

**Transparency**

Information Required by Section 26.18, Texas Tax Code and Section 2051.202, Texas Government Code

**Name of District**

(Section 2051.202)

Trophy Club Municipal Utility District No. 1

**Name and Term of Office for Each Board Member**

(HB 305, Section 26.18, Section 2051.202)

Place 1	Kevin R. Carr	kcarr@tcmud.org	May - 2024
Place 2	Bill Rose	brose@tcmud.org	May - 2024
Place 3	Jim Thomas	jthomas@tcmud.org	May - 2026
Place 4	Neil Twomey	ntwomey@tcmud.org	May - 2026
Place 5	Doug Harper	dharper@tcmud.org	May - 2026

**Contact Information for Main Office of District**

(HB 305, Section 26.18, Section 2051.202)

Trophy Club Municipal Utility District No. 1

100 Municipal Drive

Trophy Club, TX 76262

Phone: 682-831-4600

**Official Contact Information for Each Board Member**

(Section 26.18, Section 2051.202)

Same as contact information for main office of the District.

**If Applicable, Name of the General Manager**

(Section 2051.202)

Alan Fourmentin

**The Name of the Person Representing the Operator, Including a Mailing Address and Telephone Number** (Section 2051.202)

n/a

**The Name of the Person Representing the Tax Assessor/Collector, Including Mailing Address and Telephone Number** (Section 2051.202)

**Michelle French Tax Assessor / Collector of Denton County**

1505 E McKinney Street

Denton, TX 76209

Phone: 940-349-3500

**Wendy Burgess Tarrant County/Tax Assessor-Collector**

100 E. Weatherford Street

Fort Worth, Texas 76196

Phone: (817) 884-1100

**The Rate of the Ad Valorem Tax**

(Section 2051.202)

- 2024: \$0.06250

**If Applicable, the Sales and Use Tax Rate**

(Section 2051.202)

N/A

**Any Tax Rate Hearing Notice**

(Section 2051.202)

- Notices of Public Hearing on Tax Rate
  - [2024](#)
- Orders Setting Tax Rate and Levying Taxes
  - [2024](#)
  - [2023](#)
  - [2022](#)

**Location and Schedule of Meeting of the District**

(Section 2051.202)

The Board meets monthly on the third Wednesday at 6:30 p.m. Meetings are held at Trophy Club Municipal Utility District No. 1 Svore Municipal Boardroom at 100 Municipal Drive, Trophy Club, Texas 76262.

## **A Statement that the Residents Have a Right to Request a Designation of a Meeting Location Within the District**

(Section 2051.202)

The Board meets monthly on the third Wednesday at 6:30 pm. Meetings are held at 100 Municipal Drive, Trophy Club, Texas 76262. Nevertheless, under Texas law, the following information is required to be posted on the District's website:

Residents of the District have the right to request the designation of a meeting location within the District under Section 49.062(g), Water Code. A description of this process can be found at:

<https://www.tceq.texas.gov/downloads/water-districts/forms/form-20863.pdf>

## **Each Meeting Notice and Minutes of Meetings for the Current Year and the Preceding 12 Months**

(HB 305, Section 2051.202)

[District's agendas and minutes.](#)

## **Budget Information**

(Section 26.18)

The taxing unit's proposed or adopted budget for the current year:

- [Adopted Budget – FY 2025](#)

The change in the amount of the taxing unit's budget from the preceding year to the current year:

- Revenues: \$(1,183,578); (8.21)%
- Expenses: \$(1,199,713); (8.32)%

The amount of property tax revenue budgeted for maintenance and operations for the preceding two years and current year:

- 2025: \$1,483,648
- 2024: \$1,410,679
- 2023: \$1,345,535

The amount of property tax revenue budgeted for debt service for the preceding two years and current year:

- Debt Service tax levy totals can be found on the tax rate component link below.

## **Tax Information**

(Section 26.18, Section 2051.202)

- [Tax Rate Components](#)

The maintenance and operations tax rate for the preceding two years:

- 2024: \$0.05522
- 2023: \$0.06019

The maintenance and operations tax rate for the current year:

- 2025: \$0.05451

The debt service tax rate for the preceding two years:

- 2024: \$0.00859
- 2023: \$0.03115

The proposed debt service tax rate for the current year:

- 2025: \$0.00799

## **Financial Information**

(Section 26.18, Section 2051.202)

The most recent financial audits:

- [2024](#)
- [2023](#)
- [2022](#)

## **Conflict of Interest Disclosures**

(Texas Local Government Code Chapter 176)

- [Conflict of Interest Questionnaire](#)
- [Conflicts Disclosure Statement Form](#)
- The Directors and vendors have disclosed the following pursuant to Texas Local Government Code, Chapter 176:



# WATER DISTRICT

## NOTICE OF PUBLIC HEARING ON TAX RATE

The Trophy Club Municipal Utility District No. 1 will hold a public hearing on a proposed tax rate for the tax year 2024 on Wednesday, September 18, 2024 at 6:30 p.m. at the Svore Municipal Building, 100 Municipal Drive, Trophy Club, Texas. Your individual taxes may increase at a greater or lesser rate, or even decrease, depending on the tax rate that is adopted and on the change in the taxable value of your property in relation to the change in taxable value of all other property. The change in the taxable value of your property in relation to the change in taxable value of all other property determines the distribution of the tax burden among all property owners.

Visit [Texas.gov/PropertyTaxes](https://www.texas.gov/PropertyTaxes) to find a link to your local property tax database on which you can easily access information regarding your property taxes, including information about proposed tax rates and scheduled public hearings of each entity that taxes your property.

**FOR** the proposal: \_\_\_\_\_  
**AGAINST** the proposal: \_\_\_\_\_  
**PRESENT** and not voting: \_\_\_\_\_  
**ABSENT:** \_\_\_\_\_

The following table compares taxes on an average residence homestead in this taxing unit last year to taxes proposed on the average residence homestead this year.

	<b>Last Year</b>	<b>This year</b>
Total tax rate (per \$100 of value)	<u>\$0.06381/\$100</u> Adopted	<u>\$0.06250/\$100</u> Proposed
Difference in rates per \$100 of value	(\$0.00131)/\$100	
Percentage increase/decrease in rates (+/-)	(2.05%)	
Average appraised residence homestead value	\$708,995	\$743,414
General homestead exemptions available (excluding 65 years of age or older or disabled person's exemptions)	\$90,994	\$0
Average residence homestead taxable value	\$618,001	\$743,414
Tax on average residence homestead	\$394.35	\$464.63
Annual increase/decrease in taxes if proposed tax rate is adopted (+/-) and percentage of increase (+/-)	(\$70.28) ( 17.82%)	

### NOTICE OF VOTE ON TAX RATE

If the district adopts a combined debt service, operation and maintenance and contract tax rate that would result in the taxes on the average residence homestead increasing by more than 3.5 percent, an election must be held to determine whether to approve the operation and maintenance tax rate under Section 49.23602, Water Code.

**The 86th Texas Legislature modified the manner in which the voter-approval tax rate is calculated to limit the rate of growth of property taxes in the state.**

# 2024 Developed Water District Voter-Approval Tax Rate Worksheet

Form 50-860

Water District Name	Trophy Club Municipal Utility District No 1	Phone (area code and number)	682-831-4600
Water District's Address, City, State, ZIP Code	100 Municipal Dr. Trophy Club, 76262	Water District's Website Address	tcmud.org

**GENERAL INFORMATION:** The Comptroller's office provides this worksheet to assist water districts in determining their voter-approval tax rate. The information provided in this worksheet is offered as technical assistance and not legal advice. Water districts should consult legal counsel for interpretations of law regarding tax rate preparation and adoption.

## SECTION 1: Voter-Approval Tax Rate

The voter-approval tax rate for developed water districts is the current year's debt service, contract and unused increment tax rates plus the maintenance and operation (M&O) tax rate that would impose no more than 1.035 times the amount of M&O tax imposed by the water district in the preceding year on the average appraised value of a residence homestead in the water district. The average appraised value disregards any homestead exemption available only to people with disabilities or those age 65 or older.

The calculation process starts after the chief appraiser delivers to the taxing unit the certified appraisal roll or certified estimate of value and the estimated values of properties under protest. The designated officer or employee shall certify that the officer or employee has accurately calculated the tax rates and used values shown for the certified appraisal roll or certified estimate. The officer or employee submits the rates to the governing body by Aug. 7 or as soon thereafter as practicable.

If any part of the developed water district is located in an area declared a disaster area during the current tax year by the governor or by the president, the board of the district may calculate the voter-approval tax rate in the manner provided in Water Code Section 49.23601(a) and determine whether an election is required to approve the adopted tax rate in the manner provided in Water Code Section 49.23601(c). In such cases, the developed water district may use Comptroller Form 50-858 *Water District Voter-Approval Tax Rate Worksheet for Low Tax Rate and Developing Districts* to calculate its voter-approval tax rate.

Line	Worksheet	Amount/Rate
1.	Prior year average appraised value of residence homestead. <sup>1</sup>	\$ 708,995
2.	Prior year general exemptions available for the average homestead. Excluding age 65 or older or disabled persons exemptions. <sup>2</sup>	\$ 0
3.	Prior year average taxable value of residence homestead. Line 1 minus Line 2.	\$ 708,995
4.	Prior year adopted M&O tax rate.	\$ 0.055220 /\$100
5.	Prior year M&O tax on average residence homestead. Multiply Line 3 by Line 4, divide by \$100.	\$ 391.50
6.	Highest M&O tax on average residence homestead with increase. Multiply Line 5 by 1.035. <sup>3</sup>	\$ 405.20
7.	Current year average appraised value of residence homestead.	\$ 743,414
8.	Current year general exemptions available for the average homestead. Excluding age 65 or older or disabled persons exemptions. <sup>4</sup>	\$ 0
9.	Current year average taxable value of residence homestead. Line 7 minus Line 8.	\$ 743,414
10.	Highest current year M&O tax rate. Line 6 divided by Line 9, multiply by \$100. <sup>5</sup>	\$ 0.054505 /\$100
11.	Current year debt tax rate.	\$ 0.007990 /\$100
12.	Current year contract tax rate.	\$ 0.000000 /\$100
13.	Year 3 Foregone Revenue Amount. Subtract the 2023 unused increment rate and 2023 actual tax rate from the 2023 voter-approval tax rate. Multiply the result by the 2023 current total value.	
	A. Voter-approval tax rate .....	\$ 0.063810 /\$100
	B. Unused increment rate .....	\$ 0.008590 /\$100
	C. Subtract B from A .....	\$ 0.055220 /\$100
	D. Adopted Tax Rate .....	\$ 0.063810 /\$100
	E. Subtract D from C .....	\$ -0.008590 /\$100
	F. 2023 Total Taxable Value .....	\$ 1,877,675,027
	G. Multiply E by F and divide the results by \$100 .....	\$ -161,293

<sup>1</sup> Tex. Water Code § 49.236(a)(2)(C)

<sup>2</sup> Tex. Water Code § 49.236(a)(2)(D)

<sup>3</sup> Tex. Water Code § 49.23602(a)(2)(A)

<sup>4</sup> Tex. Water Code § 49.236(a)(2)(E)

<sup>5</sup> Tex. Water Code § 49.236(a)(2)(F)



Line	Worksheet	Amount/Rate
14.	<b>Year 2 Foregone Revenue Amount. Subtract the 2022 unused increment rate and 2022 actual tax rate from the 2022 voter-approval tax rate. Multiply the result by the 2022 current total value.</b>	
	A. Voter-approval tax rate .....	\$ 0.096580 /\$100
	B. Unused increment rate .....	\$ 0.005240 /\$100
	C. Subtract B from A .....	\$ 0.091340 /\$100
	D. Adopted Tax Rate .....	\$ 0.091340 /\$100
	E. Subtract D from C .....	\$ 0.000000 /\$100
	F. 2022 Total Taxable Value .....	\$ 1,663,353,645
	G. Multiply E by F and divide the results by \$100 .....	\$ 0
15.	<b>Year 1 Foregone Revenue Amount. Subtract the 2021 unused increment rate and 2021 actual tax rate from the 2021 voter-approval tax rate. Multiply the result by the 2021 current total value</b>	
	A. Voter-approval tax rate .....	\$ 0.105880 /\$100
	B. Unused increment rate .....	\$ 0.000000 /\$100
	C. Subtract B from A .....	\$ 0.105880 /\$100
	D. Adopted Tax Rate .....	\$ 0.105880 /\$100
	E. Subtract D from C .....	\$ 0.000000 /\$100
	F. 2021 Total Taxable Value .....	\$ 1,475,745,147
	G. Multiply E by F and divide the results by \$100 .....	\$ 0
16.	<b>Total Foregone Revenue Amount. Add Lines 13G, 14G and 15G.</b>	\$ 0
17.	<b>2024 Unused Increment Rate. Divide Line 16 by Line 9. Multiply the result by 100.</b>	\$ 0 /\$100
18.	<b>Total 2024 voter-approval tax rate, including the unused increment rate.</b>	\$ 0.062495 /\$100

## SECTION 2: Mandatory Tax Election Rate

The mandatory tax election rate is the highest total tax rate a developed water district may adopt without holding an election. The mandatory tax election rate is the rate that would impose 1.035 times the amount of tax imposed by the district in the preceding year on the average appraised value of a residence homestead in the water district plus the unused increment rate. The average appraised value disregards any homestead exemption available only to people with disabilities or those age 65 or older.<sup>7</sup>

Line	Worksheet	Amount/Rate
19.	<b>Prior year average taxable value of residence homestead.</b> Enter the amount from Line 3.	\$ 708,995
20.	<b>Prior year adopted total tax rate.</b>	\$ 0.063810 /\$100
21.	<b>Prior year total tax on average residence homestead.</b> Multiply Line 19 by Line 20 divide by \$100.	\$ 452.40
22.	<b>Current year mandatory election amount of taxes per average residence homestead.</b> Multiply Line 21 by 1.035.	\$ 468.23
23.	<b>Current year mandatory election tax rate, before unused increment.</b> Divide Line 22 by Line 9 and multiply by \$100.	\$ 0.062983 /\$100
24.	<b>Current year mandatory tax election rate.</b> Add Line 17 and Line 23.	\$ 0.062983 /\$100

## SECTION 3: Taxing Unit Representative Name and Signature

Enter the name of the person preparing the voter-approval tax rate and mandatory tax election rate as authorized by the governing body of the water district. By signing below, you certify that you are the designated officer or employee of the taxing unit and have calculated the tax rates in accordance with requirements in Water Code.<sup>8</sup>

**print  
here** ▶

Regina Van Dyke

Printed Name of Water District Representative

**sign  
here** ▶

Water District Representative

8/2/2024

Date

<sup>6</sup> Tex. Tax Code § 26.013

<sup>7</sup> Tex. Water Code § 49.23602(a)(2)

<sup>8</sup> Tex. Water Code § 49.23602

**ORDER NO. 2024-0918B**

**ORDER OF TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1  
LEVYING DEBT SERVICE AND MAINTENANCE TAXES  
FOR THE 2024 TAX YEAR**

**WHEREAS**, Trophy Club Municipal Utility District No. 1 (the “District”) is a duly created and existing municipal utility district created and operating under Chapters 49 and 54 of the Texas Water Code, as amended.

**WHEREAS**, Section 54.601 of the Texas Water Code provides that at the time bonds payable in whole or in part from taxes are issued, the board of a water district shall levy a continuing direct annual ad valorem tax for each year while all or part of the bonds are outstanding on all taxable property within the district in sufficient amounts to pay the interest on the bonds as it becomes due and to create a sinking fund for the payment of the principal of the bonds when due;

**WHEREAS**, Section 49.107 of the Texas Water Code provides that a district may levy and collect a tax for maintenance and operation purposes.

**WHEREAS**, at an election properly conducted in accordance with all applicable laws, the eligible residents of the District previously authorized the issuance of District tax bonds, and the levy and collection of District debt service and maintenance taxes.

**WHEREAS**, the District has issued its unlimited tax bonds pursuant to the foregoing authorization.

**WHEREAS**, the Board of Directors of the District approved a proposed ad valorem tax rate for the 2024 tax year at a meeting conducted on September 18, 2024.

**WHEREAS**, in accordance with the requirements set forth at Section 49.236 of the Texas Water Code and other applicable laws, the District has given proper notice and conducted a public hearing regarding the adoption of ad valorem tax rates for the 2024 tax year.

**WHEREAS**, after conducting the public hearing, the Board of Directors of the District desires to proceed with the levy and collection of a debt service tax and a maintenance tax for the 2024 tax year; and

**WHEREAS**, the District has complied with the applicable requirements of the Texas Water Code and other statutes relating to the procedures for establishing ad valorem taxes by municipal utility districts. Now, therefore,

**BE IT ORDERED BY THE BOARD OF DIRECTORS OF TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1 THAT:**

**Section 1.** The facts and recitations found in the preamble of this Order are hereby found and declared to be true and correct and are incorporated by reference herein and expressly made a part hereof, as if copied verbatim.

**Section 2.** There is hereby levied for the 2024 tax year the following ad valorem taxes:

- (i) An ad valorem debt service tax rate of **\$0.00799** on each \$100 of taxable value on all taxable property within the District; and
- (ii) An ad valorem maintenance tax rate of **\$0.05451** on each \$100 of taxable value on all taxable property within the District.

**Section 3.** The Board of Directors hereby finds and declares that the tax rates adopted and levied by this Order do not exceed the maximum tax rates authorized by the voters of the District.

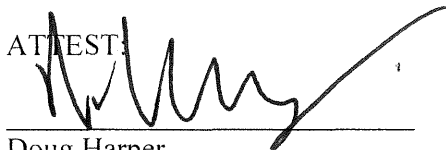
**Section 4.** All taxes collected pursuant to this Order, after paying reasonable costs of levying, assessing, and collecting same, shall be used for authorized purposes, as may be specified by the Board of Directors in accordance with applicable laws.

**ADOPTED, PASSED AND APPROVED this 18<sup>th</sup> day of September 2024.**

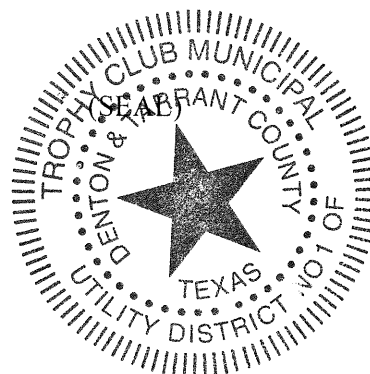


Kevin R. Carr  
President, Board of Directors

ATTEST:



Doug Harper  
Secretary, Board of Directors



**ORDER NO. 2023-0920A**

**ORDER OF TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1  
LEVYING DEBT SERVICE AND MAINTENANCE TAXES  
FOR THE 2023 TAX YEAR**

**WHEREAS**, Trophy Club Municipal Utility District No. 1 (the “District”) is a duly created and existing municipal utility district created and operating under Chapters 49 and 54 of the Texas Water Code, as amended.

**WHEREAS**, Section 54.601 of the Texas Water Code provides that at the time bonds payable in whole or in part from taxes are issued, the board of a water district shall levy a continuing direct annual ad valorem tax for each year while all or part of the bonds are outstanding on all taxable property within the district in sufficient amounts to pay the interest on the bonds as it becomes due and to create a sinking fund for the payment of the principal of the bonds when due;

**WHEREAS**, Section 49.107 of the Texas Water Code provides that a district may levy and collect a tax for maintenance and operation purposes.

**WHEREAS**, at an election properly conducted in accordance with all applicable laws, the eligible residents of the District previously authorized the issuance of District tax bonds, and the levy and collection of District debt service and maintenance taxes.

**WHEREAS**, the District has issued its unlimited tax bonds pursuant to the foregoing authorization.

**WHEREAS**, the Board of Directors of the District approved a proposed ad valorem tax rate for the 2023 tax year at a meeting conducted on September 20, 2023.

**WHEREAS**, in accordance with the requirements set forth at Section 49.236 of the Texas Water Code and other applicable laws, the District has given proper notice and conducted a public hearing regarding the adoption of ad valorem tax rates for the 2023 tax year.

**WHEREAS**, after conducting the public hearing, the Board of Directors of the District desires to proceed with the levy and collection of a debt service tax and a maintenance tax for the 2023 tax year; and

**WHEREAS**, the District has complied with the applicable requirements of the Texas Water Code and other statutes relating to the procedures for establishing ad valorem taxes by municipal utility districts. Now, therefore,

**BE IT ORDERED BY THE BOARD OF DIRECTORS OF TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1 THAT:**

**Section 1.** The facts and recitations found in the preamble of this Order are hereby found and declared to be true and correct and are incorporated by reference herein and expressly made a part hereof, as if copied verbatim.

**Section 2.** There is hereby levied for the 2023 tax year the following ad valorem taxes:

- (i) An ad valorem debt service tax rate of **\$0.00859** on each \$100 of taxable value on all taxable property within the District; and
- (ii) An ad valorem maintenance tax rate of **\$0.05522** on each \$100 of taxable value on all taxable property within the District.

**Section 3.** The Board of Directors hereby finds and declares that the tax rates adopted and levied by this Order do not exceed the maximum tax rates authorized by the voters of the District.

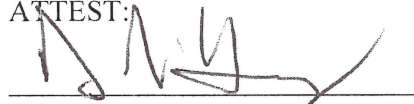
**Section 4.** All taxes collected pursuant to this Order, after paying reasonable costs of levying, assessing, and collecting same, shall be used for authorized purposes, as may be specified by the Board of Directors in accordance with applicable laws.

**ADOPTED, PASSED AND APPROVED this 20<sup>th</sup> day of September 2023.**

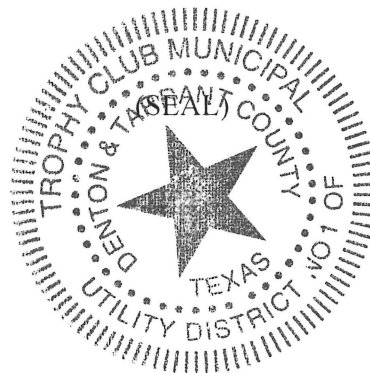


Kevin R. Carr  
President, Board of Directors

ATTEST:



Doug Harper  
Secretary, Board of Directors



**ORDER NO. 2022-0921B**

**ORDER OF TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1  
LEVYING DEBT SERVICE AND MAINTENANCE TAXES  
FOR THE 2022 TAX YEAR**

**WHEREAS**, Trophy Club Municipal Utility District No. 1 (the "District") is a duly created and existing municipal utility district created and operating under Chapters 49 and 54 of the Texas Water Code, as amended.

