total depreciable capital assets, net:	34,237,099	(1,896,187)	7,739,371	40,080,283
Capital assets, net:	\$ 44,399,904	\$ 1,772,218	\$ (7,606)	\$ 46,164,516

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE 5. CAPITAL ASSETS - CONTINUED**

Depreciation expense was charged as direct expense to programs of the primary government as follows:

Governmental activities:

General government	\$ 72,312
Water operations	482,418
Wastewater operations	1,176,150
Fire department	179,134
Wastewater collection systems	87,398
Total depreciation expense	<u>\$ 1,997,412</u>

**NOTE 6 LONG-TERM DEBT**

At September 30, 2023, the District's long-term debt issuances consisted of the following:

	Interest Rate (%)	Maturity Date	Outstanding	Due Within One Year
<u>General Obligation Bonds</u>				
Series 2014 Tax Bonds	1.5-3.5%	8/31/2034	\$ 3,725,000	\$ 290,000
Series 2020 Refunding Bonds	1.30%	8/31/2031	975,000	120,000
<u>Revenue Bonds</u>				
Series 2015 Bonds	2.0-3.25%	8/31/2035	6,280,000	435,000
Series 2016 Bonds	0.5-2.2%	8/31/2036	3,145,000	220,000
Series 2019 Bonds	3.0-3.5%	8/31/2049	6,600,000	170,000
<u>Type A Financing Leases</u>				
Camera Van Lease	3.95%	2/1/2024	22,398	22,398
Total long-term debt:			<u>\$ 20,747,398</u>	<u>\$ 1,257,398</u>

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE 6. LONG-TERM DEBT - CONTINUED**

The following is a summary of long-term liabilities activity for the District for the year ended September 30, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities:</u>					
General Obligation Bonds	\$ 5,560,000	\$ -	\$ (860,000)	\$ 4,700,000	\$ 410,000
Revenue Bonds	16,830,000	-	(805,000)	16,025,000	825,000
Type A Financing Leases	140,046	-	(117,648)	22,398	22,398
Compensated Absences	74,205	15,092	-	89,297	-
Total Governmental activities long-term liabilities:	<u>\$ 22,604,251</u>	<u>\$ 15,092</u>	<u>\$ (1,782,648)</u>	<u>\$ 20,836,695</u>	<u>\$ 1,257,398</u>

The annual debt service requirements for the District's bonds are as follows:

<u>Fiscal Year Ending</u>	<u>General Obligation and Revenue Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2024	\$ 1,235,000	\$ 563,127	\$ 1,798,127
2025	1,265,000	538,295	1,803,295
2026	1,285,000	511,555	1,796,555
2027	1,325,000	482,948	1,807,948
2028	1,360,000	452,287	1,812,287
2029-2033	7,165,000	1,715,615	8,880,615
2034-2038	3,650,000	790,985	4,440,985
2039-2043	1,415,000	482,456	1,897,456
2044-2048	1,660,000	235,444	1,895,444
2049	365,000	12,775	377,775
Totals:	<u>\$ 20,725,000</u>	<u>\$ 5,785,487</u>	<u>\$ 26,510,487</u>



**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE 6. LONG-TERM DEBT- CONTINUED**

As of September 30, 2023, the District has one outstanding Type A financing lease. The leased asset is classified as a vehicle. The capitalized cost is \$205,629 and amortized net book value is \$45,928 at September 30, 2023. \$34,446 of amortization expense has been included in depreciation expense for the year ended September 30, 2023.

The following is a schedule of future debt service requirements for this lease:

<u>Fiscal Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2024	\$ 22,398	\$ 442	\$ 22,840
Total Financing Lease Debt Service:	<u>\$ 22,398</u>	<u>\$ 442</u>	<u>\$ 22,840</u>

**NOTE 7. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various nature. Commercial insurance is purchased for the risks of loss to which the District is exposed. Any losses reported but unsettled or incurred and not reported, are believed to be insignificant to the District's basic financial statements.

Additionally, the District must operate in compliance with rules and regulations mandated for public water supply systems by federal and state governments. The District is subject to compliance oversight by the Texas Commission on Environmental Quality (TCEQ).

**NOTE 8. RETIREMENT PLAN**

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

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

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE 8. RETIREMENT PLAN - CONTINUED**

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

**Contributions**

The employer has elected the annually determined contribution rate (ADCR) plan provision of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rates of 10.92% and 11.80% for calendar years 2022 and 2023, respectively. Total employer contributions for the year ended September 30, 2023 was \$158,013.

The contribution rate payable by the employee members for calendar years 2022 and 2023 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 total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date:	December 31, 2022
Actuarial Cost Method:	Entry Age (level percentage of pay)
Asset Valuation Method:	
Smoothing Period	5 Years
Recognition Method	Level percentage of payroll, closed
Corridor	None
Inflation:	2.50%
Salary Increase:	4.70%
Investment Rate of Return:	7.50% (net)

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE 8. RETIREMENT PLAN - CONTINUED**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.60%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer 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, 2022 are summarized below:

Asset Class	Benchmark	Target Allocation	Geometric Real Rate of Return
U.S. Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.95%
Global Equities	MSCI World (net) Index	2.50%	4.95%
Int'l Equities - Developed Markets	MSCI World Ex USA (net) Index	5.00%	4.95%
Int'l Equities - Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.95%
Investment Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	2.40%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	3.39%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.95%
Distressed Debt	Cambridge Associates Distressed Securities Index	4.00%	7.60%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT Index	2.00%	4.15%
Master Limited Partnerships	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	25.00%	7.95%
Hedge Funds	Hedge Fund Research, Inc. Fund of Funds Composite Index	6.00%	2.90%
Cash Equivalents	90-Day U.S. Treasury	2.00%	0.20%

**Discount Rate Sensitivity Analysis**

The following schedule shows the impact of the Net Pension Liability (Asset) if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.60%) in measuring the Net Pension Liability:

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Net pension liability (asset) \$	297,870	\$(86,505)	\$(409,514)

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE 8. RETIREMENT PLAN - CONTINUED**

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

At September 30, 2023, the District reported (\$86,505) for the net pension (asset) and pension expense of \$100,074 related to the December 31, 2022 valuation. The breakdown of the components of the total pension liability, plan fiduciary net position, and the net pension liability follows:

Changes in the Net Pension Liability (Asset)	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liab./ (Asset) (a) - (b)
Balances at 12/31/2021:	\$ 2,507,319	\$ 2,745,392	\$ (238,073)
Changes for the year:			
Service cost	233,536		233,536
Interest	205,110		205,110
Effect of plan changes	-		-
Effect of economic/demographic gains or losses	(194,016)		(194,016)
Effect of assumptions changes or inputs	-		-
Refund of contributions	(53,830)	(53,830)	-
Benefit payments	(31,818)	(31,818)	-
Administrative expenses		(1,613)	1,613
Member contributions		95,508	(95,508)
Net investment income		(174,486)	174,486
Employer contributions		148,993	(148,993)
Other changes		24,660	(24,660)
Balances at 12/31/2022:	\$ 2,666,301	\$ 2,752,806	\$ (86,505)

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

Deferred Inflows / Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference between expected and actual experience	\$ 145,512	\$ 32,269
Changes of assumptions	-	67,842
Net difference between projected and actual earnings	-	93,072
Contributions subsequent to the measurement date	N/A	120,444
Totals:	\$ 145,512	\$ 313,627

\$120,444 reported as deferred outflow of resources for contributions made subsequent to the measurement date will be recognized as an addition to the net pension asset in the 2023 measurement year.

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE 8. RETIREMENT PLAN - CONTINUED**

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>Fiscal Year Ending:</u>		
2024	\$	(23,477)
2025		(5,646)
2026		(1,191)
2027		77,985
Thereafter		-
	\$	<u>47,671</u>

**NOTE 9. OTHER POST-EMPLOYMENT BENEFITS**

Plan Description

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

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

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

Benefit terms are established under the 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 death benefit equal to \$5,000.

Membership information is shown in the chart below:

Inactive employees or beneficiaries currently receiving benefits:	3
Inactive employees entitled, but not yet receiving benefits:	5
Active employees:	<u>15</u>
Total:	23

Total OPEB Liability

The District's total OPEB liability was determined by an actuarial valuation dated December 31, 2022. Estimates include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions (ARC) of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE 9. OTHER POST-EMPLOYMENT BENEFITS - CONTINUED**

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

Valuation Date:	December 31, 2022
Amortization Method:	Straight-Line Over Expected Working Life
Discount Rate:	3.72%
Disability:	Custom rates based on TCDRS experience
Mortality:	
Depositing Members	135% of PUB-2010 General Employees Amount-Weighted Mortality Table for males and 120% of the General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Retirees/Beneficiaries	135% of PUB-2010 General Healthy Retirees Amount-Weighted Mortality Table for males and 120% of the General Healthy Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled Retirees	160% of PUB-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 120% of the General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

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, 2022 (measurement date under GASB 75). At this date, the discount rate was 3.72%.

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 (2.72%) or 1% point higher (4.72%) than the current rate, for measurement period ended December 31, 2022:

	1% Decrease 2.72%	Current Discount Rate 3.72%	1% Increase 4.72%
Total OPEB liability \$	29,831	\$ 24,460	\$ 20,269

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE 9. OTHER POST-EMPLOYMENT BENEFITS - CONTINUED**

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

For the fiscal year ended September 30, 2023, the District recognized expense related to OPEB of \$2,964.

As of September 30, 2023, the District reported deferred inflows of resources related to OPEB from the following sources:

<b>Deferred Inflows / Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>
Difference between expected and actual experience	\$ 7,219	\$ -
Changes of assumptions	8,895	5,489
Net difference between projected and actual earnings	-	-
Contributions subsequent to the measurement date	N/A	2,042
Totals:	\$ 16,114	\$ 7,531

The \$2,042 contributions made after the measurement date of the total OPEB liability but before the end of the District's reporting period will be recognized as a reduction of the total OPEB liability in the subsequent fiscal period.

The other amounts reported as deferred inflows/outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending:</u>	
2024	\$ (2,078)
2025	(2,170)
2026	(1,686)
2027	(2,407)
Thereafter	(2,284)
	\$ (10,625)

**NOTE 10. SUBSEQUENT EVENTS**

The District has evaluated all events and transactions after September 30, 2023 up through the audit report date, which is the date the financial statements were issued. The District has no subsequent events to disclose.