**WHEREAS**, Section 54.601 of the Texas Water Code provides that at the time bonds payable in whole or in part from taxes are issued, the board of a water district shall levy a continuing direct annual ad valorem tax for each year while all or part of the bonds are outstanding on all taxable property within the district in sufficient amounts to pay the interest on the bonds as it becomes due and to create a sinking fund for the payment of the principal of the bonds when due;

**WHEREAS**, Section 49.107 of the Texas Water Code provides that a district may levy and collect a tax for maintenance and operation purposes.

**WHEREAS**, at an election properly conducted in accordance with all applicable laws, the eligible residents of the District previously authorized the issuance of District tax bonds, and the levy and collection of District debt service and maintenance taxes.

**WHEREAS**, the District has issued its unlimited tax bonds pursuant to the foregoing authorization.

**WHEREAS**, the Board of Directors of the District approved a proposed ad valorem tax rate for the 2021 tax year at a meeting conducted on August 17, 2022.

**WHEREAS**, in accordance with the requirements set forth at Section 49.236 of the Texas Water Code and other applicable laws, the District has given proper notice and conducted a public hearing regarding the adoption of ad valorem tax rates for the 2022 tax year.

**WHEREAS**, after conducting the public hearing, the Board of Directors of the District desires to proceed with the levy and collection of a debt service tax and a maintenance tax for the 2022 tax year; and

**WHEREAS**, the District has complied with the applicable requirements of the Texas Water Code and other statutes relating to the procedures for establishing ad valorem taxes by municipal utility districts. Now, therefore,

**BE IT ORDERED BY THE BOARD OF DIRECTORS OF TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1 THAT:**



**Section 1.** The facts and recitations found in the preamble of this Order are hereby found and declared to be true and correct and are incorporated by reference herein and expressly made a part hereof, as if copied verbatim.


**Section 2.** There is hereby levied for the 2022 tax year the following ad valorem taxes:

- (i) An ad valorem debt service tax rate of **\$0.03115** on each \$100 of taxable value on all taxable property within the District; and
- (ii) An ad valorem maintenance tax rate of **\$0.06019** on each \$100 of taxable value on all taxable property within the District.

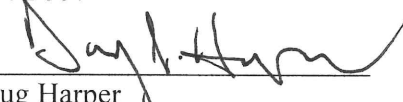
**Section 3.** The Board of Directors hereby finds and declares that the tax rates adopted and levied by this Order do not exceed the maximum tax rates authorized by the voters of the District.

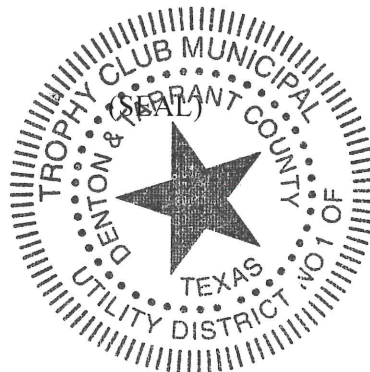
**Section 4.** All taxes collected pursuant to this Order, after paying reasonable costs of levying, assessing, and collecting same, shall be used for authorized purposes, as may be specified by the Board of Directors in accordance with applicable laws.

**ADOPTED, PASSED AND APPROVED this 21<sup>ST</sup> day of September 2022.**

  
\_\_\_\_\_  
Kevin R. Carr  
President, Board of Directors

ATTEST:

  
\_\_\_\_\_  
Doug Harper  
Secretary, Board of Directors



# Summary of Petition Requirements for Requesting a Change to the Designated Meeting Location for Water District Meetings

The board of directors of a water district are required to designate one or more places inside or outside the district for conducting their regular board meetings. The meeting place may be a private residence or office and must be open to the public to attend.

Once at least 50 qualified voters are residing in a district, on written request of at least five district voters, the board is required to designate a meeting place and hold meetings within the district. If a suitable meeting place cannot be found within the district, the board may designate a meeting place outside the district that is located no more than 10 miles outside of the district's boundaries.

If the district's board fails to designate a meeting place within the district or within 10 miles of the district's boundaries, five qualified voters within the district may petition the Texas Commission on Environmental Quality (TCEQ) to designate a location for regular district board meetings.

**To request a change to the designated meeting location for a water district's board meetings,** submit a petition, in the form of a letter, certifying the provisions of [Texas Water Code Section 49.062](#) have been fulfilled including the items listed below:

Name of District

Reason(s) why current meeting location deprives residents a reasonable opportunity to attend District meetings

Evidence that petitioners have gone to their District board and unsuccessfully changed the District's meeting location

Proposed new meeting location and address

Certify that there are at least 50 qualified voters residing in the District

Petition is signed by at least five qualified voters residing in the District

Petitioner: \_\_\_\_\_ Date: \_\_\_\_\_

Petitioner: \_\_\_\_\_ Date: \_\_\_\_\_

Petitioner: \_\_\_\_\_ Date: \_\_\_\_\_

Petitioner: \_\_\_\_\_ Date: \_\_\_\_\_

Petitioner: \_\_\_\_\_ Date: \_\_\_\_\_

After receipt of a petition, if the TCEQ determines that the meeting place used by the district deprives the residents of a reasonable opportunity to attend district meetings, the TCEQ may designate a meeting place inside or outside the district which is reasonably available to the public and require that regular board meetings be held at this location. The TCEQ is required to make a decision on the petition not later than the 60th day after receiving a complete petition.

**The petition and this completed form should be submitted to:**

Districts Section, Bldg. F, MC - 156  
Texas Commission on Environmental Quality  
12100 Park 35 Circle  
Austin, TX 78753

# **FISCAL YEAR 2025 ADOPTED ANNUAL BUDGET**



Trophy Club Municipal Utility District No. 1  
100 Municipal Drive  
Trophy Club, Texas 76262  
(682) 831-4600  
[www.tcmud.org](http://www.tcmud.org)

# FY 2025 ADOPTED BUDGET

TAX RATE SUMMARY COMPARISON			
Fiscal Years	2024	2025	% of Increase/Decrease
M&O (General Fund) Tax	0.00336	0.00315	-6.38%
M&O Fire Tax	0.05186	0.05136	-0.96%
<b>M&amp;O Tax Rate</b>	<b>0.05522</b>	<b>0.05451</b>	<b>-1.29%</b>
<i>Increase/Decrease:</i>	<i>-0.00497</i>	<i>-0.00071</i>	
<b>I &amp; S (Debt Service) Tax</b>	<b>0.00859</b>	<b>0.00799</b>	<b>-7.01%</b>
<i>Increase/Decrease:</i>	<i>-0.02256</i>	<i>-0.00060</i>	
<b>Total Tax Rate:</b>	<b>0.06381</b>	<b>0.06250</b>	<b>-2.06%</b>
<i>Increase/Decrease:</i>	<i>-0.02753</i>	<i>-0.00131</i>	

PROPERTY VALUE SUMMARY COMPARISON			
Fiscal Years	2024	2025	% of Increase/Decrease
District Tarrant Co.	677,155,614	717,908,930	6.02%
District Denton Co.	1,877,675,027	2,003,954,100	6.73%
Town	1,032,220,715	1,106,013,301	7.15%
Out of District & Out of PID	12,316,662	8,973,424	-27.14%
<b>Total Value:</b>	<b>3,599,368,018</b>	<b>3,836,849,755</b>	<b>6.60%</b>

FY 2025 BUDGET FUND SUMMARY			
General Fund		Fire Fund	
Revenue	12,726,575	Revenue	15,000
Tax Collections	85,620	Tax Collections	1,398,028
PID Surcharges	143,160	Town Assessment	572,690
Reserve Funds	285,000	Reserve Funds	184,800
Total Revenue	13,240,355	Total Revenue	2,170,518
Water Expense	7,440,945	Fire Expense	2,170,518
Wastewater Expense	3,852,935		
Board of Directors Expense	11,770		
Administration Expense	1,805,499		
Non-Departmental Expense	113,070		
Total Expense	13,224,220	Total Expense	2,170,518
Net Budget Surplus/Deficit	\$16,135	Net Budget Surplus/Deficit	\$0

Tax Debt Service Fund		Revenue Debt Service Fund	
Revenue	199,211	Revenue	1,273,318
Tax Collections	217,408		
PID Surcharge	115,708		
Total Revenue	532,328	Total Revenue	1,273,318
Debt Service Expense	532,328	Debt Service Expense	1,273,318
Total Expense	532,328	Total Expense	1,273,318
Net Budget Surplus/Deficit	\$0	Net Budget Surplus/Deficit	\$0

## FY 2025 Budget Calendar

4/1/2024 - 4/29/2024	Create new fiscal year baseline budget.
5/2/2024 - 5/27/2024	Departmental budget meeting for base budget needs and wants, review calendar and set expectations.
5/31/2024 - 6/4/2024	First round of departmental proposals submitted for review, with detail explanation on account increases and capital request with supporting documentation.
6/5/2024 - 6/17/2024	Correspondence with Town/Fire staff to review and update the Fire Budget. Present a projected General Fund and Fire Fund budget summary at the June Board meeting.
6/8/2024 - 6/19/2024	Update excel budget worksheets with YTD numbers thru May, revenue and tax bond debt, TexPool transfers (I&S), employee cost projections, preliminary tax valuations, and consumption forecasting and demands.
6/20/2024	Budget workshop with District Board members and Town of Trophy Club staff.
7/1/2024	Annual IT budget meeting. Update the budget with preliminary tax evaluations, and calculate preliminary District tax rate.
7/2/2024	Provide consumption numbers and draft budget numbers to consultants for rate calculations.
7/2/2024 - 7/13/2024	Various meetings with General Manager to prepare presentation of proposed budget. Review 5 year capital plan and preliminary tax valuations for discussion at the July Board Meeting.
7/25/2024	Certified Tax values released, update Tax Assessment worksheet, and update budget projections. Calculate Comptroller Developed Water District Voter-Approval Tax Rate Worksheet.
7/30/2024	Budget meeting with Town of Trophy Club to discuss fire budget.
7/31/2024	Special budget workshop to review General Fund and Fire Fund details.
8/7/2024 - 8/13/2024	Meetings with consultants to discuss rates.
8/15/2024 - 8/29/2024	Discussions with financial advisor to discuss debt tax rate.
8/17/2024 - 8/18/2024	Update and finalize the fiscal year draft General Fund and Fire Fund budget for Board Meeting in August
8/21/2024	Regular Board meeting to review any final budget questions and set proposed budget and tax rates for legal publications.
8/21/2024 - 9/3/2024	Update District's website, Denton/Tarrant County TNT websites with proposed tax rate and public hearing notice. Notice of Public Hearing for Proposed Tax Rate published in Denton Chronicle (minimum 7 days prior).
9/18/2024	Public Hearing/Board meeting for adoption of District Property Tax Rate, Levy Tax Resolutions, and adopt District FY Budget.
9/25/2024 - 9/30/2024	Update Denton County and Tarrant County TNT websites with Adopted Tax Rates. Update District's website with Adopted Tax Rates, Adopted Rate Order, and Notice to Purchaser.

# FY 2025 TAX RATE ASSESSMENT

## TOWN ASSESSMENT & SURCHARGE CALCULATIONS

### FIRE TAX/ASSESSMENT RATE

### NET TAX VALUE:

		Certified
TARRANT COUNTY:	\$717,908,930	7/25/2024
DENTON COUNTY:	\$2,003,954,100	7/25/2024
DENTON CO. PID:	\$1,106,013,301	7/25/2024
OUT OF DISTRICT & PID	\$8,973,424	7/25/2024
REQUIRED REVENUE	TAX/ASSESS RATE = REQUIRED REVENUE/TOTAL VALS/100	
FIRE	Vals/100 = 38,368,498	
\$1,970,718	FY 2025 Tax/Assess Rate = 0.05136	
	Revenue from District Tax =	\$ 1,398,028
	Revenue from Town Assess =	\$ 572,690
	Total: \$	1,970,718

### M&O TAX/SURCHARGE RATE

### NET TAX VALUE:

		Certified
TARRANT COUNTY:	\$717,908,930	7/25/2024
DENTON COUNTY:	\$2,003,954,100	7/25/2024
DENTON CO. PID:	\$1,106,013,301	7/25/2024
<b>REQUIRED REVENUE</b>	<b>TAX/SURCHARGE RATE = REQUIRED REVENUE/TOTAL VALS/100</b>	
<b>M&amp;O</b>	Vals/100 = 38,278,763	
<b>113,070</b>	*	<b>FY 2025 District M&amp;O Tax Rate = 0.00315</b>
<b>95,000</b>	**	<b>FY 2025 Town Tax/Surcharge Rate = 0.00248</b>
*District (All of Dept. 39 Budget)		
**Town (Legal and Auditor only Dept 39 Budget)		
	Revenue from MUD Tax =	\$ 85,621
	Revenue from PID Surcharge =	\$ 27,449
	<b>Total:</b>	<b>\$ 113,070</b>

### I&S TAX/SURCHARGE RATE

### NET TAX VALUE:

NEW DEBT: CALCULATE AMOUNT DUE FROM Town		Certified
TARRANT COUNTY:	\$717,908,930	7/25/2024
DENTON COUNTY:	\$2,003,954,100	7/25/2024
DENTON CO. PID:	\$1,106,013,301	7/25/2024
REQUIRED REVENUE	TAX/SURCHARGE RATE = REQUIRED REVENUE/TOTAL VALS/100	
TAX DEBT 2014 AND AFTER (I&S)	Vals/100 = 38,278,763	
\$400,463	FY 2025 PID Surcharge Rate = 0.01046 ***	
	***NOT FINAL TAX RATE: ONLY USED TO CALCULATE PID SHARE	
	Revenue from District Tax =	\$ 284,754
	Revenue from Town Surcharge =	\$ 115,708
	Total: \$	400,463

### MUD DEBT: CALCULATE MUD TAX

### NET TAX VALUE:

		Certified
TARRANT COUNTY:	\$717,908,930	7/25/2024
DENTON COUNTY:	\$2,003,954,100	7/25/2024
<b>REQUIRED REVENUE</b>	<b>TAX/SURCHARGE RATE = REQUIRED REVENUE/TOTAL VALS/100</b>	
<b>I&amp;S DISTRICT DEBT</b>	Vals/100 = 27,218,630	
<b>\$217,408</b>	<b>FY 2025 Tax Rate = 0.00799</b>	
	Revenue from District Tax =	\$ 217,408
	Revenue from Town = N/A	\$ -
	<b>Total:</b>	<b>\$ 217,408</b>

### Tax Rate Requirements 3.5%

<b>Overall Tax Rate FY 2025</b>
0.06250
<b>Voter Approval Rate</b>
0.06250
<b>Contributions Required</b>
\$0

### TAX COMPARISON

	2024	2025
M&O (General Fund) Tax	0.00336	0.00315
M&O Fire Tax	0.05186	0.05136
<b>M&amp;O Tax Rate</b>	<b>0.05522</b>	<b>0.05451</b>
Increase/Decrease Rate:	-0.00497	-0.00071
<b>I &amp; S (Debt Service) Tax</b>	<b>0.00859</b>	<b>0.00799</b>
Increase/Decrease Rate:	-0.02256	-0.00060
<b>Total Tax Rate:</b>	<b>0.06381</b>	<b>0.06250</b>
Increase/Decrease Rate:	-0.02753	-0.00131

# FY 2025 ADOPTED FIRE BUDGET

Description	FY 2023 Actual	FY 2024 Adopted	FY 2024 Projected	FY 2025 Proposed
<b>Revenues - Town</b>				
Assessment - Emergency Services	519,246	541,701	541,701	572,690
Emergency Services Assessment/Delinquent	-	-	-	-
Property Taxes/Assessments P&I	-	-	-	-
Fire Permits/Sprinkler & Plan Review	6,418	5,000	5,000	5,000
Fire Inspections	-	-	-	-
Denton/Tarrant County Pledge - Fire	10,000	10,000	10,000	10,000
Town Cash Contribution				-
Grant Revenue	-	-	-	-
<b>Revenues - MUD</b>				
Property Taxes/MUD Fire	1,246,229	1,324,945	1,324,945	1,398,028
Property Taxes/Fire - Delinquent	6,991	-	-	-
Property Taxes/Fire P&I	12,916	-	-	-
Capital Leases - Other Financial Sources	-	-	-	-
Proceeds from Sale of Assets	60,000	-	-	-
Prior Year Reserves	-	179,500	179,500	184,800
GASB Reserves	-	-	-	-
Miscellaneous Income	14,340	-	54,417	-
<b>Total Revenue</b>	<b>1,876,139</b>	<b>2,061,146</b>	<b>2,115,563</b>	<b>2,170,518</b>

<b>Expenses - Town 50%/MUD 50%</b>				
Salaries - Regular	853,876	950,494	950,494	1,001,354
Salaries - Part Time	23,176	50,000	50,000	50,000
Salaries - Overtime	126,709	40,303	40,303	125,008
Salaries - Longevity	6,916	7,441	7,441	8,515
Certification Pay	10,183	11,250	11,250	11,250
Salaries - Cell Phone Stipend	1,374	1,350	1,350	1,350
Salaries - Payout/Separations	-	-	-	4,258
Retirement		130,884	130,884	148,657
Medical Insurance	75,815	79,022	79,022	87,481
Dental Insurance	4,762	4,472	4,472	8,400
Vision Insurance	676	594	594	1,760
Life Insurance & Other	3,869	3,921	3,921	4,116
Social Security Taxes	37,956	61,194	61,194	69,312
Medicare Taxes	8,874	14,311	14,311	16,210
Unemployment Taxes	116	2,520	2,520	2,520
Workman's Compensation	25,980	58,584	58,584	67,300
Pre-Employment Physicals/Testing	5,875	-	-	1,000
Tuition Reimbursement	2,828	7,000	7,000	5,000
Professional Outside Services	196	1,750	1,750	1,750
Physicals/Testing	-	7,000	7,000	7,000
Recruitment	-	-	-	5,000
Software & Support	15,323	11,085	11,085	10,197
Tax Administration	1,579	1,600	1,600	1,600
Advertising	-	200	200	200
Printing	249	1,100	1,100	1,100
Schools & Training	7,889	19,900	19,900	19,900

# FY 2025 ADOPTED FIRE BUDGET

Description	FY 2023 Actual	FY 2024 Adopted	FY 2024 Projected	FY 2025 Proposed
Electricity	5,928	8,400	8,400	8,820
Water	4,312	4,000	4,000	4,000
Communications/Mobiles	18,447	16,691	16,691	16,691
Building Maintenance	43,592	37,200	37,200	30,000
Vehicle Maintenance	19,588	49,029	49,029	51,500
Equipment Maintenance	14,537	18,715	18,715	19,500
Kitchen/Janitorial Supplies	-	-	-	7,200
Emergency Management	-	1,000	1,000	1,000
Dispatch - Denton County	5,061	5,622	5,622	5,224
Copier Rental/Lease	-	-	-	3,693
Dues & Memberships	18,791	27,242	27,242	30,000
Travel & per diem	17,461	14,510	14,510	14,510
Office Supplies	449	500	500	500
Printer Supplies	1,429	2,600	2,600	1,000
Postage	31	100	100	100
Publications/Books/Subscripts	-	350	350	350
Fuel	11,978	12,225	12,225	12,225
Uniforms	9,491	9,645	9,645	9,133
Safety Equipment/Protective Clothing	36,947	40,000	40,000	40,000
Disposable Supplies	35	-	-	-
Small Equipment	6,981	4,950	4,950	4,000
Hardware	1,283	4,458	4,458	4,000
Maintenance & Supplies	1,274	1,500	1,500	1,500
Miscellaneous Expense	2,580	4,000	4,000	3,303
Programs & Special Projects	7,354	16,931	16,931	16,000
Capital Outlays	-	6,500	6,500	-
<b>Expenses - MUD 100%</b>				
Maintenance & Repairs (GASB34)	24	-	-	-
Rent And/or Usage	197,266	200,771	200,771	199,211
Insurance	22,623	26,812	26,812	26,820
Transfer to Town/Fire Budget	-	-	-	-
Capital Outlays	-	-	-	-
Short Term Debt -Principal		-	-	-
Short Term Debt - Interest	-	-	-	-
GASB34/Reserve for Replacement	81,420	81,420	81,420	-
Capital Leases - Principal	-	-	-	-
<b>Total Expense</b>	<b>1,743,103</b>	<b>2,061,146</b>	<b>2,061,146</b>	<b>2,170,518</b>

<b>Total Fire Revenues</b>	<b>\$ 1,876,139</b>	<b>\$ 2,061,146</b>	<b>\$ 2,115,563</b>	<b>\$ 2,170,518</b>
<b>Total Fire Expenses</b>	<b>\$ 1,743,103</b>	<b>\$ 2,061,146</b>	<b>\$ 2,061,146</b>	<b>\$ 2,170,518</b>
<b>Net Budget Surplus (Deficit)</b>	<b>\$ 133,036</b>	<b>\$ -</b>	<b>\$ 54,417</b>	<b>\$ -</b>



# FY 2025 ADOPTED FIRE BUDGET

<b>Town/MUD Fire Contract Calculation</b>	<b>FY 2024</b>		<b>FY 2025</b>
Fire Budget	2,061,146		2,170,518
Less: Rent/Debt Service	200,771		199,211
Less: TML Fire Insurance	26,812		26,820
Less: Capital Outlays	-		-
Less: Capital Leases Interest	-		-
Less: Capital Leases Principal	-		-
Less: GASB34/Reserve for Replacement	81,420		-
Less: ESD Assessment	541,701		572,690
Less: Fire Permits/Sprinkler	5,000		5,000
Less: Fire Inspections	-		-
Less: Denton County Fire Pledge	10,000		10,000
Less: Grant Proceeds	-		-
Annual transfer to Town from MUD/Fire Budget	\$ 1,195,442		\$ 1,356,797
Monthly payment to Town	\$ 99,620		\$ 113,066