## **REQUIRED SUPPLEMENTARY INFORMATION**



**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual - General Fund**  
**For the Year Ended September 30, 2023**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Water charges	\$ 6,710,979	\$ 7,142,255	\$ 8,001,954	\$ 859,699
Wastewater charges	3,899,686	3,770,000	3,845,076	75,076
Property taxes	1,346,135	1,346,135	1,355,148	9,013
Intergovernmental	145,029	145,029	151,357	6,328
Late charges	78,000	78,000	77,201	(799)
Rental income	14,146	37,179	45,179	8,000
Inspections and other charges for services	8,058	8,058	4,100	(3,958)
Other revenue	7,000	7,000	17,432	10,432
Investment earnings	20,000	380,000	397,122	17,122
Total revenues	<u>12,229,033</u>	<u>12,913,656</u>	<u>13,894,570</u>	<u>980,914</u>
Expenditures				
Current:				
Water	4,063,174	4,023,839	4,157,215	(133,376)
Wastewater	1,534,411	1,537,794	1,460,607	77,187
Administration	1,508,250	1,495,467	1,474,970	20,497
Fire	978,893	978,893	978,435	458
Non-departmental	116,740	74,940	68,637	6,303
Board of directors	11,750	2,785	2,742	43
Capital outlays	2,647,000	3,934,346	3,553,442	380,904
Debt service:				
Principal retirement	117,648	117,648	117,645	3
Interest and fees	3,271	3,271	3,305	(34)
Total expenditures	<u>10,981,137</u>	<u>12,168,983</u>	<u>11,816,999</u>	<u>351,984</u>
Excess of revenues over (under) expenditures	<u>1,247,896</u>	<u>744,673</u>	<u>2,077,571</u>	<u>1,332,898</u>
Other financing sources (uses)				
Proceeds from sold assets	25,000	50,000	110,979	60,979
Transfers (out)	<u>(1,845,796)</u>	<u>(1,845,796)</u>	<u>(1,573,226)</u>	<u>272,570</u>
Total other financing sources (uses)	<u>(1,820,796)</u>	<u>(1,795,796)</u>	<u>(1,462,247)</u>	<u>333,549</u>
Net changes in fund balances	(572,900)	(1,051,123)	615,324	\$ 1,666,447
Fund balances - beginning	<u>14,107,588</u>	<u>14,107,588</u>	<u>14,107,588</u>	
Fund balances - ending	<u>\$ 13,534,688</u>	<u>\$ 13,056,465</u>	<u>\$ 14,722,912</u>	

The accompanying notes are an integral part of these financial statements.

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (LAST TEN MEASUREMENT YEARS)**  
**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
<b>Total Pension Liability</b>									
Service cost	\$ 233,536	\$ 227,965	\$ 183,103	\$ 164,365	\$ 153,752	\$ 176,975	\$ 200,990	\$ 150,689	\$ 170,600
Interest on total pension liability	205,110	175,365	145,931	121,767	100,515	83,553	57,230	41,351	27,449
Effect of plan changes	-	-	-	-	-	-	-	(22,086)	-
Difference between expected and actual experience	(194,016)	27,195	21,485	8,770	13,723	(25,170)	(9,790)	(11,320)	(7,057)
Effect of assumptions changes or inputs	-	7,163	127,091	-	-	5,971	-	7,686	-
Benefit payments/Refund of contributions	(85,649)	(19,329)	(14,049)	(16,533)	(15,970)	(1,695)	(2,091)	(1,902)	(3,156)
Net Change in Total Pension Liability	158,981	418,359	463,561	278,369	252,020	239,634	246,339	164,418	187,836
Total pension liability, beginning	2,507,320	2,088,961	1,625,400	1,347,031	1,095,011	855,377	609,038	444,620	256,784
Total pension liability, ending	\$ 2,666,301	\$ 2,507,320	\$ 2,088,961	\$ 1,625,400	\$ 1,347,031	\$ 1,095,011	\$ 855,377	\$ 609,038	\$ 444,620
<b>Fiduciary Net Position</b>									
Employer contributions	148,993	127,080	122,021	103,641	94,803	102,802	95,185	97,043	93,694
Member contributions	95,508	98,621	94,695	80,287	73,880	79,868	78,388	78,171	74,784
Investment income (net of expenses)	(174,486)	475,821	173,686	212,168	(19,840)	126,587	46,440	(15,011)	18,561
Benefit payments/Refund of contributions	(85,649)	(19,329)	(14,049)	(16,533)	(15,970)	(1,695)	(2,091)	(1,902)	(3,156)
Administrative expenses	(1,613)	(1,485)	(1,506)	(1,278)	(1,039)	(769)	(505)	(394)	(285)
Other	24,660	6,414	6,162	5,966	4,667	2,418	19,889	(47)	(21)
Net Change in Fiduciary Net Position	7,413	687,122	381,009	384,251	136,501	309,211	237,306	157,860	183,577
Fiduciary Net Position, beginning	2,745,393	2,058,271	1,677,262	1,293,011	1,156,510	847,300	609,994	452,134	268,557
Fiduciary Net Position, ending	2,752,806	2,745,393	2,058,271	1,677,262	1,293,011	1,156,511	847,300	609,994	452,134
Net pension liability / (asset), ending	\$ (86,505)	\$ (238,073)	\$ 30,690	\$ (51,862)	\$ 54,020	\$ (61,500)	\$ 8,077	\$ (956)	\$ (7,514)
Fiduciary net position as a percentage of total pension liability	103.24%	109.50%	98.53%	103.19%	95.99%	105.62%	99.06%	100.16%	101.69%
Covered-employee payroll	\$ 1,364,405	\$ 1,408,871	\$ 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 percentage of covered payroll	-6.34%	-16.90%	2.27%	-4.51%	5.12%	-5.39%	0.72%	-0.09%	-0.70%

Note 1 - GASB 68 requires that information on this schedule be presented on the measurement date basis, which is on a calendar year basis. This schedule will also ultimately present the last ten years of information. The measurement year 2014 is the first year for which this information is available.

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1  
SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS (LAST TEN FISCAL YEARS)  
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contributions	\$ 158,013	\$ 148,867	\$ 117,151	\$ 97,337	\$ 92,561	\$ 102,802	\$ 97,875	\$ 97,043	\$ 93,694	\$ 84,476
Contributions in relation to the contractually required contributions	158,013	148,867	122,021	103,641	94,803	102,802	97,875	97,043	93,694	198,219
Contribution deficiency (excess)	\$ -	\$ -	\$ (4,870)	\$ (6,304)	\$ (2,242)	\$ -	\$ -	\$ -	\$ -	\$ (113,743)
District's covered-employee payroll	\$ 1,364,747	\$ 1,436,437	\$ 1,352,780	\$ 1,146,956	\$ 1,055,433	\$ 1,140,976	\$ 1,119,822	\$ 1,116,721	\$ 1,068,342	\$ 963,243
Contributions as a percentage of covered employee payroll	11.6%	10.4%	9.0%	9.0%	9.0%	9.0%	8.7%	8.7%	8.8%	20.6%

GASB 68 requires that information on this schedule be presented on the District's fiscal year basis.

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS (LAST TEN MEASUREMENT YEARS)  
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
<b>Total OPEB Liability</b>						
Service cost	\$ 4,273	\$ 4,121	\$ 3,314	\$ 2,241	\$ 2,503	\$ 2,889
Interest on total pension liability	771	736	771	778	669	595
Effect of plan changes	-	-	-	-	-	-
Difference between expected and actual experience	(3,949)	(2,610)	(2,345)	(1,422)	(678)	(321)
Effect of assumptions changes or inputs	(9,745)	408	4,033	6,476	(2,704)	946
Benefit payments/Refund of contributions	(136)	-	-	-	-	-
Net Change in Total OPEB Liability	(8,786)	2,655	5,773	8,073	(210)	4,109
Total OPEB liability, beginning	33,246	30,591	24,818	16,745	16,955	12,846
Total OPEB liability, ending	<u>\$ 24,460</u>	<u>\$ 33,246</u>	<u>\$ 30,591</u>	<u>\$ 24,818</u>	<u>\$ 16,745</u>	<u>\$ 16,955</u>
Covered payroll	\$ 1,364,405	\$ 1,408,871	\$ 1,352,780	\$ 1,150,893	\$ 1,055,433	\$ 1,140,976
Total OPEB liability as a percentage of covered payroll	1.79%	2.36%	2.26%	2.16%	1.59%	1.49%

Note 1 - GASB 75 requires that information on this schedule be presented on the measurement date basis, which is on a calendar year basis. This schedule will also ultimately present the last ten years of information. The measurement year 2017 is the first year for which this information is available.

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1  
SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS (LAST TEN FISCAL YEARS)  
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	2023	2022	2021	2020	2019	2018
Contractually required contributions	\$ 3,005	\$ 3,964	\$ 3,886	\$ 4,552	\$ 2,635	\$ 2,673
Contributions in relation to the contractually required contributions	3,005	3,964	3,886	4,552	2,635	2,673
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 1,364,747	\$ 1,436,437	\$ 1,352,780	\$ 1,146,956	\$ 1,055,433	\$ 1,140,976
Contributions as a percentage of covered employee payroll	0.22%	0.28%	0.29%	0.40%	0.25%	0.23%

Note 1 - GASB 75 requires that information on this schedule be presented on the District's fiscal year basis. This schedule will also ultimately present the last ten years of information. 2018 is the first year for which this information is available.

## **OTHER SUPPLEMENTARY INFORMATION**

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**TSI-1 SERVICES AND RATES**  
**SEPTEMBER 30, 2023**

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"	\$20.26		
1"	\$38.08	\$4.60	0 to 6,000
1.5"	\$67.54	\$5.35	6,001 to 17,000
2"	\$108.06	\$6.19	17,001 to 25,000
3"	\$204.80	\$7.19	25,001 to 50,000
4"	\$337.68	\$8.36	50,001 +
6"	\$675.38		

Sewer Base Fee		Sewer Volumetric Rates	
	Base Rate	Rates per 1,000	Gallons
Residential*	\$22.15	\$3.57	0 to 4,000
		\$5.09	4,001 to 8,000
		\$7.18	8,001 to 12,000
		\$10.22	12,000 +
Commercial**	\$22.15	\$8.57	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: Water rates noted above were effective October 1, 2022 and the Wastewater rates effective April 1, 2023.