# FY 2025 ADOPTED GENERAL FUND

Description	FY 2023 Actual	FY 2024 Adopted	FY 2024 Projected	FY 2025 Proposed
<b>Revenues</b>				
Property Taxes	86,595	85,734	85,734	85,620
Property Taxes/Delinquent	1,299	300	550	550
Property Taxes/P&I	1,119	300	400	500
PID Surcharges	151,357	143,223	143,200	143,160
Water	8,001,954	6,939,998	7,112,680	6,925,430
Sewer	3,736,790	3,679,786	3,548,555	3,773,500
Penalties	77,201	105,800	86,964	105,800
Service Charges (Disconnect Fees)	4,100	3,350	3,700	3,350
Plumbing Inspections	-	300	1,650	300
Sewer Inspections	-	100	500	100
TCCC Effluent Charges	108,286	70,000	70,000	119,890
Interest Income	397,122	150,000	548,000	533,725
Cell Tower Revenue	45,179	49,320	49,440	50,930
Proceeds from Sale of Assets	50,979	25,000	51,450	25,000
Prior Year Reserves	-	1,933,264	1,204,217	-
GASB Reserves	164,000	50,000	50,000	285,000
Loan Proceeds	-	-	-	-
Oversize Meter Reimbursement	-	2,058	4,708	2,100
Interfund Transfer In	-	1,178,400	1,178,400	1,178,400
Intergov Transfer In	-	-	-	-
Miscellaneous Income	3,016	7,000	6,481	7,000
Records Management Revenue	-	-	-	-
Recovery of Prior Year Expense	76	-	-	-
Reimbursement/Revenue Bond	-	-	-	-
<b>Subtotal Revenues</b>	<b>12,829,073</b>	<b>14,423,933</b>	<b>14,146,629</b>	<b>13,240,355</b>

<b>Water Expenses</b>				
Salaries & Wages	403,507	431,575	430,020	448,840
Overtime	17,676	17,000	11,386	17,000
Longevity	5,983	6,253	6,253	6,540
Certification	2,700	3,600	2,700	3,300
Retirement	50,705	56,730	55,414	57,100
Medical Insurance	87,625	116,528	97,717	105,150
Dental Insurance	3,960	4,835	4,546	5,080
Vision Insurance	744	1,051	891	980
Life Insurance & Other	3,567	4,000	3,783	4,000
Social Security Taxes	26,110	28,423	27,402	29,490
Medicare Taxes	5,906	6,647	6,409	6,897
Unemployment Taxes	54	1,260	878	1,260
Workers' Compensation	13,313	11,899	10,073	13,200
Pre-employment Physicals/Testing	420	400	400	400
Employee Relations	640	300	300	300
Maintenance & Repairs	230,476	201,500	180,000	222,000
Generator Maintenance & Repairs	876	2,000	13,470	2,000
Vehicle Maintenance & Repairs	12,919	5,000	5,000	5,000
Equipment Maintenance & Repairs	2,891	1,000	1,912	1,000
Cleaning Services	2,096	2,500	40	-
Lab Analysis - District	5,492	7,500	7,500	7,500

# FY 2025 ADOPTED GENERAL FUND

Description	FY 2023 Actual	FY 2024 Adopted	FY 2024 Projected	FY 2025 Proposed
Lab Analysis - Town	2,341	2,000	3,000	3,000
Communications/Mobiles	5,466	7,500	4,017	7,500
Electricity	222,085	183,143	209,900	216,400
Postage	-	-	-	-
Publications/Books/Subscripts	-	1,000	-	-
Dues & Memberships	-	-	-	-
Schools & Training	3,124	2,630	3,547	3,000
Travel & per diem	45	578	604	920
TCEQ Fees & Permits - District	34,114	29,500	25,135	29,500
TCEQ Fees & Permits - Town	214	500	500	500
Wholesale Water	2,738,044	2,655,497	2,717,862	2,757,560
Lawn Services	5,400	12,500	10,200	12,500
Interfund Transfer Out - Revenue I&S	567,783	565,797	565,797	568,498
Interfund Transfer Out - Bank Reserve	-	-	-	-
Furniture/Equipment < \$5000	1,355	-	-	-
Fuel & Lube	18,660	23,575	18,399	23,580
Uniforms	3,098	4,355	2,779	4,360
Chemicals	47,747	58,200	33,000	35,000
Meter Expense	-	20,000	19,740	20,000
Meter Change Out Program	87,000	124,500	83,555	130,000
Office Supplies	-	-	-	-
Capital Outlays	2,107,269	4,200,000	3,840,711	2,265,000
Short Term Debt - Principal	31,882	-	-	-
Short Term Debt - Interest	470	-	-	-
Gasb34 Reserves	162,639	378,659	378,659	426,590
Water Tank Inspection Contract	110,864	-	-	-
Bond Related Expenses	-	-	-	-
<b>Subtotal Water Expenses</b>	<b>7,027,259</b>	<b>9,179,933</b>	<b>8,783,498</b>	<b>7,440,945</b>

<b>Wastewater Expenses</b>				
Salaries & Wages	292,361	290,305	220,031	275,760
Overtime	16,059	20,000	11,062	20,000
Longevity	4,035	2,368	2,540	2,770
Certification	4,350	5,100	5,700	5,700
Retirement	37,504	40,934	24,691	36,500
Medical Insurance	63,848	93,222	56,506	60,090
Dental Insurance	2,643	3,385	2,482	2,790
Vision Insurance	564	819	544	590
Life Insurance & Other	2,547	3,000	2,209	3,000
Social Security Taxes	19,162	20,508	14,112	18,860
Medicare Taxes	4,481	4,796	3,300	4,411
Unemployment Taxes	44	1,008	400	1,010
Workers' Compensation	10,635	8,404	6,864	8,356
Pre-employment Physicals/Testing	150	400	400	400
Employee Relations	1,228	300	300	300
Maintenance & Repairs - WWTP	220,313	137,000	135,551	149,000
Maintenance & Repairs - Collections	259,373	270,000	330,000	330,000
Generator Maintenance & Repairs	2,836	11,000	6,478	11,000
Vehicle Maintenance - WWTP	640	4,600	1,000	4,600
Vehicle Maintenance - Collections	11,144	13,000	5,000	11,480

# FY 2025 ADOPTED GENERAL FUND

Description	FY 2023 Actual	FY 2024 Adopted	FY 2024 Projected	FY 2025 Proposed
Equipment Maintenance & Repairs	2,435	3,000	3,000	3,000
Cleaning Services	2,096	2,000	40	-
Dumpster Services	85,077	100,000	100,000	103,000
Lab Analysis	50,001	55,000	60,600	60,000
Communications/Mobiles	4,016	7,500	3,260	5,000
Electricity	272,792	242,978	226,800	314,100
Schools & Training	2,561	2,119	1,580	2,420
Travel & per diem	3	528	100	870
TCEQ Fees & Permits	9,888	12,000	9,900	12,000
Lawn Services	6,390	16,000	15,750	16,000
Interfund Transfer Out - Tax I&S	116,245	115,886	115,886	115,708
Interfund Transfer Out - Revenue I&S	691,932	698,543	698,543	704,820
Interfund Transfer Out - Bank Reserve	-	-	-	-
Furniture/Equipment < \$5000	347	-	-	-
Fuel & Lube	12,206	13,000	11,427	13,000
Uniforms	2,932	3,520	2,000	3,520
Chemicals - WWTP	22,109	32,500	31,843	32,500
Chemicals - Collections	6,003	10,000	5,709	10,000
Lab Supplies	27,835	33,000	33,000	33,000
Capital Outlays	1,390,083	1,050,000	1,023,468	1,140,000
Short Term Debt - Principal	85,763	22,398	22,398	-
Short Term Debt - Interest	2,835	442	442	-
Gasb34 Reserves	165,777	155,762	155,762	337,380
<b>Subtotal Wastewater Expenses</b>	<b>3,913,241</b>	<b>3,506,324</b>	<b>3,350,679</b>	<b>3,852,935</b>

<b>Board of Directors Expenses</b>				
Workman's Compensation	7	15	8	20
Dues & Memberships	750	750	750	750
Meetings	1,451	1,500	1,500	1,500
Schools & Training	535	4,000	485	4,000
Travel & per diem	-	5,000	-	5,000
Miscellaneous Expenses	-	500	-	500
<b>Subtotal Board of Directors Expenses</b>	<b>2,743</b>	<b>11,765</b>	<b>2,743</b>	<b>11,770</b>

<b>Administration Expenses</b>				
Salaries & Wages	616,594	663,185	657,800	662,170
Overtime	1,094	2,000	1,620	2,000
Longevity	2,423	2,533	2,600	2,290
Retirement	72,808	82,631	80,700	79,976
Medical Insurance	77,664	108,759	81,800	105,150
Dental Insurance	3,064	3,817	3,120	3,810
Vision Insurance	629	886	690	830
Life Insurance & Other	4,382	4,800	5,030	4,800
Social Security Taxes	36,720	41,399	39,200	41,320
Medicare Taxes	8,653	9,682	9,300	9,660
Unemployment Taxes	59	1,512	1,025	1,510
Workers' Compensation	1,291	1,597	1,319	1,703
Pre-employment Physicals/Testing	198	500	400	400
Employee Relations	2,842	4,000	4,000	4,000
Software & Support	108,247	130,311	132,661	153,810

# FY 2025 ADOPTED GENERAL FUND

Description	FY 2023 Actual	FY 2024 Adopted	FY 2024 Projected	FY 2025 Proposed
Independent Labor	6,473	-	-	-
Maintenance & Repairs	22,778	23,000	20,000	23,000
Generator Maintenance & Repairs	-	1,000	1,348	1,000
Cleaning Services	13,354	13,825	18,055	20,000
Professional Outside Services	74,770	100,000	98,000	100,000
Utility Billing Contract	7,701	9,000	7,860	9,000
Telephone	5,763	6,000	6,110	6,000
Communications/Mobiles	190	3,000	580	3,000
Electricity	18,313	17,685	29,740	20,300
Water	4,971	5,000	1,736	-
Postage	24,227	30,000	25,500	30,000
Bank Service Charges & Fees	165,491	140,000	150,650	155,000
Bad Debt Expense	11,623	13,000	13,000	13,000
Insurance	97,414	116,158	116,200	129,860
Dues & Memberships	6,965	6,800	3,000	2,560
Public Education	27,795	-	-	-
Schools & Training	626	3,900	1,350	3,550
Travel & per diem	-	1,228	500	4,270
Elections	-	10,000	-	-
Advertising	1,265	-	-	-
Miscellaneous Expenses	4,145	-	2,550	-
Lawn Services	3,468	5,000	6,200	6,000
Furniture/Equipment < \$5000	13,053	3,000	-	-
Uniforms	307	530	-	530
Hardware IT	14,265	8,200	7,000	50,000
Office Supplies	4,303	5,000	5,000	5,000
Maintenance Supplies	5,833	5,000	6,000	6,000
Capital Outlays	56,090	-	-	115,000
Copier Lease	3,210	4,000	3,340	4,000
Gasb34 Reserves	26,736	24,903	24,903	25,000
<b>Subtotal Administration Expenses</b>	<b>1,557,796</b>	<b>1,612,840</b>	<b>1,569,887</b>	<b>1,805,499</b>
<b>Non Departmental Expenses</b>				
Legal	30,163	65,000	45,000	65,000
Auditing	23,164	30,000	21,800	30,000
Appraisal	11,264	13,071	10,050	13,070
Tax Admin Fees	4,046	5,000	3,941	5,000
<b>Subtotal Non Departmental Expenses</b>	<b>68,637</b>	<b>113,071</b>	<b>80,791</b>	<b>113,070</b>
<b>Total General Fund Revenues</b>	<b>\$ 12,829,073</b>	<b>\$ 14,423,933</b>	<b>\$ 14,146,629</b>	<b>\$ 13,240,355</b>
<b>Total General Fund Expenses</b>	<b>\$ 12,569,676</b>	<b>\$ 14,423,933</b>	<b>\$ 13,787,598</b>	<b>\$ 13,224,220</b>
<b>Net Budget Surplus (Deficit)</b>	<b>\$ 259,397</b>	<b>\$ 0</b>	<b>\$ 359,031</b>	<b>\$ 16,135</b>

# TAX DEBT PAYMENTS

## LONG TERM TAX DEBT

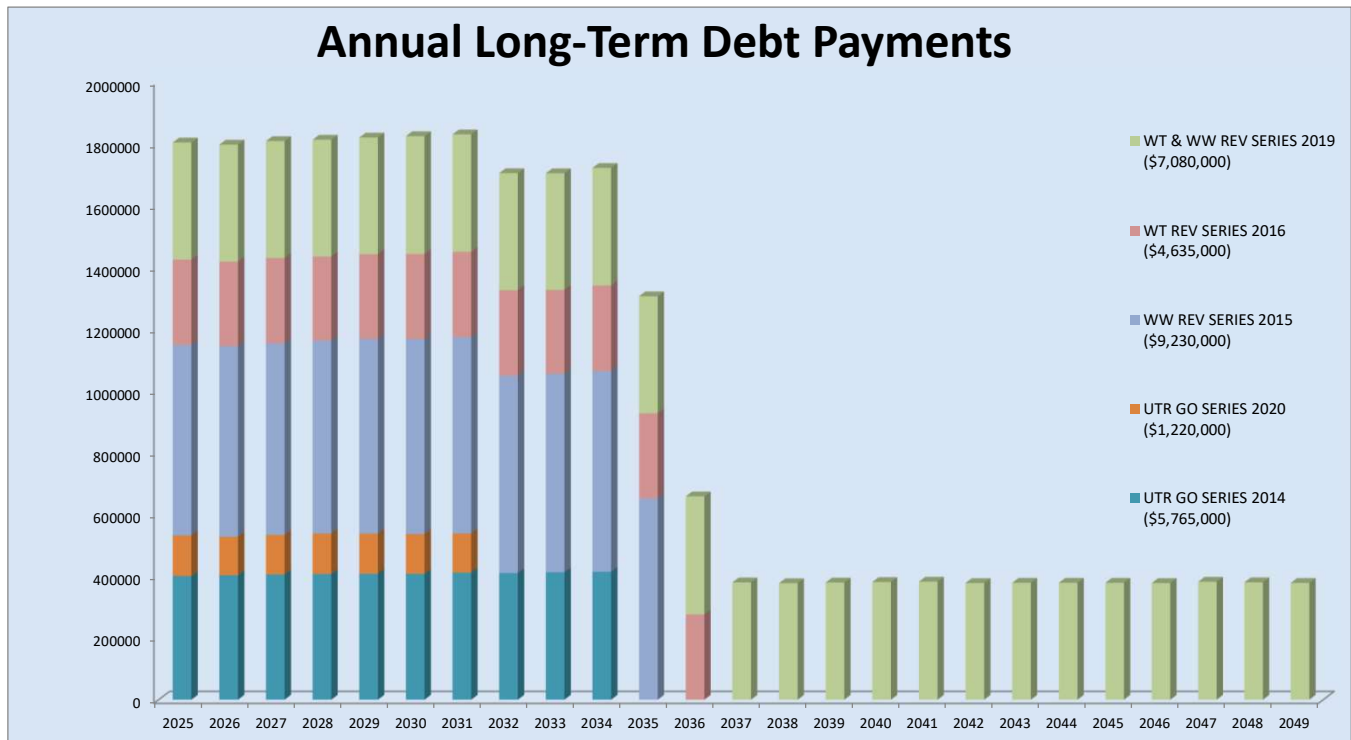
	MUD/PID Reimburse	Par Amount	Principal FY 2025	Interest 3/01	Interest 9/01	Subtotal Interest	Paying Agent Fee	Total	Maturity Date	First Callable Date	Project/Reason
Series 2020 (Tax)	MUD	\$1,220,000	\$120,000	\$5,558	\$5,558	\$11,115	\$750	\$131,865	9/1/2031	N/A	Refund MUD #1 Unlimited Tax Bonds Series 2010 and costs of issuance of the Bonds, Trophy Club Fire Station
<b>SUBTOTAL MUD ONLY TAX BONDS:</b>		<b>\$1,220,000</b>	<b>\$120,000</b>	<b>\$5,558</b>	<b>\$5,558</b>	<b>\$11,115</b>	<b>\$750</b>	<b>\$131,865</b>			
Series 2014 (Tax)	MUD/PID	\$5,765,000	\$295,000	\$52,531	\$52,531	\$105,063	\$400	\$400,463	9/1/2034	9/1/2024	Tax Bonds for WWTP Expansion
<b>SUBTOTAL MUD/PID TAX BONDS:</b>		<b>\$5,765,000</b>	<b>\$295,000</b>	<b>\$52,531</b>	<b>\$52,531</b>	<b>\$105,063</b>	<b>\$400</b>	<b>\$400,463</b>			
<b>TOTAL ALL TAX BONDS:</b>		<b>\$6,985,000</b>	<b>\$415,000</b>	<b>\$58,089</b>	<b>\$58,089</b>	<b>\$116,178</b>	<b>\$1,150</b>	<b>\$532,328</b>			

# REVENUE DEBT PAYMENTS

## LONG TERM REVENUE DEBT

	Revenue Rates	Par Amount	Principal FY 2025	Interest 3/01	Interest 9/01	Subtotal Interest	Paying Agent Fee	Total	Maturity Date	First Callable Date	Project/Reason
Series 2015 (Revenue) WWTP		\$9,230,000	\$450,000	\$83,569	\$83,569	\$167,138	\$400	\$617,538	9/1/2035	9/1/2025	Revenue Bonds for WWTP Expansion
Series 2016 (Revenue) SWIFT		\$4,635,000	\$225,000	\$25,446	\$25,446	\$50,893	\$400	\$276,293	9/1/2036	9/1/2027	Revenue Bonds for Fort Worth Line NSII
Series 2019 (Revenue) WT & WW		\$7,080,000	\$175,000	\$102,044	\$102,044	\$204,088	\$400	\$379,488	9/1/2049	9/1/2028	Revenue Bonds for 16in Water Line (77%) Overrun for WWTP Expansion (23%)
<b>TOTAL ALL REVENUE BONDS:</b>		<b>\$20,945,000</b>	<b>\$850,000</b>	<b>\$211,059</b>	<b>\$211,059</b>	<b>\$422,118</b>	<b>\$1,200</b>	<b>\$1,273,318</b>			

## Annual Long-Term Debt Payments



# CAPITAL OUTLAYS (5 Year)

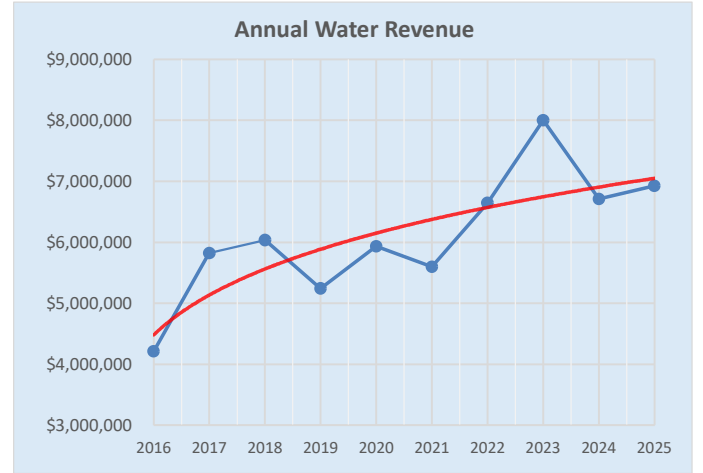
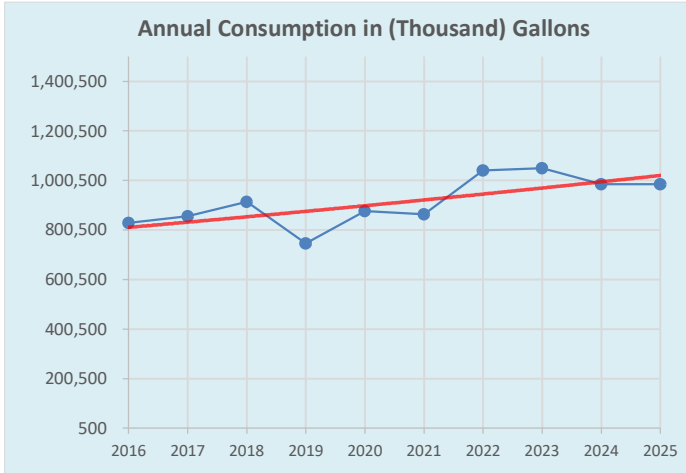
Department	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
------------	---------	---------	---------	---------	---------

Water					
Water Line Replacement	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,300,000
Fleet Replacement	\$ 65,000	\$ -	\$ 50,000	\$ -	\$ -
<b>Water Grand Totals</b>	<b>\$ 2,265,000</b>	<b>\$ 2,200,000</b>	<b>\$ 2,250,000</b>	<b>\$ 2,200,000</b>	<b>\$ 2,300,000</b>