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	\$	140.41
Next 10,000 gallons used	20,000	\$	196.43
Next 10,000 gallons used	30,000	\$	263.33
Next 10,000 gallons used	40,000	\$	335.23
Next 10,000 gallons used	50,000	\$	407.13
Next 10,000 gallons used and subsequent	60,000	\$	490.73

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

# TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1

## TSI-1 SERVICES AND RATES

SEPTEMBER 30, 2023

- 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"	2,497	2,503	1	2,503
1"	707	702	3	1,755
1 1/2"	28	28	5	140
2"	105	105	8	840
3"	42	42	15	630
4"	17	17	25	425
6"	5	5	50	250
8"	1	1	80	80
10"	-	-	115	-
Total Water	3,412	3,403		6,623
Total Wastewater	3,417	3,407	1	3,407

- \* 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 1,443 connections

3. Total water consumption (in thousands) during the fiscal year:
- |                                |           |
|--------------------------------|-----------|
| Gallons pumped into the system | 1,155,952 |
| Gallons billed to customers    | 1,049,905 |
| Water accountability ratio     | 90.83%    |

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

For the most recent fiscal year, FY2023:

	Total Levy	Total Collected	Percentage Collected
Debt Service	\$ 696,446	\$ 690,063	99.00%
Operations and Maintenance	\$ 1,345,535	\$ 1,332,824	99.00%

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

5. Location of District:
- Counties in which District is located: Denton  
Tarrant
- Is the District located entirely in one county? No
- Is the District located within a city? Partially
- Cities in which District is located: Town of Trophy Club  
Town of Westlake
- Is District located within a city's extra territorial jurisdiction (ETJ)? Unknown
- ETJ's in which District is located: Unknown
- Is the general membership of the Board appointed by an office outside the District? No



**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**TSI - 2**  
**General Fund Expenditures and Other Financing Uses**  
**Year End September 30, 2023**

	<u>Current Year</u> 2023	<u>Prior Year</u> 2022
Administrative	\$ 1,546,349	\$ 1,424,573
Water Operations	4,157,215	4,025,300
Wastewater Operations	1,460,607	1,530,667
Contribution to Trophy Club Fire Dept	978,435	918,658
Capital Outlay	3,553,442	2,000,049
Transfers Out and Debt Service	<u>1,694,176</u>	<u>1,823,389</u>
Total Expenditures	<u><u>\$ 13,390,224</u></u>	<u><u>\$ 11,722,636</u></u>
<u>Number of employees employed by the District:</u>		
Full time Equivalents (FTEs)	14	15
Part time	0	0

\*\* The Town of Trophy Club handles the operations of the Fire Department based on an Interlocal Agreement with Trophy Club Municipal Utility District No.1.  
The District reimburses the annual Town's Fire Budget in equal monthly payments.

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**TSI-3 TEMPORARY INVESTMENTS**  
**September 30, 2023**

<u>Funds</u>	<u>Identification Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance End of Year</u>	<u>Accrued Interest Paid Term</u>
Reserve Fund Prosperity Bank	XXXXX7724	3.20%	Demand (Money Market)	\$ 1,936,872	Paid monthly
General Fund Prosperity Bank	XXX8701	0.35%	Demand	\$ 4,295,920	Paid monthly
General Fund, Fire Fund, & GASB Reserves TexPool	XXXXX0002	5.32%	Demand	\$ 7,652,770	Paid daily
Debt Service Fund TexPool	XXXXX0003	5.32%	Demand	\$ 85,835	Paid daily
Debt Service-Revenue Bond Texpool	XXXXX0013	5.32%	Demand	\$ 39,137	Paid daily
Revenue Bond Reserve Texpool	XXXXX0014	5.32%	Demand	\$ 942,343	Paid daily
SWIFT Revenue Bond Debt Service Texpool	XXXXX0017	5.32%	Demand	\$ 11,714	Paid daily
W&WW 19 Revenue Bond Construction Texpool	XXXXX0018	5.32%	Demand	\$ 1,179,059	Paid daily
W&WW 19 Revenue Bond Debt Service Texpool	XXXXX0020	5.32%	Demand	\$ 6,476	Paid daily
SWIFT Revenue Bond Escrow Account Bank of Texas BOKF	82-1747-01-1	5.32%	Demand	\$ 817,017	Paid daily
TCEQ Revenue Bond Escrow Account Bank of Texas BOKF	82-3288-01-4	4.76%	Demand	\$ -	Paid daily
Total - All Funds				<u>\$ 16,967,143</u>	

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**TSI-4 TAXES LEVIED AND RECEIVABLE**  
**SEPTEMBER 30, 2023**

	General Fund			Debt	
	Operations	Fire	Total	Service	Total
Taxes receivable beginning of year	\$ 1,288	\$ 12,891	\$ 14,180	\$ 7,294	\$ 21,474
2022 tax levy	84,337	1,207,118	1,291,455	668,475	1,959,930
Total to be accounted for	85,626	1,220,009	1,305,635	675,769	1,981,403
Less collections and adjustments:					
Current year	(84,163)	(1,204,621)	(1,288,784)	(667,092)	(1,955,876)
Prior years	626	(8,521)	(7,895)	( 5,292)	(13,187)
Total to be accounted for	(83,537)	(1,213,141)	(1,296,678)	(672,384)	(1,969,063)
Taxes receivable, end of year	<u>\$ 2,089</u>	<u>\$ 6,868</u>	<u>\$ 8,956</u>	<u>\$ 3,384</u>	<u>\$ 12,341</u>
Taxes receivable by year					
1999 and prior	\$ -	\$ -	\$ -	\$ -	\$ -
2000	\$ -	\$ -	\$ -	\$ -	\$ -
2001	\$ -	\$ -	\$ -	\$ -	\$ -
2002	\$ -	\$ -	\$ -	\$ -	\$ -
2003	\$ -	\$ -	\$ -	\$ -	\$ -
2004	\$ -	\$ -	\$ -	\$ -	\$ -
2005	\$ -	\$ -	\$ -	\$ -	\$ -
2006	\$ -	\$ -	\$ -	\$ -	\$ -
2007	\$ -	\$ -	\$ -	\$ -	\$ -
2008	\$ -	\$ -	\$ -	\$ -	\$ -
2009	\$ -	\$ -	\$ -	\$ -	\$ -
2010	\$ 33	\$ 410	\$ 443	\$ 289	\$ 732
2011	\$ 37	\$ 414	\$ 451	\$ 212	\$ 663
2012	\$ 42	\$ 445	\$ 487	\$ 83	\$ 570
2013	\$ 54	\$ 501	\$ 555	\$ 210	\$ 765
2014	\$ 91	\$ 471	\$ 562	\$ 251	\$ 813
2015	\$ 18	\$ 274	\$ 292	\$ 206	\$ 498
2016	\$ 17	\$ 281	\$ 298	\$ 183	\$ 481
2017	\$ 63	\$ 546	\$ 609	\$ 347	\$ 956
2018	\$ 104	\$ 914	\$ 1,018	\$ 562	\$ 1,580
2019	\$ (237)	\$ (2,132)	\$ (2,369)	\$ (1,198)	\$ (3,567)
2020	\$ 134	\$ 1,228	\$ 1,362	\$ 680	\$ 2,042
2021	\$ 150	\$ 1,399	\$ 1,549	\$ 761	\$ 2,310
2022	\$ 174	\$ 2,497	\$ 2,671	\$ 1,383	\$ 4,054
	<u>\$ 680</u>	<u>\$ 7,248</u>	<u>\$ 7,928</u>	<u>\$ 3,969</u>	<u>\$ 11,897</u>
Property valuations (in 000's)					
	FY 21/22	FY 20/21	FY 19/20	FY 18/19	FY 17/18
Land	\$ 963,053	\$ 824,647	\$ 823,775	\$ 800,425	\$ 667,906
Improvements	1,268,107	1,239,177	1,159,708	1,042,035	981,366
Personal property	116,148	108,942	101,998	109,764	103,985
Exemptions	(260,389)	(162,059)	(152,776)	(140,704)	(81,906)
	<u>\$ 2,086,919</u>	<u>\$ 2,010,707</u>	<u>\$ 1,932,705</u>	<u>\$ 1,811,520</u>	<u>\$ 1,671,351</u>
Tax rate per \$100 valuation					
Operations	0.00687	0.00709	0.00748	0.00765	0.00788
Fire department	0.06412	0.06476	0.06738	0.06719	0.06870
Debt service	0.03489	0.03589	0.03787	0.04134	0.04363
Tax rate per \$100 valuation	<u>0.10588</u>	<u>0.10774</u>	<u>0.11273</u>	<u>0.11618</u>	<u>0.12021</u>
Tax levy:	\$ 2,039,976	\$ 2,056,855	\$ 2,052,305	\$ 1,919,984	\$ 1,870,008
Percent of taxes collected to taxes levied	99.85%	99.71%	99.76%	99.48%	99.75%

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**TSI-4 TAXES LEVIED AND RECEIVABLE**  
**SEPTEMBER 30, 2023**

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

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

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	0.217543	0.224
City	Town of Trophy Club	0.434799	0.434799
School District	Northwest ISD/Carroll ISD	1.2746	1.2188
		1.926942	1.877599
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		0.09134	0.09134
Total Overlapping Tax District		2.018282	2.323538

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO.1**  
**TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS**  
**SEPTEMBER 30, 2023**

Due During Fiscal Years Ending	All Bonded Debt Series		Total
	Principal Due 1-Sep	Interest Due Mar 1/ Sep 1	
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>\$ 20,725,000</u>	<u>\$ 5,785,489</u>	<u>\$ 26,510,489</u>

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

Due During Fiscal Years Ending	Principal Due 1-Sep	Interest Due Mar 1/ Sep 1	Total
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>\$ 3,725,000</u>	<u>\$ 753,575</u>	<u>\$ 4,478,575</u>