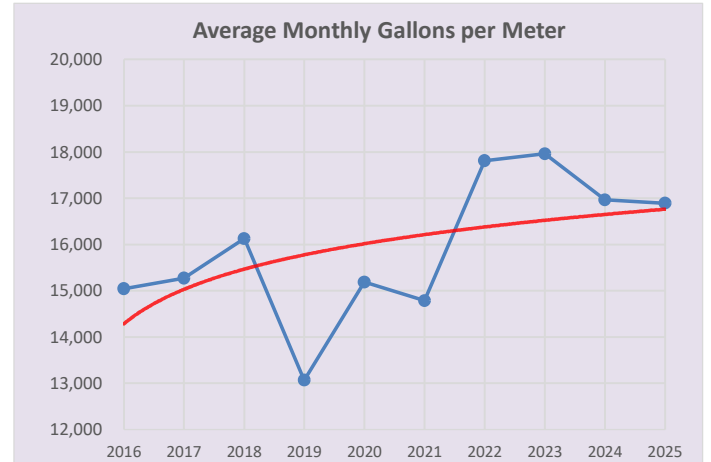
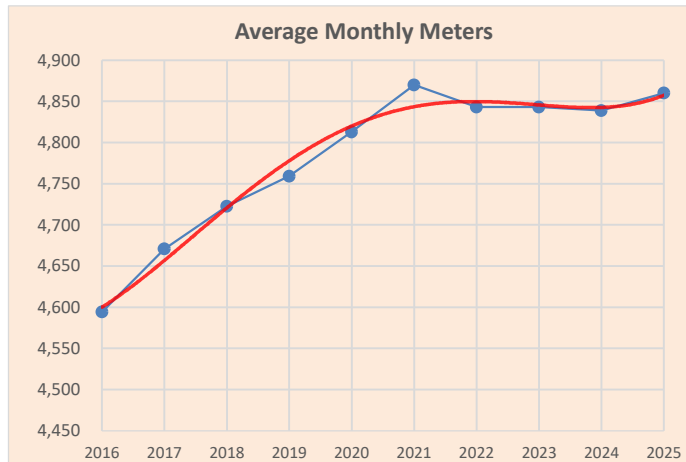
Wastewater					
Wastewater Line Improvements	\$ 850,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Lift Station Improvements	\$ 100,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Return Pump	\$ 45,000	\$ 45,000	\$ 45,000	\$ -	\$ -
Fleet Replacement	\$ 80,000	\$ -	\$ -	\$ -	\$ -
CCTV Camera Replacement	\$ 65,000	\$ -	\$ -	\$ -	\$ -
<b>Wastewater Grand Totals</b>	<b>\$ 1,140,000</b>	<b>\$ 295,000</b>	<b>\$ 295,000</b>	<b>\$ 250,000</b>	<b>\$ 250,000</b>

Administration					
Security Upgrades	\$ 75,000	\$ -	\$ -	\$ -	\$ -
Software Upgrades	\$ 40,000	\$ -	\$ -	\$ -	\$ -
<b>Admin Grand Totals</b>	<b>\$ 115,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

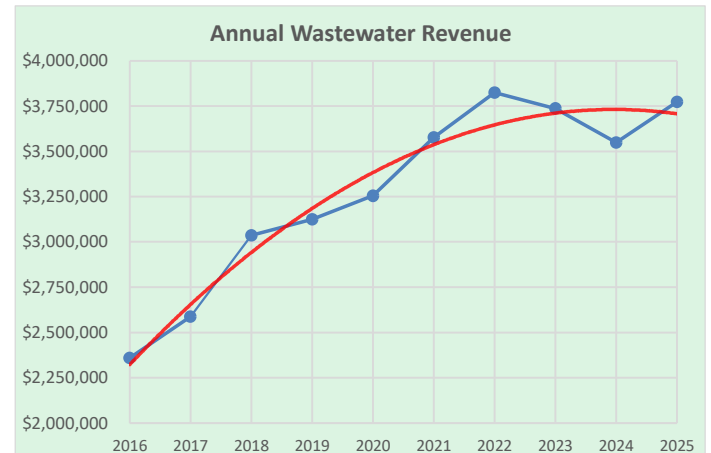
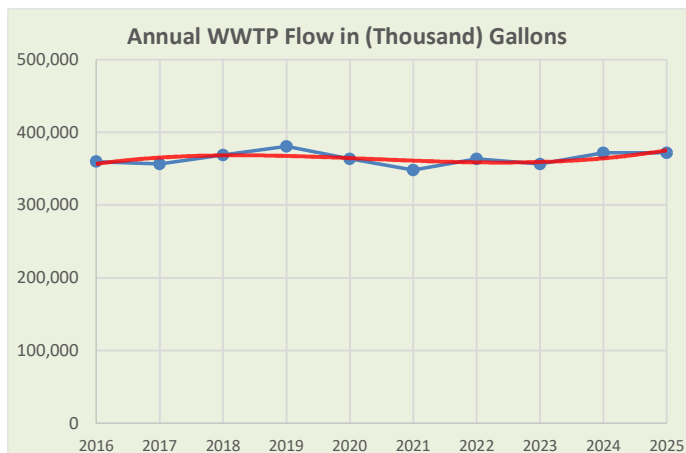
## ANNUAL WATER CONSUMPTION AND REVENUE BY YEAR



## AVERAGE MONTHLY METERS AND AVERAGE GALLONS BY YEAR



## ANNUAL WASTEWATER FLOW AND REVENUE BY YEAR



— Trendline

— Actuals



# SB 2 Website Requirements

## Tax Information

Tax Year	2024	2023	2022	2021
Fire M&O Rate	\$0.05136	\$0.05186	\$0.05625	\$0.06412
MUD M&O Rate	\$0.00315	\$0.00336	\$0.00393	\$0.00687
Debt Service Rate	\$0.00799	\$0.00859	\$0.03115	\$0.03489
Total Tax Rate	\$0.06250	\$0.06381	\$0.09134	\$0.10588

Tax Year	2024	2023	2022	2021
Revenue for Fire M&O	\$1,398,028	\$1,324,945	\$1,257,579	\$1,269,330
Revenue for MUD M&O	\$85,620	\$85,734	\$87,956	\$136,092
Revenue for Debt Service	\$217,408	\$219,481	\$696,446	\$690,667
Total Tax Revenue	\$1,701,056	\$1,630,160	\$2,041,981	\$2,096,089

## Budget Information

Fiscal Year	2025	2024	2023	2022
Total Adopted Budget Revenue	\$13,240,355	\$14,423,933	\$11,733,354	\$10,370,758
Change in Budget Dollar Value	-\$1,183,578	\$2,690,579	\$1,362,596	\$143,481
Change in Budget Percentage	-8.21%	22.93%	13.14%	1.40%

Fiscal Year	2025	2024	2023	2022
Total Adopted Budget Expense	\$13,224,220	\$14,423,933	\$11,733,354	\$10,370,758
Change in Budget Dollar Value	-\$1,199,713	\$2,690,579	\$1,362,596	\$148,588
Change in Budget Percentage	-8.32%	22.93%	13.14%	1.45%

**TROPHY CLUB  
MUNICIPAL UTILITY DISTRICT NO.1  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
SEPTEMBER 30, 2024**

**TROPHY CLUB  
MUNICIPAL UTILITY DISTRICT NO.1  
AUDITED FINANCIAL STATEMENTS  
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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
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, 2024, 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, 2024, 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  
Van Alstyne, Texas  
January 15, 2025

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

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, 2024.

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 \$46,694,490 (net position). Of this amount, \$15,468,690 is unrestricted net position and may be used to meet the District's ongoing commitments.
- The District's net position increased by \$3,375,340 during 2024 on the Statement of Activities. The Statement of Activities is on the full-accrual basis of accounting, which capitalizes the \$4,835,000 of capital outlays that are expensed on the fund financial statements. This capitalization of new long-term assets is the main reason for the healthy 7.8% increase in net position in 2024.
- At the end of the fiscal year, the District's governmental type funds reported a combined fund balance of \$17,102,140. As of September 30, 2024, the unassigned fund balance of the General Fund was \$8,733,510. The unassigned fund balance is equal to 8.3 months of 2024 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, 2024**

**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 \$46,694,490. Of this amount, \$30,127,934 (65%) 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, \$1,097,867 (2%) restricted for debt service and capital projects, and the remaining \$15,468,690 (33%) is unrestricted.

Governmental activities have increased the District's net position by \$3,375,340, which amounts to a 7.8% increase in net position for the year ended September 30, 2024.

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**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, 2024 and 2023.

Table 1  
Condensed Statements of Net Position

	Governmental Activities	
	<b>FY24</b>	<b>FY23</b>
Current and other assets	\$ 19,379,240	\$ 18,827,852
Capital assets	48,888,256	46,164,516
Total assets	68,267,496	64,992,368
Deferred outflows of resources	236,244	321,158
Long-term liabilities	20,861,156	20,861,156
Other liabilities	840,322	1,053,284
Total liabilities	21,701,478	21,914,440
Deferred inflows of resources	107,772	161,626
Net position:		
Net investment in capital assets	30,127,934	27,323,898
Restricted	1,097,867	1,003,815
Unrestricted	15,468,690	14,909,747
Total net position	\$ 46,694,490	\$ 43,237,459

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**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, 2024 and 2023.

Table 2  
Condensed Statements of Activities

	Governmental Activities	
	<b>FY24</b>	<b>FY23</b>
Revenues:		
Program Revenues:		
Charges for services	\$ 11,144,460	\$ 11,973,510
Operating grants and contributions	-	-
Capital grants and contributions	-	-
General Revenues:		
Property taxes	1,625,152	2,047,252
Other unrestricted contributions	145,031	151,357
Investment income	675,135	573,996
Gain on sold assets	51,450	103,373
Other	71,692	17,432
	<u>13,712,919</u>	<u>14,866,920</u>
Expenses:		
Water	4,110,091	4,621,529
Wastewater	2,530,521	2,706,051
Administration	1,655,338	1,544,270
Fire protection	1,399,134	1,157,569
Non-departmental and Board	79,562	71,379
Interest on long-term debt	562,933	603,112
	<u>10,337,579</u>	<u>10,703,910</u>
Excess (deficiency) of revenues over expenditures before transfers	3,375,340	4,163,010
Transfers In (Out)	<u>-</u>	<u>-</u>
Increase in net position	3,375,340	4,163,010
Net position - October 1	<u>43,237,459</u>	<u>39,074,449</u>
Prior period adjustments	81,691	-
Net position - September 30	<u>\$ 46,694,490</u>	<u>\$ 43,237,459</u>

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**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 \$17,102,140, of which 51%, or \$8,733,510, is unassigned and available to the District for future spending.

**General Fund budgetary highlights**

The District's General Fund budget versus actual schedule is presented on page 36.

**Revenue: Revenues were \$707,305 (5.6%) more than budgeted**

- Investment earnings totaled \$521,771 and were \$371,771 (248%) more than budgeted.

**Expenditures: Expenditures were \$1,094,113 (8.0%) less than budgeted**

- Capital Outlay expenditures were \$415,000 (7.9%) less than budgeted.
- Water Operations were \$436,085 (10.8%) less than budgeted.
- Wastewater operations expenditures were \$223,666 (15.3%) less than budgeted.

**Capital Assets**

The District's investment in capital assets for its governmental activities as of September 30, 2024 amounted to \$48,888,256, 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 \$2,723,740 or 5.9% during 2024 primarily due to over \$4 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, 2024**

**Debt administration**

Long-Term Debt - at the end of the current fiscal year, the District had \$19,490,000 of outstanding general obligation bonds and revenue bonds, which is a decrease of 6.1% from the previous fiscal year due to \$1,257,398 of 2024 principal payments. All 2024 debt service requirements were met and the District did not issue any new debt during fiscal year 2024.

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

**General Fund 2024 - 2025 budgetary highlights:**

**Revenue:** The 2025 General Fund budgeted revenues for the District reflect a projected decrease of \$1,183,578, or 8.21%, when compared to the adopted 2024 budget.

- Water revenue is budgeted to decrease from \$6,939,998 for fiscal year 2024 to \$6,925,430 for fiscal year 2025 for a total of \$14,568.
- Sewer revenue is budgeted to increase from \$3,679,786 for fiscal year 2024 to \$3,773,500 for fiscal year 2025 for a total of \$93,714.
- The District's M&O tax rate decreased from fiscal year 2024 to fiscal year 2025. The fiscal year 2025 segregated M&O property tax revenue is budgeted to increase by \$73,083 for Fire and decrease by \$114 for the MUD when compared to 2024.

**Expenses:** The 2025 General Fund budgeted expenses for the District reflect a projected decrease of \$1,199,713, or 8.32%, when compared to the 2024 adopted budget.

- Wholesale water expenses from the City of Fort Worth increased by \$102,063, or 3.85%, due to the consumption demands and the pass thru rate increase.
- The capital outlay collectively decreased by \$1,730,000, or 32.96% due to the proactive asset replacement schedule in the prior years.
- The maintenance and repairs collectively decreased by \$278,129, or 44.05% due to reduction in required repairs with the proactive replacement schedule.
- The electricity collectively increased by \$106,327, or 23.93%.
- The personnel cost collectively decreased by \$52,554, or 2.5% due to the salary savings from vacant positions.

Overall: The 2025 General Fund budget for the District is anticipated to have revenues of \$13,240,355 and expenses of \$13,224,220 for a total projected net surplus of \$16,135.

**Debt Service Fund 2024 - 2025 budgetary highlights:**

- The Debt Service expenses are budgeted to increase from \$1,800,479 in fiscal year 2024 to \$1,805,645 in fiscal year 2025 for a total of \$5,166.
- Property tax revenues collected for Debt Service are budgeted to decrease from \$219,481 in fiscal year 2024 to \$217,408 in fiscal year 2025 for a total of \$2,073.

**Rates highlights:**

Effective October 1<sup>st</sup>, 2024, the Board of Directors for the District adopted an increase in effluent and volumetric water rates. Base water rates and sewer rates remained the same.

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 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, 2024**

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 7,520,536
Investments	7,905,851
Restricted assets:	
Restricted cash	148,950
Restricted investments	2,034,288
Prepaid assets	5,130
Receivables:	
Accounts receivables - net	1,544,017
Property taxes	15,095
Net pension asset	205,374
Capital assets:	
Non-depreciable capital assets	4,553,192
Depreciable capital assets (net)	44,335,064
Total assets	<u>68,267,496</u>
<b>Deferred outflows of resources</b>	
Deferred outflows of resources - OPEB	7,829
Deferred outflows of resources - Pension	228,415
Total deferred outflows of resources	<u>236,244</u>
<b>Liabilities</b>	
Accounts payable	1,863,821
Accrued liabilities	43,862
Interest payable	44,858
Customer meter deposits	148,950
Non-current liabilities:	
Due within one year	1,264,998
Due in more than one year	18,303,010
OPEB liability	31,979
Total liabilities	<u>21,701,478</u>
<b>Deferred inflows of resources</b>	
Deferred inflows of resources - OPEB	10,764
Deferred inflows of resources - Pension	97,008
Total deferred inflows of resources	<u>107,772</u>
<b>Net Position</b>	
Net investment in capital assets	30,127,934
Restricted for:	
Capital projects	912,146
Debt service	185,721
Unrestricted	15,468,690
Total net position	<u>\$ 46,694,490</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, 2024**

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	\$ 4,110,091	\$ 7,368,914	\$ -	\$ -	\$	3,258,823
Wastewater operations	2,530,521	3,711,300	-	-		1,180,779
Administration	1,655,338	64,246	-	-		(1,591,092)
Fire protection	1,399,134	-	-	-		(1,399,134)
Non-departmental	77,194	-	-	-		(77,194)
Board of directors	2,368	-	-	-		(2,368)
Interest on long-term debt	562,933	-	-	-		(562,933)
Total governmental activities	\$ 10,337,579	\$ 11,144,460	\$ -	\$ -		806,881
General revenues:						
Property taxes						1,625,152
Contributions not restricted to specific programs						145,031
Investment earnings						675,135
Miscellaneous						71,692
Gain on sale of assets						51,450
Total general revenues						2,568,460
Change in net position						3,375,340
Net position - beginning						43,237,459
Prior period adjustments						81,691
Net position - ending						\$ 46,694,490

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



**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**BALANCE SHEET -**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2024**

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b>Assets</b>				
Cash	\$ 7,435,484	\$ -	\$ 85,052	\$ 7,520,536
Investments	7,905,851	-	-	7,905,851
Restricted assets:				
Restricted cash	148,950	-	-	148,950
Restricted investments	-	185,720	1,848,568	2,034,288
Prepaid assets	5,130	-	-	5,130
Receivables:				
Accounts receivable - net	1,544,017	-	-	1,544,017
Property taxes	10,776	4,319	-	15,095
Due from other funds	81,691	-	-	81,691
Total assets	<u>\$ 17,131,898</u>	<u>\$ 190,039</u>	<u>\$ 1,933,620</u>	<u>\$ 19,255,557</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	\$ 1,863,821	\$ -	\$ -	\$ 1,863,821
Accrued payroll liabilities	43,862	-	-	43,862
Customer deposits	148,950	-	-	148,950
Due to other funds	-	-	81,691	81,691
Total current liabilities	<u>2,056,633</u>	<u>-</u>	<u>81,691</u>	<u>2,138,324</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - Property taxes	10,775	4,319	-	15,094
Total deferred inflows of resources	<u>10,775</u>	<u>4,319</u>	<u>-</u>	<u>15,094</u>
<b>Fund Balances</b>				
Non-spendable:				
Prepaid assets	5,130	-	-	5,130
Restricted for:				
Debt service	-	185,721	-	185,721
Capital projects	-	-	1,851,929	1,851,929
Assigned for:				
Capital projects	6,325,851	-	-	6,325,851
Unassigned	8,733,510	-	-	8,733,510
Total fund balances	<u>15,064,490</u>	<u>185,721</u>	<u>1,851,929</u>	<u>17,102,140</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 17,131,899</u>	<u>\$ 190,039</u>	<u>\$ 1,933,620</u>	<u>\$ 19,255,559</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, 2024**

Fund balances of governmental funds	\$	17,102,140
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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.		48,888,256
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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.		236,244
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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.		(107,772)
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(19,599,987)
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Accrued interest payable for governmental-type long-term debt is recognized in the governmental activities in the statement of net position.		(44,858)
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The District's net pension asset balance does not provide current financial resources and, therefore, is not reported in the governmental funds.		205,374
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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.		15,092
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Net position of governmental activities	\$	<div style="border-top: 1px solid black; border-bottom: 3px double black; padding: 2px 0;">46,694,490</div>
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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, 2024**

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenues				
Water charges	\$ 7,274,883	\$ -	\$ -	\$ 7,274,883
Wastewater charges	3,711,300	-	-	3,711,300
Property taxes	1,404,929	217,202	-	1,622,131
Intergovernmental	145,031	-	-	145,031
Late charges	94,031	-	-	94,031
Rental income	49,320	-	-	49,320
Inspections and other charges for services	14,926	-	-	14,926
Other revenue	68,329	-	3,363	71,692
Investment earnings	521,771	42,885	110,479	675,135
Total revenues	13,284,519	260,087	113,842	13,658,448
Expenditures				
Current:				
Water	3,599,392	-	-	3,599,392
Wastewater	1,239,627	-	-	1,239,627
Administration	1,616,384	-	-	1,616,384
Fire	1,220,000	-	-	1,220,000
Non-departmental	77,194	-	-	77,194
Board of directors	2,368	-	-	2,368
Capital outlays	4,835,000	-	-	4,835,000
Debt service:				
Principal retirement	22,132	1,235,000	-	1,257,132
Interest and fees	426	564,727	-	565,153
Total expenditures	12,612,524	1,799,727	-	14,412,251
Excess of revenues over (under) expenditures	671,995	(1,539,640)	113,842	(753,803)
Other financing sources (uses)				
Proceeds from sold assets	51,450	-	-	51,450
Transfers in	-	1,582,198	-	1,582,198
Transfers (out)	(381,867)	-	(1,200,331)	(1,582,198)
Total other financing sources(uses)	(330,417)	1,582,198	(1,200,331)	51,450
Net changes in fund balances	341,578	42,558	(1,086,489)	(702,353)
Fund balances - beginning (restated)	14,722,912	143,163	2,938,418	17,804,493
Fund balances - ending	\$ 15,064,490	\$ 185,721	\$ 1,851,929	\$ 17,102,140

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, 2024**

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

Net change in fund balances - total governmental funds	\$ (702,353)
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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.	2,723,740
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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.	2,220
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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.	1,257,132
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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 \$2,755 decrease in deferred revenue, an \$11,289 increase in accrued compensated absences, and various other smaller items. The net effect of these reclassifications is to decrease net position.	14,310
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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.	80,291
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Change in net position of governmental activities:	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; width: 100%;">\$ 3,375,340</div>
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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, 2024**

**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, 2024**

**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 2024, 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, 2024**

**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, 2024**

**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, 2024**

**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, 2024**

**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 2024. 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, 2024, the carrying amount of the District's cash deposits was \$7,668,886 and the bank balance was \$7,692,489. Of the District's cash deposits at September 30, 2024, \$250,000 was insured by FDIC and \$7,442,489 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, 2024 consist of the following:

Deposits with financial institutions	\$ 7,668,886
Unrestricted TexPool investments	7,905,851
Restricted TexPool investments	1,179,556
Restricted escrow investments	854,731
Petty cash	600
Total Cash and Investments	<u><u>\$ 17,609,624</u></u>

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**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, 2024, the District had the following investments:

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Weighted Avg. Maturity</u>
TexPool Pooled Investments	\$ 9,085,407	31 days
BOK Financial - U.S. Securities	\$ 854,731	53 days

As of September 30, 2024, 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	\$ 9,085,407	AAAm	AAAm
BOK Financial - U.S. Securities	\$ 854,731	AAAm	AAAm

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
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**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, 2024**

**NOTE 3. ACCOUNTS RECEIVABLE**

Receivables as of September 30, 2024 are as follows:

Accounts Receivable:

Water sales	\$ 854,494
Wastewater sales	319,383
Unbilled receivables	224,126
Refuse (as an agent for the Town of Trophy Club)	94,898
Storm drainage (as an agent for the Town of Trophy Club)	38,681
Refuse tax (as an agent for the Town of Trophy Club)	7,975
PID surcharge (as an agent for the Town of Trophy Club)	12,199
Property taxes	15,095
Other	4,312
Gross receivables	<u>1,571,163</u>
Less: Allowance for uncollectables	<u>(12,051)</u>
Net receivables	<u><u>\$ 1,559,112</u></u>

**NOTE 4. INTERFUND TRANSFERS AND BALANCES**

Transfers between funds during the year-ended September 30, 2024 are as follows:

<u>Fund</u>	Transfers to Other Funds	Transfers from Other Funds	Purpose
General Fund	\$ (1,582,198)		Debt service assistance
General Fund		\$ 1,200,331	Transfer of remaining 2019 bond funds
Capital Projects Fund	(1,200,331)	-	Transfer of remaining 2019 bond funds
Debt Service Fund		\$ 1,582,198	Debt service assistance
	<u><u>\$ (2,782,529)</u></u>	<u><u>\$ 2,782,529</u></u>	

Interfund due to/due from balances as of September 30, 2024 are as follows:

<u>Fund</u>	Due From Other Funds	Due To Other Funds
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, 2024**

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2024, 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	4,571,377	2,820,851	(4,351,892)	3,040,336
Water rights	864,678	-	-	864,678
Total non-depreciable assets:	6,084,233	2,820,851	(4,351,892)	4,553,192
Capital assets - Depreciable				
Buildings	3,535,137	-	-	3,535,137
Improvements other than buildings	694,429	-	-	694,429
Machinery and equipment	3,523,316	-	(57,480)	3,465,836
Organization costs	2,676,156	-	-	2,676,156
Vehicles	3,280,264	98,701	(26,264)	3,352,701
Water system	19,545,084	527,011	4,011,575	24,083,670
Wastewater treatment system	22,765,755	318,567	-	23,084,322
Wastewater collection system	5,366,949	1,069,870	340,317	6,777,136
Total capital assets being depreciated:	61,387,090	2,014,149	4,268,148	67,669,387
Less accumulated depreciation for:				
Buildings	998,471	81,102	-	1,079,573
Improvements other than buildings	360,641	24,663	-	385,304
Machinery and equipment	1,792,579	214,575	(57,480)	1,949,674
Organization costs	2,412,908	70,556	-	2,483,464
Vehicles	2,002,035	247,614	(26,264)	2,223,385
Water system	5,343,563	396,830	-	5,740,393
Wastewater treatment system	6,387,344	963,336	-	7,350,680
Wastewater collection system	2,009,266	112,584	-	2,121,850
Total accumulated depreciation:	21,306,807	2,111,260	(83,744)	23,334,323
Total depreciable capital assets, net:	40,080,283	(97,111)	4,351,892	44,335,064
Capital assets, net:	\$ 46,164,516	\$ 2,723,740	\$ -	\$ 48,888,256

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**NOTE 5. CAPITAL ASSETS - CONTINUED**

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

*Governmental activities:*

General government	\$ 77,006
Water operations	537,462
Wastewater collections and treatment	1,317,658
Fire department	179,134
Total depreciation expense	<u>\$ 2,111,260</u>

**NOTE 6 LONG-TERM DEBT**

At September 30, 2024, 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	\$ 3,435,000	\$ 295,000
Series 2020 Refunding Bonds	1.30%	8/31/2031	855,000	120,000
<u>Revenue Bonds</u>				
Series 2015 Bonds	2.0-3.25%	8/31/2035	5,845,000	450,000
Series 2016 Bonds	0.5-2.2%	8/31/2036	2,925,000	225,000
Series 2019 Bonds	3.0-3.5%	8/31/2049	6,430,000	175,000
Total long-term debt:			<u>\$ 19,490,000</u>	<u>\$ 1,265,000</u>

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**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, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities:</u>					
General Obligation Bonds	\$ 4,700,000	\$ -	\$ (410,000)	\$ 4,290,000	\$ 415,000
Revenue Bonds	16,025,000	-	(825,000)	15,200,000	850,000
Type A Financing Leases	22,398	-	(22,398)	-	-
Compensated Absences	89,297	-	(11,289)	78,008	-
Total Governmental activities long-term liabilities:	<u>\$ 20,836,695</u>	<u>\$ -</u>	<u>\$ (1,268,687)</u>	<u>\$ 19,568,008</u>	<u>\$ 1,265,000</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>
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	1,400,000	419,307	1,819,307
2030-2034	7,265,000	1,517,432	8,782,432
2035-2039	2,415,000	683,930	3,098,930
2040-2044	1,460,000	436,800	1,896,800
2045-2049	1,715,000	179,806	1,894,806
Totals:	<u>\$ 19,490,000</u>	<u>\$ 5,222,360</u>	<u>\$ 24,712,360</u>



**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**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 at [www.tcdrs.org](http://www.tcdrs.org).

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

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

Membership information is shown in the chart below:

Inactive employees or beneficiaries currently receiving benefits:	8
Inactive employees entitled, but not yet receiving benefits:	13
Active employees:	14
Total:	35

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**NOTE 8. RETIREMENT PLAN - CONTINUED**

**Contributions**

The employer has elected the annually determined contribution rate (ADCR) plan provision of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rates of 11.8% and 11.82% for calendar years 2023 and 2024, respectively. Total employer contributions for the year ended September 30, 2024 was \$159,654.

The contribution rate payable by the employee members for calendar years 2023 and 2024 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, 2023 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date:	December 31, 2023
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)

**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.

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 8. RETIREMENT PLAN - CONTINUED**

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of December 31, 2023 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%	4.75%
Global Equities	MSCI World (net) Index	2.50%	4.75%
Int'l Equities - Developed Markets	MSCI World Ex USA (net) Index	5.00%	4.75%
Int'l Equities - Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.75%
Investment Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	2.35%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	3.65%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	7.25%
Distressed Debt	Cambridge Associates Distressed Securities Index	4.00%	6.90%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT Index	2.00%	4.10%
Master Limited Partnerships	Alerian MLP Index	2.00%	5.20%
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%	7.75%
Hedge Funds	Hedge Fund Research, Inc. Fund of Funds Composite Index	6.00%	3.25%
Cash Equivalents	90-Day U.S. Treasury	2.00%	0.60%

**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) \$	214,234	\$(205,374)	\$(558,505)

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**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, 2024, the District reported (\$205,374) for the net pension (asset) and pension expense of \$77,493 related to the December 31, 2023 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 12/31/2022:	\$ 2,666,301	\$ 2,752,806	\$ (86,505)
Changes for the year:			
Service cost	217,433		217,433
Interest	216,080		216,080
Effect of plan changes	-		-
Effect of economic/demographic gains or losses	13,112		13,112
Effect of assumptions changes or inputs	-		-
Refund of contributions	(11,957)	(11,957)	-
Benefit payments	(70,711)	(70,711)	-
Administrative expenses		(1,690)	1,690
Member contributions		94,318	(94,318)
Net investment income		304,225	(304,225)
Employer contributions		158,994	(158,994)
Other changes		9,647	(9,647)
Balances at 12/31/2023:	\$ 3,030,258	\$ 3,235,632	\$ (205,374)

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	\$ 97,008	\$ 29,333
Changes of assumptions	-	45,227
Net difference between projected and actual earnings	-	32,751
Contributions subsequent to the measurement date	N/A	121,104
Totals:	\$ 97,008	\$ 228,415

\$121,104 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 2024 measurement year.

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**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>Measurement Year Ending:</u>		
2024	\$	(20,038)
2025		(15,583)
2026		63,593
2027		(17,669)
Thereafter		-
	\$	<u>10,303</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:	7
Inactive employees entitled, but not yet receiving benefits:	3
Active employees:	<u>14</u>
Total:	24

Total OPEB Liability

The District's total OPEB liability was determined by an actuarial valuation dated December 31, 2023. 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, 2024**

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

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, 2023 (measurement date under GASB 75). At this date, the discount rate was 3.26%.

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 (2.26%) or 1% point higher (4.26%) than the current rate, for measurement period ended December 31, 2023:

	1% Decrease 2.26%	Current Discount Rate 3.26%	1% Increase 4.26%
Total OPEB liability \$	38,792	\$ 31,979	\$ 26,632

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

For the fiscal year ended September 30, 2024, the District recognized expense related to OPEB of \$1,692.

As of September 30, 2024, 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	\$ 5,446	\$ 1,567
Changes of assumptions	6,885	5,966
Net difference between projected and actual earnings	-	-
Contributions subsequent to the measurement date	N/A	1,863
Totals:	\$ 12,331	\$ 9,396

The \$1,863 of 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 next measurement year.

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 9. OTHER POST-EMPLOYMENT BENEFITS – CONTINUED**

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

<u>Measurement Year Ending:</u>		
2024	\$	(1,420)
2025		(936)
2026		(1,657)
2027		(1,534)
2028		749
Thereafter		-
	\$	<u>(4,798)</u>

**NOTE 10. PRIOR PERIOD ADJUSTMENTS**

The District's fund balances and net position at the beginning of fiscal year 2024 were restated as follows:

<u>Governmental Fund Types</u>	
Capital Projects Fund - Fund balance - beginning	\$ 2,856,727
Prior period adjustment for understated receivables	81,691
Capital Projects Fund - Fund balance - beginning as restated	<u>\$ 2,938,418</u>
<u>Governmental-Type Activities Net Position</u>	
Net position - beginning	\$ 43,237,459
Prior period adjustment for understated receivables	81,691
Net position - beginning as restated	<u>\$ 43,319,150</u>

**NOTE 11. SUBSEQUENT EVENTS**

The District has evaluated all events and transactions after September 30, 2024 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, 2024**

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Water charges	\$ 6,939,998	\$ 7,274,883	\$ 334,885
Wastewater charges	3,749,786	3,711,300	(38,487)
Property taxes	1,411,279	1,404,929	(6,350)
Intergovernmental	143,223	145,031	1,808
Late charges	105,800	94,031	(11,769)
Rental income	49,320	49,320	-
Inspections and other charges for services	5,808	14,926	9,118
Other revenue	22,000	68,329	46,329
Investment earnings	150,000	521,771	371,771
<b>Total revenues</b>	<b>12,577,214</b>	<b>13,284,519</b>	<b>707,305</b>
<b>Expenditures</b>			
Current:			
Water	4,035,477	3,599,392	436,085
Wastewater	1,463,293	1,239,627	223,666
Administration	1,587,937	1,616,384	(28,447)
Fire	1,222,254	1,220,000	2,254
Non-departmental	113,071	77,194	35,877
Board of directors	11,765	2,368	9,397
Capital outlays	5,250,000	4,835,000	415,000
Debt service:			
Principal retirement	22,398	22,132	266
Interest and fees	442	426	16
<b>Total expenditures</b>	<b>13,706,638</b>	<b>12,612,524</b>	<b>1,094,113</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(1,129,423)</b>	<b>671,995</b>	<b>1,801,418</b>
<b>Other financing sources (uses)</b>			
Proceeds from sold assets	25,000	51,450	26,450
Transfers in	1,228,400	1,200,331	(28,069)
Transfers (out)	(2,221,740)	(1,582,198)	639,542
<b>Total other financing sources (uses)</b>	<b>(968,340)</b>	<b>(330,417)</b>	<b>637,923</b>
<b>Net changes in fund balances</b>	<b>(2,097,763)</b>	<b>341,578</b>	<b>\$ 2,439,341</b>
<b>Fund balances - beginning</b>	<b>14,722,912</b>	<b>14,722,912</b>	
<b>Fund balances - ending</b>	<b>\$ 12,625,149</b>	<b>\$ 15,064,490</b>	

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, 2024**

	December 31, 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	\$ 217,433	\$ 233,536	\$ 227,965	\$ 183,103	\$ 164,365	\$ 153,752	\$ 176,975	\$ 200,990	\$ 150,689	\$ 170,600
Interest on total pension liability	216,080	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	13,112	(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	(82,668)	(85,649)	(19,329)	(14,049)	(16,533)	(15,970)	(1,695)	(2,091)	(1,902)	(3,156)
Net Change in Total Pension Liability	363,957	158,981	418,359	463,561	278,369	252,020	239,634	246,339	164,418	187,836
Total pension liability, beginning	2,666,301	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	\$ 3,030,258	\$ 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	158,994	148,993	127,080	122,021	103,641	94,803	102,802	95,185	97,043	93,694
Member contributions	94,318	95,508	98,621	94,695	80,287	73,880	79,868	78,388	78,171	74,784
Investment income (net of expenses)	304,225	(174,486)	475,821	173,686	212,168	(19,840)	126,587	46,440	(15,011)	18,561
Benefit payments/Refund of contributions	(82,668)	(85,649)	(19,329)	(14,049)	(16,533)	(15,970)	(1,695)	(2,091)	(1,902)	(3,156)
Administrative expenses	(1,690)	(1,613)	(1,485)	(1,506)	(1,278)	(1,039)	(769)	(505)	(394)	(285)
Other	9,647	24,660	6,414	6,162	5,966	4,667	2,418	19,889	(47)	(21)
Net Change in Fiduciary Net Position	482,826	7,413	687,122	381,009	384,251	136,501	309,211	237,306	157,860	183,577
Fiduciary Net Position, beginning	2,752,806	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	3,235,632	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	\$ (205,374)	\$ (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	106.78%	103.24%	109.50%	98.53%	103.19%	95.99%	105.62%	99.06%	100.16%	101.69%
Covered-employee payroll	\$ 1,347,404	\$ 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	-15.24%	-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.

**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, 2024**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 159,654	\$ 158,013	\$ 148,867	\$ 117,151	\$ 97,337	\$ 92,561	\$ 102,802	\$ 97,875	\$ 97,043	\$ 93,694
Contributions in relation to the contractually required contributions	159,654	158,013	148,867	122,021	103,641	94,803	102,802	97,875	97,043	93,694
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,870)</u>	<u>\$ (6,304)</u>	<u>\$ (2,242)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,351,263	\$ 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
Contributions as a percentage of covered employee payroll	11.8%	11.6%	10.4%	9.0%	9.0%	9.0%	9.0%	8.7%	8.7%	8.8%

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, 2024**

	December 31, 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	\$ 2,034	\$ 4,273	\$ 4,121	\$ 3,314	\$ 2,241	\$ 2,503	\$ 2,889
Interest on total pension liability	986	771	736	771	778	669	595
Effect of plan changes	-	-	-	-	-	-	-
Difference between expected and actual experience	1,880	(3,949)	(2,610)	(2,345)	(1,422)	(678)	(321)
Effect of assumptions changes or inputs	2,619	(9,745)	408	4,033	6,476	(2,704)	946
Benefit payments/Refund of contributions	-	(136)	-	-	-	-	-
Net Change in Total OPEB Liability	7,519	(8,786)	2,655	5,773	8,073	(210)	4,109
Total OPEB liability, beginning	24,460	33,246	30,591	24,818	16,745	16,955	12,846
Total OPEB liability, ending	<u>\$ 31,979</u>	<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	\$ 1,347,404	\$ 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	2.37%	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, 2024**

	2024	2023	2022	2021	2020	2019	2018
Contractually required contributions	\$ 2,516	\$ 3,005	\$ 3,964	\$ 3,886	\$ 4,552	\$ 2,635	\$ 2,673
Contributions in relation to the contractually required contributions	2,516	3,005	3,964	3,886	4,552	2,635	2,673
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 1,351,263	\$ 1,364,747	\$ 1,364,747	\$ 1,436,437	\$ 1,352,780	\$ 1,146,956	\$ 1,055,433
Contributions as a percentage of covered employee payroll	0.19%	0.22%	0.29%	0.27%	0.34%	0.23%	0.25%

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, 2024**

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, 2024**

- 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	2,509	1	2,509
1"	707	698	3	1,745
1 1/2"	28	28	5	140
2"	105	102	8	816
3"	42	40	15	600
4"	17	17	25	425
6"	5	4	50	200
8"	1	1	80	80
10"	-	-	115	-
Total Water	<u>3,402</u>	<u>3,399</u>		<u>6,515</u>
Total Wastewater	<u>3,407</u>	<u>3,404</u>	<u>1</u>	<u>3,404</u>

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

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

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

Note: District provides wholesale services to the Town of Trophy Club through 1,443 connections

3. Total water consumption (in thousands) during the fiscal year:

Gallons pumped into the system	1,040,854
Gallons billed to customers	927,485
Water accountability ratio	89.11%

4. Standby Fees:

Does the District assess standby fees? No

For the most recent fiscal year, FY2024:

	Total Levy	Total Collected	Percentage Collected
Debt Service	\$ 218,531	\$ 218,113	99.8%
Operations and Maintenance	\$ 1,404,807	\$ 1,402,119	99.8%

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

5. Location of District:

Counties in which District is located: Denton  
Tarrant

Is the District located entirely in one county? No

Is the District located within a city? Partially

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

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

ETJ's in which District is located: Unknown

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



**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**TSI - 2**  
**General Fund Expenditures and Other Financing Uses**  
**Year End September 30, 2024**

	<u>Current Year</u> 2024	<u>Prior Year</u> 2023
Administrative	\$ 1,695,946	\$ 1,546,351
Water Operations	3,599,392	4,157,215
Wastewater Operations	1,239,627	1,460,607
Contribution to Trophy Club Fire Dept.*	1,220,000	978,435
Capital Outlay	4,835,000	3,553,442
Transfers Out and Debt Service	<u>404,425</u>	<u>1,694,176</u>
Total Expenditures	<u>\$ 12,994,390</u>	<u>\$ 13,390,226</u>
<u>Number of employees employed by the District:</u>		
Full time Equivalents (FTEs)	14	14
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, 2024**

<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	3.19%	Demand (Money Market)	\$ 1,998,815	Paid monthly
General Fund Prosperity Bank	XXX2660	0.35%	Demand	\$ 5,693,674	Paid monthly
General Fund, Fire Fund, & GASB Reserves TexPool	XXXXX0002	4.98%	Demand	\$ 7,905,564	Paid daily
Debt Service Fund TexPool	XXXXX0003	4.98%	Demand	\$ 102,084	Paid daily
Debt Service-Revenue Bond Texpool	XXXXX0013	4.98%	Demand	\$ 52,955	Paid daily
Revenue Bond Reserve Texpool	XXXXX0014	4.98%	Demand	\$ 993,836	Paid daily
SWIFT Revenue Bond Debt Service Texpool	XXXXX0017	4.98%	Demand	\$ 18,149	Paid daily
W&WW 19 Revenue Bond Debt Service Texpool	XXXXX0020	4.98%	Demand	\$ 12,891	Paid daily
SWIFT Revenue Bond Escrow Account Bank of Texas BOKF	0500-0004577.1	4.01%	Demand	\$ 854,731	Paid daily
Total - All Funds				<u>\$ 17,632,700</u>	

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**TSI-4 TAXES LEVIED AND RECEIVABLE**  
**SEPTEMBER 30, 2024**

	General Fund			Debt	
	Operations	Fire	Total	Service	Total
<b>Taxes receivable beginning of year</b>	<b>\$ 2,089</b>	<b>\$ 6,868</b>	<b>6,868</b>	<b>\$ 3,384</b>	<b>\$ 12,341</b>
2023 tax levy	85,479	1,319,328	1,404,807	218,531	1,623,338
<b>Total to be accounted for</b>	<b>87,568</b>	<b>1,326,197</b>	<b>1,413,764</b>	<b>221,915</b>	<b>1,635,679</b>
Less collections and adjustments:					
Current year	(85,283)	(1,316,310)	(1,401,594)	(218,031)	(1,619,625)
Prior years	(1,375)	(19)	(1,395)	435	(959)
Total to be accounted for	(86,659)	(1,316,330)	(1,402,988)	(217,596)	(1,620,584)
<b>Taxes receivable, end of year</b>	<b>\$ 909</b>	<b>\$ 9,867</b>	<b>\$ 10,776</b>	<b>\$ 4,319</b>	<b>\$ 15,095</b>
Taxes receivable by year					
2009 and prior	\$ -	\$ -	\$ -	\$ -	\$ -
2010	\$ 19	\$ 232	\$ 251	\$ 164	\$ 415
2011	\$ 21	\$ 236	\$ 258	\$ 121	\$ 379
2012	\$ 22	\$ 231	\$ 253	\$ 43	\$ 296
2013	\$ 54	\$ 501	\$ 554	\$ 210	\$ 765
2014	\$ 90	\$ 470	\$ 561	\$ 251	\$ 812
2015	\$ 18	\$ 274	\$ 292	\$ 206	\$ 498
2016	\$ 17	\$ 281	\$ 298	\$ 183	\$ 480
2017	\$ 56	\$ 484	\$ 540	\$ 307	\$ 847
2018	\$ 82	\$ 717	\$ 798	\$ 441	\$ 1,239
2019	\$ 90	\$ 806	\$ 896	\$ 453	\$ 1,349
2020	\$ 80	\$ 731	\$ 811	\$ 405	\$ 1,216
2021	\$ 98	\$ 917	\$ 1,015	\$ 499	\$ 1,514
2022	\$ 68	\$ 969	\$ 1,037	\$ 537	\$ 1,574
2023	\$ 196	\$ 3,018	\$ 3,214	\$ 500	\$ 3,713
	<u>\$ 909</u>	<u>\$ 9,867</u>	<u>\$ 10,776</u>	<u>\$ 4,319</u>	<u>\$ 15,095</u>
Property valuations (in 000's)					
	FY 23/24	FY 22/23	FY 21/22	FY 20/21	FY 19/20
Land	\$ 637,372	\$ 581,303	\$ 458,430	\$ 453,286	\$ 448,076
Improvements	2,231,649	1,834,151	1,603,969	1,499,313	1,405,356
Personal property	83,718	76,823	121,053	108,700	111,040
Exemptions	(407,769)	(272,548)	(165,072)	(152,209)	(143,923)
	<u>\$ 2,544,970</u>	<u>\$ 2,219,729</u>	<u>\$ 2,018,380</u>	<u>\$ 1,909,090</u>	<u>\$ 1,820,549</u>
Tax rate per \$100 valuation					
Operations	0.00336	0.00393	0.00687	0.00709	0.00748
Fire department	0.05186	0.05625	0.06412	0.06476	0.06738
Debt service	0.00859	0.03115	0.03489	0.03589	0.03787
Tax rate per \$100 valuation	<u>0.06381</u>	<u>0.09134</u>	<u>0.10588</u>	<u>0.10774</u>	<u>0.11273</u>
Tax levy:	\$ 1,623,946	\$ 2,027,500	\$ 2,137,060	\$ 2,056,855	\$ 2,052,305
Percent of taxes collected to taxes levied	99.77%	99.80%	99.85%	99.71%	99.76%

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**TSI-4 TAXES LEVIED AND RECEIVABLE**  
**SEPTEMBER 30, 2024**

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	0.189485	0.1945
City	Town of Trophy Club	0.415469	0.415469
School District	Northwest ISD/Carroll ISD	1.0902	1.0025
		1.695154	1.612469
Special Districts not included above			
	Tarrant County Hospital District	0	0.1875
	Tarrant County Comm. College	0	0.11217
Total Special Districts		0	0.29967
MUD 1 District Tax Rate		0.06381	0.06381
Total Overlapping Tax District		1.758964	1.975949