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO.1**  
**TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS (CONTINUED)**  
**SEPTEMBER 30, 2023**

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

Due During Fiscal Years Ending	Principal Due 1-Sep	Interest Due Mar 1/ Sep 1	Total
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>\$ 975,000</u>	<u>\$ 57,655</u>	<u>\$ 1,032,655</u>

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

Due During Fiscal Years Ending	Principal Due 1-Sep	Interest Due Mar 1/ Sep 1	Total
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>\$ 6,280,000</u>	<u>\$ 1,286,963</u>	<u>\$ 7,566,963</u>

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

Due During Fiscal Years Ending	Principal Due 1-Sep	Interest Due Mar 1/ Sep 1	Total
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>\$ 3,145,000</u>	<u>\$ 429,909</u>	<u>\$ 3,574,909</u>

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO.1**  
**TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS (CONTINUED)**  
**SEPTEMBER 30, 2023**

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

Due During Fiscal Years Ending	Principal Due 1-Sep	Interest Due Mar 1/ Sep 1	Total
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>\$ 6,600,000</u>	<u>\$ 3,257,388</u>	<u>\$ 9,857,388</u>

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**TSI-6 CHANGES IN LONG-TERM BONDED DEBT**  
**SEPTEMBER 30, 2023**

	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	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	
Maturity date	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	\$ 250,000	\$ 215,000	\$ 4,005,000	\$ 1,090,000	\$ 6,700,000	\$ 3,365,000	\$ 6,765,000	\$ 22,390,000
Retirements of principal	\$ 250,000	\$ 215,000	\$ 280,000	\$ 115,000	\$ 420,000	\$ 220,000	\$ 165,000	\$ 1,665,000
Bonds outstanding at end of fiscal year	\$ -	\$ -	\$ 3,725,000	\$ 975,000	\$ 6,280,000	\$ 3,145,000	\$ 6,600,000	\$ 20,725,000
Retirements of interest	\$ 7,500	\$ 7,525	\$ 118,613	\$ 14,170	\$ 184,238	\$ 55,139	\$ 214,138	\$ 601,323
Paying agent's name & city:	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	\$ 4,217							

The general obligation bonds were authorized on October 7, 1975

Debt Service Fund cash and cash equivalents balance as of September 30, 2023: \$ 1,085,505

Average annual debt service payment (principal & interest) for remaining term of debt: \$ 1,811,527



**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**TS1-7 COMPARATIVE SCHEDULES OF REVENUES AND EXPENDITURES-FIVE YEARS**  
**GENERAL FUND**  
**SEPTEMBER 30, 2023**

REVENUE	Amounts				Percentage			
	2023	2022	2021	2020	2019	2023	2022	2021
Ad valorem property taxes	\$ 1,355,148	\$ 1,434,197	\$ 1,378,844	\$ 1,371,466	\$ 1,231,580	9.7%	11.3%	12.5%
Water and wastewater charges	11,847,030	10,809,305	9,222,445	9,109,566	8,539,760	84.6%	85.0%	83.7%
Inspection and tap fees	4,100	8,099	12,500	20,300	6,900	0.0%	0.1%	0.1%
Interest earned	397,122	66,251	18,386	81,518	139,388	2.8%	0.5%	0.2%
Debt proceeds	-	-	-	-	(7,080)	0.0%	0.0%	0.0%
Transfers In	-	-	-	-	32,080	0.0%	0.0%	0.0%
Proceeds from Sale of Assets	110,979	21,001	23,975	12,520	52,600	0.8%	0.2%	0.1%
Capital Lease Financing	-	-	-	-	204,004	0.0%	0.0%	0.0%
Miscellaneous and other	291,169	377,827	359,189	300,746	376,822	2.1%	3.0%	3.3%
<b>Total revenue</b>	<b>\$ 14,005,548</b>	<b>\$ 12,716,680</b>	<b>\$ 11,015,339</b>	<b>\$ 10,896,116</b>	<b>\$ 10,576,054</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>EXPENDITURES</b>								
Administrative	\$ 1,546,349	\$ 1,424,573	\$ 1,405,997	\$ 1,388,918	\$ 1,304,577	11.5%	12.2%	13.2%
Water operations	4,157,215	4,025,300	2,982,828	2,919,210	3,001,947	31.0%	34.3%	28.1%
Wastewater operations	1,460,607	1,530,667	1,508,659	1,252,392	1,048,445	10.9%	13.1%	14.2%
Contribution to Trophy Club Fire Dept	978,435	918,658	839,816	738,348	692,347	7.3%	7.8%	7.9%
Capital outlay	3,553,442	2,000,049	1,034,637	931,856	2,036,172	26.5%	17.1%	9.7%
Transfers Out and Debt Service	1,694,176	1,823,389	2,858,279	2,405,409	1,619,062	12.7%	15.6%	26.9%
<b>Total expenditures</b>	<b>\$ 13,390,224</b>	<b>\$ 11,722,635</b>	<b>\$ 10,630,215</b>	<b>\$ 9,636,133</b>	<b>\$ 9,702,550</b>	<b>100%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ 615,324</b>	<b>\$ 994,045</b>	<b>\$ 385,123</b>	<b>\$ 1,259,983</b>	<b>\$ 873,504</b>	<b>4.4%</b>	<b>7.8%</b>	<b>3.5%</b>
<b>Total active retail water and/or wastewater connections</b>	<b>3,407</b>	<b>3,379</b>	<b>3,374</b>	<b>3,371</b>	<b>3,330</b>	<b></b>	<b></b>	<b></b>