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO.1**  
**TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS**  
**SEPTEMBER 30, 2024**

Due During Fiscal Years Ending	All Bonded Debt Series		Total
	Principal Due 1-Sep	Interest Due Mar 1/ Sep 1	
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>\$ 19,490,000</u>	<u>\$ 5,222,362</u>	<u>\$ 24,712,362</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
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>\$ 3,435,000</u>	<u>\$ 641,263</u>	<u>\$ 4,076,263</u>

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO.1**  
**TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS (CONTINUED)**  
**SEPTEMBER 30, 2024**

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
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>\$ 855,000</u>	<u>\$ 44,980</u>	<u>\$ 899,980</u>

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

Due During Fiscal Years Ending	Principal Due 1-Sep	Interest Due Mar 1/ Sep 1	Total
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>\$ 5,845,000</u>	<u>\$ 1,111,125</u>	<u>\$ 6,956,125</u>

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

Due During Fiscal Years Ending	Principal Due 1-Sep	Interest Due Mar 1/ Sep 1	Total
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>\$ 2,925,000</u>	<u>\$ 376,794</u>	<u>\$ 3,301,794</u>

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO.1**  
**TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS (CONTINUED)**  
**SEPTEMBER 30, 2024**

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

Due During Fiscal Years Ending	Principal Due 1-Sep	Interest Due Mar 1/ Sep 1	Total
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>\$ 6,430,000</u>	<u>\$ 3,048,200</u>	<u>\$ 9,478,200</u>

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**TSI-6 CHANGES IN LONG-TERM BONDED DEBT**  
**SEPTEMBER 30, 2024**

	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	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	
Maturity date	9/1/2034	9/1/2031	9/1/2035	9/1/2036	9/1/2049	
Bonds outstanding at beginning of year	\$ 3,725,000	\$ 975,000	\$ 6,280,000	\$ 3,145,000	\$ 6,600,000	\$ 20,725,000
Retirements of principal	\$ 290,000	\$ 120,000	\$ 435,000	\$ 220,000	\$ 170,000	\$ 1,235,000
Bonds outstanding at end of fiscal year	<u>\$ 3,435,000</u>	<u>\$ 855,000</u>	<u>\$ 5,845,000</u>	<u>\$ 2,925,000</u>	<u>\$ 6,430,000</u>	<u>\$ 19,490,000</u>
Retirements of interest	<u>\$ 112,313</u>	<u>\$ 12,675</u>	<u>\$ 175,838</u>	<u>\$ 53,115</u>	<u>\$ 209,188</u>	<u>\$ 563,127</u>

Paying agent's name & city:

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
General Obligation Bonds				

Amount authorized by voters	\$ 34,859,217
Amount issued	\$ 34,855,000
Remaining to be issued	<u>\$ 4,217</u>

The general obligation bonds were authorized on October 7, 1975

Debt Service Fund cash and cash equivalents balance as of September 30, 2024:

\$ 1,179,971

Average annual debt service payment (principal & interest) for remaining term of debt:

\$ 1,822,847



**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**TS1-7 COMPARATIVE SCHEDULES OF REVENUES AND EXPENDITURES-FIVE YEARS**  
**GENERAL FUND**  
**SEPTEMBER 30, 2024**

	Amounts					Percentages of total revenues/expenses				
	2024	2023	2022	2021	2020	2024	2023	2022	2021	2020
REVENUE										
Ad valorem property taxes	\$ 1,404,929	\$ 1,355,148	\$ 1,434,197	\$ 1,378,844	\$ 1,371,466	10.5%	9.7%	11.3%	12.5%	12.6%
Water and wastewater charges	10,986,183	11,847,030	10,809,305	9,222,445	9,109,566	82.4%	84.6%	85.0%	83.7%	83.6%
Inspection and tap fees	14,926	4,100	8,099	12,500	20,300	0.1%	0.0%	0.1%	0.1%	0.2%
Interest earned	521,771	397,122	66,251	18,386	81,518	3.9%	2.8%	0.5%	0.2%	0.7%
Debt proceeds	-	-	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%
Transfers In	-	-	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%
Proceeds from Sale of Assets	51,450	110,979	21,001	23,975	12,520	0.4%	0.8%	0.2%	0.2%	0.1%
Type A Lease Financing	-	-	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%
Miscellaneous and other	356,710	291,169	377,827	359,189	300,746	2.7%	2.1%	3.0%	3.3%	2.8%
Total revenue	\$ 13,335,969	\$ 14,005,548	\$ 12,716,680	\$ 11,015,339	\$ 10,896,116	100.0%	100.0%	100.0%	100.0%	100.0%
EXPENDITURES										
Administrative	\$ 1,695,946	\$ 1,546,349	\$ 1,424,573	\$ 1,405,997	\$ 1,388,918	13.1%	11.5%	12.2%	13.2%	14.4%
Water operations	3,599,392	4,157,215	4,025,300	2,982,828	2,919,210	27.7%	31.0%	34.3%	28.1%	30.3%
Wastewater operations	1,239,627	1,460,607	1,530,667	1,508,659	1,252,392	9.5%	10.9%	13.1%	14.2%	13.0%
Contribution to Trophy Club Fire Dept.	1,220,000	978,435	918,658	839,816	738,348	9.4%	7.3%	7.8%	7.9%	7.7%
Capital outlay	4,835,000	3,553,442	2,000,049	1,034,637	931,856	37.2%	26.5%	17.1%	9.7%	9.7%
Transfers Out and Debt Service	404,426	1,694,176	1,823,389	2,858,279	2,405,409	3.1%	12.7%	15.6%	26.9%	25.0%
Total expenditures	\$ 12,994,391	\$ 13,390,224	\$ 11,722,635	\$ 10,630,215	\$ 9,636,133	100%	100.0%	100.0%	100.0%	100.0%
Excess (deficiency) of revenues over (under) expenditures	\$ 341,578	\$ 615,324	\$ 994,045	\$ 385,123	\$ 1,259,983	2.6%	4.4%	7.8%	3.5%	11.6%
Total active retail water and/or wastewater connections	3,404	3,407	3,379	3,374	3,371					

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1  
TSI-7 COMPARATIVE SCHEDULES OF REVENUES AND EXPENDITURES-FIVE YEARS (Continued)  
DEBT SERVICE FUND  
SEPTEMBER 30, 2024

	Amounts					Percentage of total revenues/expenses				
REVENUE	2024	2023	2022	2021	2020	2024	2023	2022	2021	2020
Ad valorem property taxes	\$ 217,202	\$ 701,238	\$ 704,644	\$ 688,651	\$ 693,604	11.8%	30.2%	30.8%	30.5%	31.0%
Penalties and interest	-	-	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%
Transfers in from other funds	1,582,198	1,573,226	1,574,226	1,565,786	1,535,035	85.9%	67.7%	68.8%	69.4%	68.6%
Interest earned	42,885	49,191	7,980	286	6,776	2.3%	2.1%	0.3%	0.0%	0.3%
Miscellaneous and other	-	-	-	-	1,220	0.0%	0.0%	0.0%	0.0%	0.1%
<b>Total revenue</b>	<b>1,842,285</b>	<b>2,323,655</b>	<b>2,286,850</b>	<b>2,254,723</b>	<b>2,236,635</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	1,235,000	1,665,000	1,625,000	1,580,000	1,370,000	68.6%	73.4%	71.8%	70.2%	62.0%
Interest and fiscal charges	562,627	601,296	636,539	665,987	837,477	31.3%	26.5%	28.1%	29.6%	37.9%
Bond admin fees	2,100	2,100	2,600	3,350	3,292	0.1%	0.1%	0.1%	0.1%	0.1%
<b>Total expenditures</b>	<b>1,799,727</b>	<b>2,268,396</b>	<b>2,264,139</b>	<b>2,249,337</b>	<b>2,210,769</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>\$ 42,558</b>	<b>\$ 55,259</b>	<b>\$ 22,711</b>	<b>\$ 5,386</b>	<b>\$ 25,865</b>	<b>2.3%</b>	<b>2.4%</b>	<b>1.0%</b>	<b>0.2%</b>	<b>1.2%</b>

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**TSI-8 BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS**  
**September 30, 2024**

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 FY2024</u>	<u>Expense Reimbursements FY2024</u>	<u>Title at Year End</u>
<u>Board Members:</u>				
Kevin Carr 15 Edgemere Drive Trophy Club, TX 76262	5/24-5/28	\$ -	\$ -	President
Ben Brewster 222 Fresh Meadow Drive Trophy Club, TX 76262	5/22-5/26	\$ -	\$ -	Vice-President
Doug Harper 16 Fair Green Drive Trophy Club, TX 76262	5/22-5/26	\$ -	\$ -	Secretary/Treasurer
William Rose 219 Inverness Drive Trophy Club, TX 76262	5/24-5/28	\$ -	\$ -	Director
Jim Thomas 7 Meadowbrook Lane Trophy Club, TX 76262	12/23-5/26	\$ -	\$ -	Director

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**TSI-8 BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS (Continued)**  
**SEPTEMBER 30, 2024**

Name and Address	Date of Contract or Vendor Created	Total Paid Out FY 2024	Type of Vendor
<u>Consultants/Legal:</u>			
Denton Central Appraisal District P.O. Box 2816 Denton, TX 76202	4/1/1981	\$ 7,871	Appraiser
Tarrant Appraisal District 2500 Handley-Ederville Rd. Fort Worth, TX 76262	10/1/2007	\$ 2,143	Appraiser
Rod L Abbott CPA LLC 553 Ridgewood Dr. Van Alstyne, TX 75495	8/27/2020	\$ 21,784	Auditors
Halff Associates, Inc. P.O. Box 678316 Dallas, TX 75267-8316	1/1/2017	\$ 124,726	Engineers
Garver P.O. Box 736556 Dallas, TX 75373-6556	12/3/2021	\$ 127,079	Engineers
Bickerstaff Heath Delgado Acosta LLP 901 S. Mopac Expressway Building #1, Suite 300 Austin, TX 78746	4/1/2023	\$ 25,181	Legal Counsel
The Liston Law Firm, P.C. PO Box 188 Rowlett, TX 75030	4/16/2024	\$ 16,274	Legal Counsel
New Gen Strategies & Solutions 1300 E. Lookout Dr. Suite 100 Richardson, TX 75082	7/1/2013	\$ 6,480	Rate Consultant
Mas Talent LLC 3801 Island Court Carrollton, TX 75007	6/6/2024	\$ 13,688	HR Consultant

**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 15th day of January 2025, its annual audit report for the fiscal year or period ended September 30, 2024 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 15, 2025.

By:   
(Signature of District Representative)

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

Sworn to and subscribed to before me this 15<sup>th</sup> day of January, 2025.



  
(signature of notary)

My Commission Expires On: June 3rd, 2028.

Notary Public in and for the State of Texas

**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.

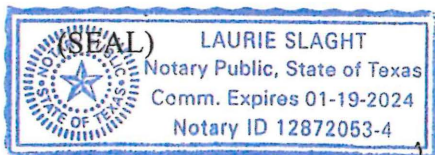
The annual filing affidavit and the attached copy of the annual audit report are being submitted to the Texas Commission on the Environmental Quality in satisfaction of the annual filing requirements of Texas Water Code Section 49.194.

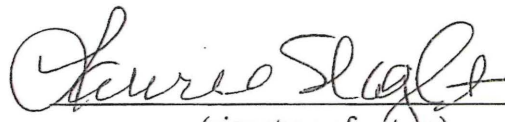
Date: January 17, 2024.

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 stylized flourish extending from the end.

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	
	FY23	FY22
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	<u>4,163,010</u>	<u>3,227,149</u>
Net position - October 1	<u>39,074,449</u>	<u>35,847,300</u>
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					
Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Total Governmental Activities
<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:					
					2,047,252
					151,357
					573,996
					17,432
					103,373
					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
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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)
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(20,861,156)
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Accrued interest payable for governmental-type long-term debt is recognized in the governmental activities in the statement of net position.		(47,078)
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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	\$	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; padding: 2px 10px;">43,237,459</div>
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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; display: inline-block; width: 100%;">\$ 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. 1 (the District) was created by the Texas Water Rights Commission (later known as Texas Commission on Environmental Quality (TCEQ)) on March 4, 1975 and confirmed by the electorate of the District at a confirmation election on October 7, 1975. The Board of 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. 1 to Trophy Club Municipal Utility District No. 1.

On May 9, 2009, citizens voted to consolidate the District and Trophy Club Municipal Utility District No. 2 (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:

Asset Category	Depreciable Life in Years
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	<u>5,217</u>
Gross receivables	1,781,774
Less: Allowance for uncollectables	<u>(12,051)</u>
Net receivables	<u><u>\$ 1,769,723</u></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	<u>\$ 1,573,226</u>	Debt service assistance
	Total:	<u><u>\$ 1,573,226</u></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>General Obligation and Revenue Bonds</u>		
<u>Fiscal Year Ending</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 TCERS pension plan. Only employers that have elected participation in the retiree Group Term Life program are included in the OPEB plan.

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

Benefit terms are established under the TCERS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of January 1 each year. The District's contribution rate for the retiree GTL program is calculated annually on an actuarial basis, and is equal to the cost of providing a one-year 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:	<u>\$ 16,114</u>	<u>\$ 7,531</u>

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	<u>(2,284)</u>
	<u>\$ (10,625)</u>

**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	14,107,588	14,107,588	14,107,588	
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	<u>\$ 2,666,301</u>	<u>\$ 2,507,320</u>	<u>\$ 2,088,961</u>	<u>\$ 1,625,400</u>	<u>\$ 1,347,031</u>	<u>\$ 1,095,011</u>	<u>\$ 855,377</u>	<u>\$ 609,038</u>	<u>\$ 444,620</u>
<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	<u>2,752,806</u>	<u>2,745,393</u>	<u>2,058,271</u>	<u>1,677,262</u>	<u>1,293,011</u>	<u>1,156,511</u>	<u>847,300</u>	<u>609,994</u>	<u>452,134</u>
Net pension liability / (asset), ending	<u>\$ (86,505)</u>	<u>\$ (238,073)</u>	<u>\$ 30,690</u>	<u>\$ (51,862)</u>	<u>\$ 54,020</u>	<u>\$ (61,500)</u>	<u>\$ 8,077</u>	<u>\$ (956)</u>	<u>\$ (7,514)</u>
Fiduciary net position as a 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**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
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	<u>158,013</u>	<u>148,867</u>	<u>122,021</u>	<u>103,641</u>	<u>94,803</u>	<u>102,802</u>	<u>97,875</u>	<u>97,043</u>	<u>93,694</u>	<u>198,219</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,870)</u>	<u>\$ (6,304)</u>	<u>\$ (2,242)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (113,743)</u>
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**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 3,005	\$ 3,964	\$ 3,886	\$ 4,552	\$ 2,635	\$ 2,673
Contributions in relation to the contractually required contributions	<u>3,005</u>	<u>3,964</u>	<u>3,886</u>	<u>4,552</u>	<u>2,635</u>	<u>2,673</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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	<u>3,412</u>	<u>3,403</u>		<u>6,623</u>
Total Wastewater	<u>3,417</u>	<u>3,407</u>	<u>1</u>	<u>3,407</u>

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

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

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

Note: District provides wholesale services to the Town of Trophy Club through 1,443 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	XXXXXX7724	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	XXXXXX0002	5.32%	Demand	\$ 7,652,770	Paid daily
Debt Service Fund TexPool	XXXXXX0003	5.32%	Demand	\$ 85,835	Paid daily
Debt Service-Revenue Bond Texpool	XXXXXX0013	5.32%	Demand	\$ 39,137	Paid daily
Revenue Bond Reserve Texpool	XXXXXX0014	5.32%	Demand	\$ 942,343	Paid daily
SWIFT Revenue Bond Debt Service Texpool	XXXXXX0017	5.32%	Demand	\$ 11,714	Paid daily
W&WW 19 Revenue Bond Construction Texpool	XXXXXX0018	5.32%	Demand	\$ 1,179,059	Paid daily
W&WW 19 Revenue Bond Debt Service Texpool	XXXXXX0020	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 Service	Total
	Operations	Fire	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

\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 33	\$ 410	\$ 443	\$ 289	\$ 732
\$ 37	\$ 414	\$ 451	\$ 212	\$ 663
\$ 42	\$ 445	\$ 487	\$ 83	\$ 570
\$ 54	\$ 501	\$ 555	\$ 210	\$ 765
\$ 91	\$ 471	\$ 562	\$ 251	\$ 813
\$ 18	\$ 274	\$ 292	\$ 206	\$ 498
\$ 17	\$ 281	\$ 298	\$ 183	\$ 481
\$ 63	\$ 546	\$ 609	\$ 347	\$ 956
\$ 104	\$ 914	\$ 1,018	\$ 562	\$ 1,580
\$ (237)	\$ (2,132)	\$ (2,369)	\$ (1,198)	\$ (3,567)
\$ 134	\$ 1,228	\$ 1,362	\$ 680	\$ 2,042
\$ 150	\$ 1,399	\$ 1,549	\$ 761	\$ 2,310
\$ 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>

	FY 21/22	FY 20/21	FY 19/20	FY 18/19	FY 17/18
Property valuations (in 000's)					
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
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Percent of taxes collected to taxes levied	99.85%	99.71%	99.76%	99.48%	99.75%
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**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		
	Principal Due 1-Sep	Interest Due Mar 1/ Sep 1	Total
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	General Obligation Bonds - Series 2014 (5,765,000)		
	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	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,725,000</u>	<u>\$ 975,000</u>	<u>\$ 6,280,000</u>	<u>\$ 3,145,000</u>	<u>\$ 6,600,000</u>	<u>\$ 20,725,000</u>
Retirements of interest	<u>\$ 7,500</u>	<u>\$ 7,525</u>	<u>\$ 118,613</u>	<u>\$ 14,170</u>	<u>\$ 184,238</u>	<u>\$ 55,139</u>	<u>\$ 214,138</u>	<u>\$ 601,323</u>
Paying agent's name & city:	The Bank of New York Mellon Newark, NJ	The Bank of New York Mellon Newark, NJ	The Bank of TX Corporate Trust Austin, TX	JP Morgan Chase New York, NY	The Bank of TX Corporate Trust Austin, TX	The Bank of TX Corporate Trust Austin, TX	The Bank of TX Corporate Trust Austin, TX	
<u>Bond Authority</u>	<u>General Obligation Bonds</u>							
Amount authorized by voters	\$ 34,859,217							
Amount issued	\$ 34,855,000							
Remaining to be issued	<u>\$ 4,217</u>							

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**

<b>REVENUE</b>	Amounts					Percentage				
	2023	2022	2021	2020	2019	2023	2022	2021	2020	2019
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%	12.6%	11.6%
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%	83.6%	80.7%
Inspection and tap fees	4,100	8,099	12,500	20,300	6,900	0.0%	0.1%	0.1%	0.2%	0.1%
Interest earned	397,122	66,251	18,386	81,518	139,388	2.8%	0.5%	0.2%	0.7%	1.3%
Debt proceeds	-	-	-	-	(7,080)	0.0%	0.0%	0.0%	0.0%	-0.1%
Transfers In	-	-	-	-	32,080	0.0%	0.0%	0.0%	0.0%	0.3%
Proceeds from Sale of Assets	110,979	21,001	23,975	12,520	52,600	0.8%	0.2%	0.2%	0.1%	0.5%
Capital Lease Financing	-	-	-	-	204,004	0.0%	0.0%	0.0%	0.0%	1.9%
Miscellaneous and other	291,169	377,827	359,189	300,746	376,822	2.1%	3.0%	3.3%	2.8%	3.6%
<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>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%	14.4%	13.4%
Water operations	4,157,215	4,025,300	2,982,828	2,919,210	3,001,947	31.0%	34.3%	28.1%	30.3%	30.9%
Wastewater operations	1,460,607	1,530,667	1,508,659	1,252,392	1,048,445	10.9%	13.1%	14.2%	13.0%	10.8%
Contribution to Trophy Club Fire Dept	978,435	918,658	839,816	738,348	692,347	7.3%	7.8%	7.9%	7.7%	7.1%
Capital outlay	3,553,442	2,000,049	1,034,637	931,856	2,036,172	26.5%	17.1%	9.7%	9.7%	21.0%
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%	25.0%	16.7%
<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>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>11.6%</b>	<b>8.3%</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>					

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				
REVENUE	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>	<u>2,323,655</u>	<u>2,286,850</u>	<u>2,254,723</u>	<u>2,236,635</u>	<u>2,129,898</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
<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>	<u>2,268,396</u>	<u>2,264,139</u>	<u>2,249,337</u>	<u>2,210,769</u>	<u>1,896,346</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>\$ 55,259</u>	<u>\$ 22,711</u>	<u>\$ 5,386</u>	<u>\$ 25,865</u>	<u>\$ 233,552</u>	<u>2.4%</u>	<u>1.0%</u>	<u>0.2%</u>	<u>1.2%</u>	<u>11.0%</u>

**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**

<u>Name and Address</u>	<u>Date of Contract or Vendor Created</u>	<u>Total Paid Out FY 2023</u>	<u>Type of Vendor</u>
<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

**TROPHY CLUB  
MUNICIPAL UTILITY DISTRICT NO.1  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
SEPTEMBER 30, 2022**

**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 18th day of January 2023, its annual audit report for the fiscal year or period ended September 30, 2022 and that copies of the annual audit report have been filed in the district office, located at 100 Municipal Drive, Trophy Club, Texas, 76262.

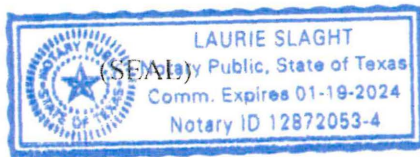
The annual filing affidavit and the attached copy of the annual audit report are being submitted to the Texas Commission on the Environmental Quality in satisfaction of the annual filing requirements of Texas Water Code Section 49.194.

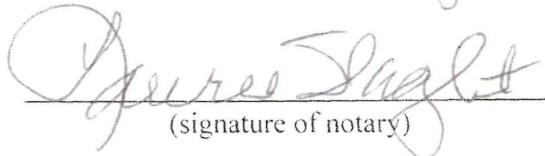
Date: January 18, 2023.

By:   
(Signature of District Representative)

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

Sworn to and subscribed to before me this 18<sup>th</sup> day of January, 2023.



  
(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, 2022, 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, 2022, 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 our 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 41-56 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 stylized flourish extending from the end.

Rod L. Abbott, CPA PLLC  
Tom Bean, Texas  
January 18, 2023



**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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, 2022.

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 \$39,074,449. Of this amount, \$14,403,939 is unrestricted net position and may be used to meet the District's ongoing commitments.
- The District's net position increased by \$3,227,149 during 2022. Significant contributors to this result were water and wastewater charges exceeding their related departmental expenses by 4,258,909.
- At the end of the fiscal year, the District's governmental type funds reported a combined fund balance of \$17,140,724. As of September 30, 2022, the unassigned fund balance of the General Fund was \$8,994,256. The unassigned fund balance is equal to 10.6 months of 2022 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, 2022**

**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 \$39,074,449. Of this amount, \$23,933,288 (61%) 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, \$748,222 (2%) restricted for debt service and capital projects, and the remaining \$14,403,939 (37%) is unrestricted.

2022 governmental activities have increased the District's net position by \$3,227,149, which amounts to a nine-percent (9%) increase in net position for the year ended September 30, 2022.

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**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 ended September 30, 2022 and 2021.

Table 1  
Condensed Statements of Net Position

	Governmental Activities	
	<b>FY22</b>	<b>FY21</b>
Current and other assets	\$ 18,749,584	\$ 19,708,025
Capital assets	44,399,904	41,434,713
Total assets	63,149,488	61,142,738
Deferred outflows of resources	258,908	246,946
Long-term liabilities	22,637,495	22,679,125
Other liabilities	1,399,980	2,796,979
Total liabilities	24,037,475	25,476,104
Deferred inflows of resources	296,471	66,280
Net position:		
Net investment in capital assets	23,922,288	21,858,843
Restricted	748,222	901,509
Unrestricted	14,403,939	13,086,948
Total net position	\$ 39,074,449	\$ 35,847,300

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**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 ended September 30, 2022 and 2021.

Table 2  
Condensed Statements of Activities

	Governmental Activities	
	FY22	FY21
Revenues:		
Program Revenues:		
Charges for services	\$ 10,937,443	\$ 9,386,772
Operating grants and contributions	-	-
Capital grants and contributions	-	-
General Revenues:		
Property taxes	2,136,367	2,244,471
Other unrestricted contributions	164,890	-
Investment income	95,640	19,894
Gain on sold assets	21,001	23,975
Other	92,899	91,429
	<u>13,448,240</u>	<u>11,766,541</u>
Expenses:		
Water	4,160,522	3,194,919
Wastewater	2,495,767	2,574,458
Administration	1,593,047	1,656,575
Fire protection	1,251,603	903,326
Non-departmental and Board	102,472	80,631
Interest on long-term debt	617,680	668,678
	<u>10,221,091</u>	<u>9,078,587</u>
Excess (deficiency) of revenues over expenditures before transfers	3,227,149	2,687,954
Transfers In (Out)	-	-
Increase in net position	3,227,149	2,687,954
Net position - October 1	35,847,300	33,159,346
Net position - September 30	<u>\$ 39,074,449</u>	<u>\$ 35,847,300</u>

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**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 \$17,140,724, of which 52%, or \$8,994,256, is unassigned and available to the District for future spending.

**General Fund budgetary highlights**

**Revenue: Revenues were \$1,065,591 (9.1%) more than budgeted**

- Water charges were \$810,165 (13.4%) more than budgeted. An exceptional Summer drought contributed to this result.

**Expenditures: Expenditures were \$147,734 (1.4%) less than budgeted**

- Capital Outlay expenditures were \$303,951 (13.2%) less than budgeted.
- Water Operations were \$259,951 (6.9%) more than budgeted.
- Administration expenditures were \$55,387 (4.0%) less than budgeted.

**Capital Asset and Debt Administration**

The District's investment in capital assets for its governmental activities as of September 30, 2022 amounted to \$44,399,904, 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.

Capital assets increased \$2,965,191 or 7.2% during 2022 primarily due to \$4.6 million of new construction in progress for the water and wastewater system. Additional information about capital assets may be found in Note 5 in the notes to financial statements.

**Debt administration**

Long-Term Debt - at the end of the current fiscal year, the District had \$22,530,046 of general obligation bonds, revenue bonds, and type A financing leases, which is a decrease 7.6% from the previous fiscal year due to \$1,863,948 of 2022 principal payments. All 2022 debt service requirements were met and the District did not issue any new debt during fiscal year 2022.

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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

**General Fund 2022 - 2023 budgetary highlights:**

**Revenue:** The District's 2023 General Fund budgeted revenues reflect a projected increase of \$1,362,596, or 13.14%, when compared to the District's 2022 adopted budget.

- Water revenue is budgeted to increase from the \$6,033,776 for fiscal year 2022's original budget to \$6,710,979 for fiscal year 2023 for a total projected increase of \$677,203, or 11.22%.
- Sewer revenue is budgeted to increase from \$3,824,473 for fiscal year 2022 budget to \$3,839,686 for fiscal year 2023 for a total projected increase of \$15,213, or 0.40%.
- The District's M&O tax rate decreased from fiscal year 2022 to fiscal year 2023. The fiscal year 2023 segregated M&O property tax revenue is budgeted to decrease by (\$11,751) for Fire and decrease by (\$48,136) for the MUD when compared 2022.

**Expenses:** The District's 2023 General Fund budgeted expenses reflect a projected increase of \$1,362,596, or 13.14%, when compared to the District's 2022 adopted budget.

- Wholesale water purchases from the City of Fort Worth is budgeted to increase by \$131,520, or 5.24%, due to the consumption demands and increased cost for water.
- The capital outlay budgets collectively increased by \$852,000, or 47.46% due to the District's proactive asset replacement schedule and the continued inflation cost for service and materials.
- The maintenance and repair budgets collectively increased by \$187,900, or 37.76% due to more required repairs caused by an increased demand on the system.
- The electricity budgets collectively increased by \$231,305, or 77.71% due the District's current provider contract expiring and new significant rate increase.
- The District's budgeted personnel cost collectively decreased by (\$158,698), or 7.23% due to the reduction in FTE in both Wastewater and Water combined with COLA increase and new employee benefit rates.

Overall: The District's 2023 General Fund operational budget is anticipated to have revenues of \$11,733,354 and expenses of \$11,733,354 for a total projected net of \$0 for the year.

**Debt Service Fund 2022 - 2023 budgetary highlights:**

- The District's Debt Service expenses are budgeted to increase from \$2,264,892 in fiscal year 2022 to \$2,269,673 budgeted for fiscal year 2023 for a total increase of \$4,781, or 0.21%.
- Property tax revenues collected for Debt Service are budgeted to increase from \$690,667 in fiscal year 2022 to \$696,446 budgeted in fiscal year 2023 for a total increase of 5,779, or 0.83%.

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**Sewer and Water Rates highlights:**

Effective April 1, 2022, the sewer volumetric rates were decreased for both the commercial and residential customers by the District's Board of Directors to reflect the updated winter average calculations. An increase in both the water base and volumetric rates were adopted for residential and commercial customers effective October 1st, 2023.

**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, 2022**

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 6,071,244
Investments	7,444,400
Restricted assets:	
Restricted cash	328,600
Restricted investments	3,273,422
Prepaid assets	3,880
Receivables:	
Accounts receivables - net	1,368,491
Property taxes	21,474
Net pension asset	238,073
Capital assets:	
Non-depreciable capital assets	10,162,805
Depreciable capital assets (net)	34,237,099
Total assets	<u>63,149,488</u>
<b>Deferred outflows of resources</b>	
Deferred outflows of resources - OPEB	10,051
Deferred outflows of resources - Pension	248,857
Total deferred outflows of resources	<u>258,908</u>
<b>Liabilities</b>	
Accounts payable	993,236
Accrued liabilities	27,478
Interest payable	50,666
Customer meter deposits	328,600
Non-current liabilities:	
Due within one year	1,782,648
Due in more than one year	20,821,601
OPEB liability	33,246
Total liabilities	<u>24,037,475</u>
<b>Deferred inflows of resources</b>	
Deferred inflows of resources - OPEB	6,204
Deferred inflows of resources - Pension	290,267
Total deferred inflows of resources	<u>296,471</u>
<b>Net Position</b>	
Net investment in capital assets	23,922,288
Restricted for:	
Capital projects	660,318
Debt service	87,904
Unrestricted	14,403,939
Total net position	<u>\$ 39,074,449</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, 2022**

Governmental Activities						Net (Expense)
						Revenue and
						Changes in Net
						Position
Functions/Programs	Expenses	Charges for	Operating	Capital		Total
		Services	Grants and	Grants and		Governmental
			Contributions	Contributions		Activities
<b>Primary government:</b>						
Governmental activities:						
Water operations	\$ 4,160,522	\$ 6,949,835	\$ -	\$ -	\$	2,789,312
Wastewater operations	2,495,767	3,965,364	-	-		1,469,597
Administration	1,593,047	22,245	-	-		(1,570,802)
Fire protection	1,251,603	-	-	-		(1,251,603)
Non-departmental	99,721	-	-	-		(99,721)
Board of directors	2,751	-	-	-		(2,751)
Interest on long-term debt	617,680	-	-	-		(617,680)
Total governmental activities	\$ 10,221,090	\$ 10,937,443	\$ -	\$ -		716,353
General revenues:						
						2,136,367
						164,890
						95,640
						92,899
						21,001
						2,510,796
						3,227,149
						35,847,300
						\$ 39,074,449

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

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**BALANCE SHEET -**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2022**

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b>Assets</b>				
Cash	\$ 6,071,244	\$ -	\$ -	\$ 6,071,244
Investments	7,444,400	-	-	7,444,400
Restricted assets:				
Restricted cash	328,600	-	-	328,600
Restricted investments	-	87,904	3,185,518	3,273,422
Prepaid assets	3,880	-	-	3,880
Receivables:				
Accounts receivable - net	1,368,491	-	-	1,368,491
Property taxes	14,180	7,294	-	21,474
Due from other funds	81,691	-	-	81,691
Total assets	<u>\$ 15,312,486</u>	<u>\$ 95,198</u>	<u>\$ 3,185,518</u>	<u>\$ 18,593,202</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	\$ 834,640	\$ -	\$ 158,596	\$ 993,236
Accrued payroll liabilities	27,478	-	-	27,478
Customer deposits	328,600	-	-	328,600
Due to other funds	-	-	81,691	81,691
Total current liabilities	<u>1,190,718</u>	<u>-</u>	<u>240,287</u>	<u>1,431,005</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - Property taxes	<u>14,179</u>	<u>7,294</u>	<u>-</u>	<u>21,473</u>
Total deferred inflows of resources	<u>14,179</u>	<u>7,294</u>	<u>-</u>	<u>21,473</u>
<b>Fund Balances</b>				
Non-spendable:				
Prepaid assets	3,880	-	-	3,880
Restricted for:				
Debt service	-	87,904	-	87,904
Capital projects	-	-	2,945,232	2,945,232
Assigned for:				
Capital projects	5,109,453	-	-	5,109,453
Unassigned	<u>8,994,256</u>	<u>-</u>	<u>-</u>	<u>8,994,256</u>
Total fund balances	<u>14,107,588</u>	<u>87,904</u>	<u>2,945,232</u>	<u>17,140,724</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 15,312,486</u>	<u>\$ 95,198</u>	<u>\$ 3,185,518</u>	<u>\$ 18,593,202</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, 2022**

Fund balances of governmental funds	\$	17,140,724
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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.		44,399,904
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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.		258,908
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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.		(296,471)
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(22,637,495)
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Accrued interest payable for governmental-type long-term debt is recognized in the governmental activities in the statement of net position.		(50,666)
--	--	----------

The District's net pension asset balance does not provide current financial resources and, therefore, is not reported in the governmental funds.		238,073
--	--	---------

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.		21,473
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Net position of governmental activities	\$	<div style="border-top: 1px solid black; border-bottom: 3px double black; padding: 2px 0;">39,074,449</div>
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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, 2022**

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b>Revenues</b>				
Water charges	\$ 6,843,941	\$ -	\$ -	\$ 6,843,941
Wastewater charges	3,965,364	-	-	3,965,364
Property taxes	1,434,197	704,644	-	2,138,841
Intergovernmental	164,890	-	-	164,890
Late charges	105,893	-	-	105,893
Rental income	14,146	-	-	14,146
Inspections and other charges for services	8,099	-	-	8,099
Other revenue	92,899	-	-	92,899
Investment earnings	66,251	7,980	21,410	95,640
<b>Total revenues</b>	<b>12,695,679</b>	<b>712,624</b>	<b>21,410</b>	<b>13,429,712</b>
<b>Expenditures</b>				
Current:				
Water	4,025,300	-	-	4,025,300
Wastewater	1,530,667	-	-	1,530,667
Administration	1,322,101	-	-	1,322,101
Fire	918,658	-	-	918,658
Non-departmental	99,721	-	-	99,721
Board of directors	2,751	-	-	2,751
Capital outlays	2,000,049	-	2,705,843	4,705,892
Debt service:				
Principal retirement	238,950	1,625,000	-	1,863,950
Interest and fees	10,213	639,139	-	649,352
<b>Total expenditures</b>	<b>10,148,410</b>	<b>2,264,139</b>	<b>2,705,843</b>	<b>15,118,392</b>
<b>Excess of revenues over (under) expenditures</b>	<b>2,547,269</b>	<b>(1,551,515)</b>	<b>(2,684,434)</b>	<b>(1,688,680)</b>
<b>Other financing sources (uses)</b>				
Proceeds from sold assets	21,001	-	-	21,001
Transfers in	-	1,574,226	-	1,574,226
Transfers (out)	(1,574,226)	-	-	(1,574,226)
<b>Total other financing sources(uses)</b>	<b>(1,553,225)</b>	<b>1,574,226</b>	<b>-</b>	<b>21,001</b>
<b>Net changes in fund balances</b>	<b>994,044</b>	<b>22,711</b>	<b>(2,684,434)</b>	<b>(1,667,678)</b>
<b>Fund balances - beginning</b>	<b>13,113,544</b>	<b>65,193</b>	<b>5,629,665</b>	<b>18,808,403</b>
<b>Fund balances - ending</b>	<b>\$ 14,107,588</b>	<b>\$ 87,904</b>	<b>\$ 2,945,232</b>	<b>\$ 17,140,724</b>

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, 2022**

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

Net change in fund balances - total governmental funds	\$ (1,667,678)
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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.	2,981,933
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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.	6,689
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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.	1,863,950
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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 \$2,474 decrease in deferred revenue, and various other smaller items. The net effect of these reclassifications is to decrease net position.	(5,623)
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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.	47,879
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Change in net position of governmental activities:	<div style="border-top: 1px solid black; border-bottom: 3px double black; padding: 2px 0;">\$ 3,227,149</div>
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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, 2022**

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

**A. General Statement**

Denton County Municipal Utility District No. 1 (the District) was created by the Texas Water Rights Commission (later known as Texas Commission on Environmental Quality (TCEQ)) on March 4, 1975 and confirmed by the electorate of the District at a confirmation election on October 7, 1975. The Board of 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. 1 to Trophy Club Municipal Utility District No. 1.

On May 9, 2009, citizens voted to consolidate the District and Trophy Club Municipal Utility District No. 2 (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, 2022**

**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 2022, the major funds are the General Fund, Capital Projects Fund, and the Debt Service 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 governmental funds.

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**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.

The revenues susceptible to accrual are interest income and ad valorem taxes. All other governmental fund revenues are recognized when received.

**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, 2022**

**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, 2022**

**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 fund's that have total negative fund balances.

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**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 2022. 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, 2022, the carrying amount of the District's cash deposits was \$6,399,204 and the bank balance was \$7,113,691. Of the District's cash deposits at September 30, 2022, \$250,000 was insured by FDIC and \$6,863,691 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, 2022 consist of the following:

Deposits with financial institutions	\$ 6,399,244
Unrestricted TexPool investments	7,444,400
Restricted TexPool investments	2,486,201
Restricted BOK Financial investments	787,221
Petty cash	600
Total Cash and Investments	<u><u>\$ 17,117,665</u></u>

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**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, 2022, the District had the following investments:

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Weighted Avg. Maturity</u>
TexPool Pooled Investments	\$ 9,930,600	24 days
BOK Financial - U.S. Securities	\$ 787,221	13 days

As of September 30, 2022, 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	\$ 9,930,600	AAAm	AAAm
BOK Financial - U.S. Securities	\$ 787,221	AAAm	AAAm

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**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, 2022**

**NOTE 3. ACCOUNTS RECEIVABLE**

Receivables as of September 30, 2022 are as follows:

Water sales	\$ 730,810
Wastewater sales	335,935
Unbilled receivables	158,082
Refuse (as an agent for the Town of Trophy Club)	87,867
Storm drainage (as an agent for the Town of Trophy Club)	42,217
Refuse tax (as an agent for the Town of Trophy Club)	7,537
PID surcharge (as an agent for the Town of Trophy Club)	14,132
Property taxes	21,474
Other	3,963
Gross receivables	1,402,016
Less: Allowance for uncollectables	(12,051)
Net receivables	<u>\$ 1,389,965</u>

**NOTE 4. INTERFUND TRANSFERS AND BALANCES**

Transfers between funds during the year-ended September 30, 2022 are as follows:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Debt Service Fund	\$ 1,574,226	Debt service assistance
	Total:	<u>\$ 1,574,226</u>	

Interfund due to/due from balances as of September 30, 2022 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, 2022**

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2022, 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	4,351,712	4,668,922	(370,685)	8,649,949
Water rights	864,678			864,678
Total non-depreciable assets:	5,864,568	4,668,922	(370,685)	10,162,805
Capital assets - Depreciable				
Buildings	3,535,137	-	-	3,535,137
Improvements other than buildings	600,776			600,776
Machinery and equipment	2,984,794	18,476	41,293	3,044,563
Organization costs	2,354,963	-	288,600	2,643,563
Vehicles	2,816,913		(29,268)	2,787,645
Water system	14,019,565	37,013		14,056,578
Wastewater treatment system	22,497,150			22,497,150
Wastewater collection system	4,541,890			4,541,890
Total capital assets being depreciated:	53,351,188	55,489	300,625	53,707,302
Less accumulated depreciation for:				
Buildings	836,479	80,890		917,369
Improvements other than buildings	314,089	22,221		336,310
Machinery and equipment	1,485,461	110,986	(6,581)	1,589,866
Organization costs	2,326,933	15,420		2,342,353
Vehicles	1,736,231	218,784	(28,218)	1,926,797
Water system	4,737,992	253,598		4,991,590
Wastewater treatment system	4,502,407	941,643		5,444,050
Wastewater collection system	1,841,451	80,417		1,921,868
Total accumulated depreciation:	17,781,043	1,723,959	(34,799)	19,470,203
Total depreciable capital assets, net:	35,570,145	(1,668,470)	335,424	34,237,099
Capital assets, net:	\$ 41,434,713	\$ 3,000,452	\$ (35,261)	\$ 44,399,904

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**NOTE 5. CAPITAL ASSETS - CONTINUED**

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

Governmental activities:

General government	\$ 332,945
Water operations	258,773
Wastewater operations	981,059
Fire department	83,299
Wastewater collection systems	67,883
Total depreciation expense	<u>\$ 1,723,959</u>

**NOTE 6 LONG-TERM DEBT**

At September 30, 2022, 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 2012 Refunding Bonds	2.0-3.0%	8/31/2023	\$ 250,000	\$ 250,000
Series 2013 Tax Bonds	2.0-3.0%	8/31/2023	215,000	215,000
Series 2014 Tax Bonds	1.5-3.5%	8/31/2034	4,005,000	280,000
Series 2020 Refunding Bonds	1.30%	8/31/2031	1,090,000	115,000
<u>Revenue Bonds</u>				
Series 2015 Bonds	2.0-3.25%	8/31/2035	6,700,000	420,000
Series 2016 Bonds	0.5-2.2%	8/31/2036	3,365,000	220,000
Series 2019 Bonds	3.0-3.5%	8/31/2049	6,765,000	165,000
<u>Type A Financing Leases</u>				
Freightliner Truck Lease	2.95%	2/1/2023	74,144	74,144
Camera Van Lease	3.95%	2/1/2024	65,902	43,504
Total long-term debt:			<u>\$ 22,530,046</u>	<u>\$ 1,782,648</u>



**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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

The following is a summary of long-term transactions of the District for the year ended September 30, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities:</u>					
General Obligation Bonds	\$ 6,395,000	\$ -	\$ (835,000)	\$ 5,560,000	\$ 860,000
Revenue Bonds	17,620,000	-	(790,000)	16,830,000	805,000
Net Bond Premium (Discount)	24,982	-	(24,982)	-	-
Type A Financing Leases	378,994	-	(238,948)	140,046	117,648
Compensated Absences	62,817	11,388	-	74,205	-
Total Governmental activities long-term debt:	<u>\$ 24,481,793</u>	<u>\$ 11,388</u>	<u>\$ (1,888,930)</u>	<u>\$ 22,604,251</u>	<u>\$ 1,782,648</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>
2023	\$ 1,665,000	\$ 601,321	\$ 2,266,321
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
2028-2032	7,085,000	1,904,154	8,989,154
2033-2037	4,835,000	932,696	5,767,696
2038-2042	1,370,000	526,331	1,896,331
2043-2047	1,605,000	288,850	1,893,850
2048-2049	720,000	37,531	757,531
Totals:	<u>\$ 22,390,000</u>	<u>\$ 6,386,808</u>	<u>\$ 28,776,808</u>

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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

As of September 30, 2022, the District has two outstanding Type A financing leases. Both leased assets are classified as vehicles. Total capitalized cost is \$565,604 and amortized net book value is \$204,853 at September 30, 2022. \$94,054 of amortization expense has been included in depreciation expense for the year ended September 30, 2022.