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**TSI-7 COMPARATIVE SCHEDULES OF REVENUES AND EXPENDITURES-FIVE YEARS (Continued)**  
**DEBT SERVICE FUND**  
**SEPTEMBER 30, 2023**

	Amounts					Percentage				
<b>REVENUE</b>	2023	2022	2021	2020	2019	2023	2022	2021	2020	2019
Ad valorem property taxes	\$ 701,238	\$ 704,644	\$ 688,651	\$ 693,604	\$ 677,477	30.2%	30.8%	30.5%	31.0%	31.8%
Penalties and interest	-	-	-	-	2,010	0.0%	0.0%	0.0%	0.0%	0.1%
Transfers in from other funds	1,573,226	1,574,226	1,565,786	1,535,035	1,413,156	67.7%	68.8%	69.4%	68.6%	66.3%
Interest earned	49,191	7,980	286	6,776	37,255	2.1%	0.3%	0.0%	0.3%	1.7%
Miscellaneous and other	-	-	-	1,220	-	0.0%	0.0%	0.0%	0.1%	0.0%
<b>Total revenue</b>	<b>2,323,655</b>	<b>2,286,850</b>	<b>2,254,723</b>	<b>2,236,635</b>	<b>2,129,898</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>EXPENDITURES</b>										
Principal retirement	1,665,000	1,625,000	1,580,000	1,370,000	1,350,000	73.4%	71.8%	70.2%	62.0%	71.2%
Interest and fiscal charges	601,296	636,539	665,987	837,477	543,396	26.5%	28.1%	29.6%	37.9%	28.7%
Bond admin fees	2,100	2,600	3,350	3,292	2,950	0.1%	0.1%	0.1%	0.1%	0.2%
<b>Total expenditures</b>	<b>2,268,396</b>	<b>2,264,139</b>	<b>2,249,337</b>	<b>2,210,769</b>	<b>1,896,346</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ 55,259</b>	<b>\$ 22,711</b>	<b>\$ 5,386</b>	<b>\$ 25,865</b>	<b>\$ 233,552</b>	<b>2.4%</b>	<b>1.0%</b>	<b>0.2%</b>	<b>1.2%</b>	<b>11.0%</b>

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**TSI-8 BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS**  
**September 30, 2023**

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)

<u>Name and Address</u>	<u>Term of Office Elected/Expires or Date Hired</u>	<u>Fees of Office Paid FY2023</u>	<u>Expense Reimbursements FY2023</u>	<u>Title at Year End</u>
<u>Board Members:</u>				
Kevin Carr 15 Edgemere Drive Trophy Club, TX 76262	11/20-5/24	\$ -	\$ -	President
William Rose 219 Inverness Drive Trophy Club, TX 76262	11/20-5/24	\$ -	\$ -	Director
Doug Harper 16 Fair Green Drive Trophy Club, TX 76262	5/22-5/26	\$ -	\$ -	Secretary/Treasurer
Ben Brewster 222 Fresh Meadow Drive Trophy Club, TX 76262	5/22-5/26	\$ -	\$ -	Vice-President
Tracey Hunter 19 Monterrey Drive Trophy Club, TX 76262	5/22-5/26	\$ -	\$ -	Director

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**TSI-8 BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS (Continued)**  
**SEPTEMBER 30, 2023**

Name and Address	Date of Contract or Vendor Created	Total Paid Out FY 2023	Type of Vendor
<u>Consultants/Legal:</u>			
Denton Central Appraisal District P.O. Box 2816 Denton, TX 76202	4/1/1981	\$ 8,655	Appraiser
Tarrant Appraisal District 2500 Handley-Ederville Rd. Fort Worth, TX 76262	10/1/2007	\$ 2,609	Appraiser
Rod L Abbott CPA LLC P.O. Box 75 Tom Bean, Tx 75489	8/27/2020	\$ 22,064	Auditors
Halff Associates, Inc. P.O. Box 678316 Dallas, TX 75267-8316	1/1/2017	\$ 94,679	Engineers
Garver P.O. Box 736556 Dallas, TX 75373-6556	12/3/2021	\$ 217,154	Engineers
Bickerstaff Heath Delgado Acosta LLP 901 S. Mopac Expressway Building #1, Suite 300 Austin, TX 78746	4/1/2023	\$ 19,993	Legal Counsel
McLean & Howard, L.L.P. 901 S. Mopac Expressway Building 2, Suite 225 Austin, TX 78746	3/1/2017	\$ 10,170	Legal/Bond Counsel
Whitaker Chalk Swindle & Schwartz PLLC 301 Commerce St, Suite 3500 Fort Worth, TX 76102-4186	4/30/2018	\$ 1,100	Legal Counsel
New Gen Strategies & Solutions 1300 E. Lookout Dr. Suite 100 Richardson, TX 75082	7/1/2013	\$ 5,058	Rate Consultant