The following is a schedule of future debt service requirements for these leases:

<u>Fiscal Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2023	\$ 117,648	\$ 3,271	\$ 120,919
2024	22,398	442	22,840
Total Financing Lease Debt Service:	<u>\$ 140,046</u>	<u>\$ 3,713</u>	<u>\$ 143,759</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, 2022**

**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 9.00% and 10.92% for calendar years 2021 and 2022, respectively. Total employer contributions for the year ended September 30, 2022 was \$148,867.

The contribution rate payable by the employee members for calendar years 2021 and 2022 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, 2021 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date:	December 31, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	
Smoothing Period	5 Years
Recognition Method	Non-asymptotic
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, 2022**

**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, 2021 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%	3.80%
Global Equities	MSCI World (net) Index	2.50%	4.10%
Int'l Equities - Developed Markets	MSCI World Ex USA (net) Index	5.00%	3.80%
Int'l Equities - Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.30%
Investment Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.85%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	1.77%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.25%
Distressed Debt	Cambridge Associates Distressed Securities Index	4.00%	4.50%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT Index	2.00%	3.10%
Master Limited Partnerships	Alerian MLP Index	2.00%	3.85%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	6.00%	5.10%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	25.00%	6.80%
Hedge Funds	Hedge Fund Research, Inc. Fund of Funds Composite Index	6.00%	1.55%
Cash Equivalents	90-Day U.S. Treasury	2.00%	-1.05%

**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) \$	148,894	(238,073)	(560,957)

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**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, 2022, the District reported (\$238,073) for the net pension (asset) and pension expense of \$90,383 related to the December 31, 2021 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 12/31/2020:	\$ 2,088,961	\$ 2,058,271	\$ 30,690
Changes for the year:			
Service cost	227,965		227,965
Interest	175,365		175,365
Effect of plan changes	-		-
Effect of economic/demographic gains or losses	27,195		27,195
Effect of assumptions changes or inputs	7,163		7,163
Refund of contributions	(3,339)	(3,339)	-
Benefit payments	(15,991)	(15,991)	-
Administrative expenses		(1,485)	1,485
Member contributions		98,621	(98,621)
Net investment income		475,821	(475,821)
Employer contributions		127,080	(127,080)
Other changes		6,414	(6,414)
Balances at 12/31/2021:	\$ 2,507,319	\$ 2,745,392	\$ (238,073)

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	Deferred Outflows
	of Resources	of Resources
Difference between expected and actual experience	\$ 7,007	\$ 45,038
Changes of assumptions	-	92,413
Net difference between projected and actual earnings	283,260	-
Contributions subsequent to the measurement date	N/A	111,406
Totals:	\$ 290,267	\$ 248,857

\$111,406 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 2022 measurement year.

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**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>		
2023	\$	(34,062)
2024		(52,957)
2025		(35,126)
2026		(30,671)
2027		-
Thereafter		-
	\$	<u>(152,816)</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:	2
Inactive employees entitled, but not yet receiving benefits:	5
Active employees:	<u>19</u>
Total:	26

Total OPEB Liability

The District's total OPEB liability was determined by an actuarial valuation dated December 31, 2021. 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, 2022**

**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, 2021
Amortization Method:	Straight-Line Over Expected Working Life
Discount Rate:	2.06%
Disability:	Custom rates based on TCDRS experience
Mortality:	

Depositing Members	90% of RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Retirees/Beneficiaries	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Disabled Retirees	130% of the RP-2014 Disabled Annuitant Mortality Table formulas and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

Discount Rate

The discount rate is based on a yield or index for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or better for benefits not covered by plan assets. The 20 Year Bond GO Index published by bondbuyer.com was used in determining the discount rate used to measure the Total OPEB Liability as of December 31, 2021 (measurement date under GASB 75). At this date, the discount rate was 2.06%.

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

The following presents the District's Total OPEB Liability if it were calculated using a discount rate that is 1% point lower (1.06%) or 1% point higher (3.06%) than the current rate, for measurement period ended December 31, 2021:

	1% Decrease 1.06%	Current Discount Rate 2.06%	1% Increase 3.06%
Total OPEB liability \$	41,880	\$ 33,246	\$ 26,685

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**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, 2022, the District recognized expense related to OPEB of \$5,059.

As of September 30, 2022, 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	\$ 5,044	\$ -
Changes of assumptions	1,160	7,193
Net difference between projected and actual earnings	-	-
Contributions subsequent to the measurement date	N/A	2,858
Totals:	\$ 6,204	\$ 10,051

The \$2,858 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 amount reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending:</u>	
2023	\$ 202
2024	204
2025	112
2026	596
2027	(125)
Thereafter	-
	\$ 989

**NOTE 10. SUBSEQUENT EVENTS**

The District has evaluated all events and transactions after September 30, 2022 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, 2022**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>				
Water charges	\$ 6,033,776	\$ 6,033,776	\$ 6,843,941	\$ 810,165
Wastewater charges	3,874,473	3,874,473	3,965,364	90,891
Property taxes	1,406,022	1,406,022	1,434,197	28,175
Intergovernmental	165,537	165,537	164,890	(647)
Late charges	94,826	94,826	105,893	11,067
Rental income	14,146	14,146	14,146	(0)
Inspections and other charges for services	19,308	19,308	8,099	(11,209)
Other revenue	7,000	7,000	92,899	85,899
Investment earnings	15,000	15,000	66,251	51,251
Total revenues	<u>11,630,088</u>	<u>11,630,088</u>	<u>12,695,679</u>	<u>1,065,591</u>
<b>Expenditures</b>				
Current:				
Water	3,725,349	3,765,349	4,025,300	(259,951)
Wastewater	1,572,960	1,517,960	1,530,667	(12,707)
Administration	1,377,488	1,377,488	1,322,101	55,387
Fire	919,700	919,700	918,658	1,042
Non-departmental	185,705	150,705	99,721	50,984
Board of directors	11,780	11,780	2,751	9,029
Capital outlays	1,795,000	2,304,000	2,000,049	303,951
Debt service:				
Principal retirement	237,344	237,344	238,950	(1,606)
Interest and fees	11,818	11,818	10,213	1,605
Total expenditures	<u>9,837,144</u>	<u>10,296,144</u>	<u>10,148,410</u>	<u>147,734</u>
Excess of revenues over (under) expenditures	<u>1,792,944</u>	<u>1,333,944</u>	<u>2,547,269</u>	<u>1,213,325</u>
<b>Other financing sources (uses)</b>				
Proceeds from sold assets	10,000	25,000	21,001	(3,999)
Transfers in	-	-	-	-
Transfers (out)	(1,860,644)	(1,860,644)	(1,574,226)	286,418
Total other financing sources (uses)	<u>(1,850,644)</u>	<u>(1,835,644)</u>	<u>(1,553,225)</u>	<u>282,419</u>
Net changes in fund balances	(57,700)	(501,700)	994,044	\$ 1,495,744
Fund balances - beginning	<u>13,113,544</u>	<u>13,113,544</u>	<u>13,113,544</u>	
Fund balances - ending	<u>\$ 13,055,844</u>	<u>\$ 12,611,844</u>	<u>\$ 14,107,588</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, 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	\$ 227,965	\$ 183,103	\$ 164,365	\$ 153,752	\$ 176,975	\$ 200,990	\$ 150,689	\$ 170,600
Interest on total pension liability	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	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	(19,329)	(14,049)	(16,533)	(15,970)	(1,695)	(2,091)	(1,902)	(3,156)
Net Change in Total Pension Liability	418,359	463,561	278,369	252,020	239,634	246,339	164,418	187,836
Total pension liability, beginning	2,088,961	1,625,400	1,347,031	1,095,011	855,377	609,038	444,620	256,784
Total pension liability, ending	<u>\$ 2,507,320</u>	<u>\$ 2,088,961</u>	<u>\$ 1,625,400</u>	<u>\$ 1,347,031</u>	<u>\$ 1,095,011</u>	<u>\$ 855,377</u>	<u>\$ 609,038</u>	<u>\$ 444,620</u>
<b>Fiduciary Net Position</b>								
Employer contributions	127,080	122,021	103,641	94,803	102,802	95,185	97,043	93,694
Member contributions	98,621	94,695	80,287	73,880	79,868	78,388	78,171	74,784
Investment income (net of expenses)	475,821	173,686	212,168	(19,840)	126,587	46,440	(15,011)	18,561
Benefit payments/Refund of contributions	(19,329)	(14,049)	(16,533)	(15,970)	(1,695)	(2,091)	(1,902)	(3,156)
Administrative expenses	(1,485)	(1,506)	(1,278)	(1,039)	(769)	(505)	(394)	(285)
Other	6,414	6,162	5,966	4,667	2,418	19,889	(47)	(21)
Net Change in Fiduciary Net Position	687,122	381,009	384,251	136,501	309,211	237,306	157,860	183,577
Fiduciary Net Position, beginning	2,058,271	1,677,262	1,293,011	1,156,510	847,300	609,994	452,134	268,557
Fiduciary Net Position, ending	<u>2,745,393</u>	<u>2,058,271</u>	<u>1,677,262</u>	<u>1,293,011</u>	<u>1,156,511</u>	<u>847,300</u>	<u>609,994</u>	<u>452,134</u>
Net pension liability / (asset), ending	<u>\$ (238,073)</u>	<u>\$ 30,690</u>	<u>\$ (51,862)</u>	<u>\$ 54,020</u>	<u>\$ (61,500)</u>	<u>\$ 8,077</u>	<u>\$ (956)</u>	<u>\$ (7,514)</u>
Fiduciary net position as a percentage of total pension liability	109.50%	98.53%	103.19%	95.99%	105.62%	99.06%	100.16%	101.69%
Covered-employee payroll	\$ 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	-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, 2022**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contributions	\$ 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	148,867	122,021	103,641	94,803	102,802	97,875	97,043	93,694	198,219
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (4,870)</u>	<u>\$ (6,304)</u>	<u>\$ (2,242)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (113,743)</u>
District's covered-employee payroll	\$ 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	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. This schedule will also ultimately present the last ten years of information. 2014 is the first year for which this information is available.

**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, 2022**

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 3,964	\$ 3,886	\$ 4,552	\$ 2,635	\$ 2,673
Contributions in relation to the contractually required contributions	<u>3,964</u>	<u>3,886</u>	<u>4,552</u>	<u>2,635</u>	<u>2,673</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,436,437	\$ 1,352,780	\$ 1,146,956	\$ 1,055,433	\$ 1,140,976
Contributions as a percentage of covered employee payroll	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, 2022**

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

2. Retail service providers: Current Rates

Water Base Rates		Water Volumetric Rates	
Residential and Commercial			
Meter Size	Base Rate	Rates per 1,000	Gallons
5/8"	\$18.54		
1"	\$34.84	\$4.09	0 to 6,000
1.5"	\$61.79	\$4.76	6,001 to 17,000
2"	\$98.87	\$5.51	17,001 to 25,000
3"	\$185.37	\$6.40	25,001 to 50,000
4"	\$308.95	\$7.44	50,001 +
6"	\$617.91		

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	\$6.78	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, 2021 and the Wastewater rates effective April 1, 2022.

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	\$	133.27
Next 10,000 gallons used	20,000	\$	183.12
Next 10,000 gallons used	30,000	\$	242.67
Next 10,000 gallons used	40,000	\$	306.67
Next 10,000 gallons used	50,000	\$	370.67
Next 10,000 gallons used and subsequent	60,000	\$	445.07

\*\*\* 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, 2022**

- 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	2,481	1	2,481
1"	707	706	3	1,765
1 1/2"	28	27	5	135
2"	107	97	8	776
3"	42	42	15	630
4"	17	17	25	425
6"	5	5	50	250
8"	1	1	80	80
10"	-	-	115	-
Total Water	3,404	3,376		6,542
Total Wastewater	3,409	3,379	1	3,379

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

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

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

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

3. Total water consumption (in thousands) during the fiscal year:

Gallons pumped into the system	1,101,020
Gallons billed to customers	986,476
Water accountability ratio	89.60%

4. Standby Fees:

Does the District assess standby fees? No

For the most recent fiscal year, FY2022:

	Total Levy	Total Collected	Percentage Collected
Debt Service	\$ 704,212	\$ 703,218	99.85%
Operations and Maintenance	\$ 1,432,847	\$ 1,430,823	99.85%

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, 2022**

	<u>Current Year</u> 2022	<u>Prior Year</u> 2021
Administrative	\$ 1,424,573	\$ 1,405,997
Water Operations	4,025,300	2,949,552
Wastewater Operations	1,530,667	1,418,868
Contribution to Trophy Club Fire Dept	918,658	839,816
Capital Outlay	2,000,049	1,034,637
Transfers Out and Debt Service	<u>1,823,389</u>	<u>2,981,346</u>
Total Expenditures	<u>\$ 11,722,636</u>	<u>\$ 10,630,215</u>
<u>Number of employees employed by the District:</u>		
Full time Equivalents (FTEs)	16	20
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 effective 10/1/21. 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, 2022**

<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	216267724	0.760	Demand (Money Market)	\$ 1,882,637	Paid monthly
General Fund Prosperity Bank	7318701	0.260	Demand	\$ 4,516,399	Paid monthly
General Fund TexPool	613300002	2.85	Demand	\$ 7,444,400	Paid daily
Debt Service Fund TexPool	613300003	2.85	Demand	\$ 51,961	Paid daily
Debt Service-Revenue Bond Texpool	613300013	2.85	Demand	\$ 27,958	Paid daily
Revenue Bond Reserve Texpool	613300014	2.85	Demand	\$ 900,604	Paid daily
Capital Projects SWIFT Revenue Bond Construction Texpool	613300015	2.85	Demand	\$ -	Paid daily
SWIFT Revenue Bond Debt Service Texpool	613300017	2.85	Demand	\$ 6,555	Paid daily
W&WW 19 Revenue Bond Construction Texpool	613300018	2.85	Demand	\$ 1,497,693	Paid daily
W&WW 19 Revenue Bond Reserve Texpool	613300019	2.85	Demand	\$ -	Paid daily
W&WW 19 Revenue Bond Debt Service Texpool	613300020	2.85	Demand	\$ 1,429	Paid daily
SWIFT Revenue Bond Escrow Account Bank of Texas BOKF	82-1747-01-1	2.350	Demand	\$ 787,221	Paid daily
TCEQ Revenue Bond Escrow Account Bank of Texas BOKF	82-3288-01-4	2.350	Demand	\$ -	Paid daily
Total - All Funds				<u>\$ 17,116,857</u>	

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**TSI-4 TAXES LEVIED AND RECEIVABLE**  
**SEPTEMBER 30, 2022**

	General Fund			Debt Service	Total
	Operations	Fire	Total		
Taxes receivable beginning of year	\$ 1,452	\$ 14,359	\$ 15,811	\$ 8,136	\$ 23,947
2021 tax levy	132,363	1,235,391	1,367,755	672,221	2,039,976
Total to be accounted for	133,815	1,249,750	1,383,566	680,357	2,063,922
Less collections and adjustments:					
Current year	(132,167)	(1,233,563)	(1,365,730)	(671,226)	(2,036,956)
Prior years	(360)	(3,296)	(3,656)	( 1,837)	(5,493)
Total to be accounted for	(132,527)	(1,236,859)	(1,369,386)	(673,063)	(2,042,449)
Taxes receivable, end of year	<u>\$ 1,288</u>	<u>\$ 12,891</u>	<u>\$ 14,180</u>	<u>\$ 7,294</u>	<u>\$ 21,474</u>

Taxes receivable by year					
1996 and prior	\$ -	\$ -	\$ -	\$ -	\$ -
1997	\$ -	\$ -	\$ -	\$ -	\$ -
1998	\$ -	\$ -	\$ -	\$ -	\$ -
1999	\$ -	\$ -	\$ -	\$ -	\$ -
2000	\$ -	\$ -	\$ -	\$ -	\$ -
2001	\$ -	\$ -	\$ -	\$ -	\$ -
2002	\$ -	\$ -	\$ -	\$ -	\$ -
2003	\$ -	\$ -	\$ -	\$ -	\$ -
2004	\$ -	\$ -	\$ -	\$ -	\$ -
2005	\$ -	\$ -	\$ -	\$ -	\$ -
2006	\$ 24	\$ 111	\$ 135	\$ 172	\$ 307
2007	\$ 23	\$ 223	\$ 246	\$ 272	\$ 518
2008	\$ 35	\$ 273	\$ 308	\$ 222	\$ 530
2009	\$ 66	\$ 264	\$ 330	\$ 166	\$ 496
2010	\$ 128	\$ 1,593	\$ 1,721	\$ 1,122	\$ 2,843
2011	\$ 132	\$ 1,463	\$ 1,595	\$ 748	\$ 2,343
2012	\$ 140	\$ 1,471	\$ 1,611	\$ 276	\$ 1,887
2013	\$ 144	\$ 1,346	\$ 1,490	\$ 565	\$ 2,055
2014	\$ 247	\$ 1,285	\$ 1,532	\$ 686	\$ 2,218
2015	\$ 71	\$ 1,082	\$ 1,153	\$ 812	\$ 1,965
2016	\$ 67	\$ 1,142	\$ 1,209	\$ 742	\$ 1,951
2017	\$ 63	\$ 549	\$ 612	\$ 349	\$ 961
2018	\$ 138	\$ 1,213	\$ 1,351	\$ 746	\$ 2,097
2019	\$ (210)	\$ (1,888)	\$ (2,098)	\$ (1,061)	\$ (3,159)
2020	\$ 66	\$ 601	\$ 667	\$ 333	\$ 1,000
2021	\$ 196	\$ 1,828	\$ 2,024	\$ 995	\$ 3,019
	<u>\$ 1,330</u>	<u>\$ 12,556</u>	<u>\$ 13,886</u>	<u>\$ 7,145</u>	<u>\$ 21,031</u>

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

Tax rate per \$100 valuation					
Operations	0.00709	0.00748	0.00765	0.00788	0.00438
Fire department	0.06476	0.06738	0.06719	0.06870	0.07445
Debt service	0.03589	0.03787	0.04134	0.04363	0.04839
Tax rate per \$100 valuation	<u>0.10774</u>	<u>0.11273</u>	<u>0.11618</u>	<u>0.12021</u>	<u>0.12722</u>

Tax levy:	\$ 2,056,855	\$ 2,052,305	\$ 1,919,984	\$ 1,870,008	\$ 1,779,098
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Percent of taxes collected to taxes levied	99.71%	99.76%	99.48%	99.75%	99.60%
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**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**TSI-4 TAXES LEVIED AND RECEIVABLE**  
**SEPTEMBER 30, 2022**

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	0.233086	0.229
City	Town of Trophy Club	0.445	0.445
School District	Northwest ISD/Carroll ISD	1.292	1.2686
		1.970086	1.9426
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		0.10588	0.10588
Total Overlapping Tax District		2.075966	2.403079

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO.1**  
**TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS**  
**SEPTEMBER 30, 2022**

Due During Fiscal Years Ending	All Bonded Debt Series		Total
	Principal Due 1-Sep	Interest Due Mar 1/ Sep 1	
2023	\$ 1,665,000	\$ 601,322	\$ 2,266,322
2024	1,235,000	563,128	1,798,128
2025	1,265,000	538,296	1,803,296
2026	1,285,000	511,556	1,796,556
2027	1,325,000	482,948	1,807,948
2028	1,360,000	452,287	1,812,287
2029	1,400,000	419,307	1,819,307
2030	1,440,000	383,809	1,823,809
2031	1,485,000	344,703	1,829,703
2032	1,400,000	304,049	1,704,049
2033	1,440,000	263,749	1,703,749
2034	1,500,000	221,124	1,721,124
2035	1,130,000	175,675	1,305,675
2036	515,000	142,612	657,612
2037	250,000	129,538	379,538
2038	255,000	122,038	377,038
2039	265,000	114,069	379,069
2040	275,000	105,788	380,788
2041	285,000	96,850	381,850
2042	290,000	87,588	377,588
2043	300,000	78,163	378,163
2044	310,000	68,413	378,413
2045	320,000	58,338	378,338
2046	330,000	47,538	377,538
2047	345,000	36,400	381,400
2048	355,000	24,756	379,756
2049	365,000	12,775	377,775
	<u>\$ 22,390,000</u>	<u>\$ 6,386,811</u>	<u>\$ 28,776,811</u>

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO.1**  
**TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS (CONTINUED)**  
**SEPTEMBER 30, 2022**

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

Due During Fiscal Years Ending	Principal Due 1-Sep	Interest Due Mar 1/ Sep 1	Total
<u>2023</u>	<u>\$ 250,000</u>	<u>\$ 7,500</u>	<u>\$ 257,500</u>
	<u>\$ 250,000</u>	<u>\$ 7,500</u>	<u>\$ 257,500</u>

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

Due During Fiscal Years Ending	Principal Due 1-Sep	Interest Due Mar 1/ Sep 1	Total
<u>2023</u>	<u>\$ 215,000</u>	<u>\$ 7,525</u>	<u>\$ 222,525</u>
	<u>\$ 215,000</u>	<u>\$ 7,525</u>	<u>\$ 222,525</u>

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO.1**  
**TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS (CONTINUED)**  
**SEPTEMBER 30, 2022**

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

Due During Fiscal Years Ending	Principal Due 1-Sep	Interest Due Mar 1/ Sep 1	Total
2023	\$ 280,000	\$ 118,613	\$ 398,613
2024	290,000	112,313	402,313
2025	295,000	105,063	400,063
2026	305,000	97,688	402,688
2027	315,000	90,063	405,063
2028	325,000	81,400	406,400
2029	335,000	72,463	407,463
2030	345,000	62,413	407,413
2031	360,000	51,200	411,200
2032	370,000	39,500	409,500
2033	385,000	27,475	412,475
2034	400,000	14,000	414,000
	<u>\$ 4,005,000</u>	<u>\$ 872,188</u>	<u>\$ 4,877,188</u>

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
2023	\$ 115,000	\$ 14,170	\$ 129,170
2024	120,000	12,675	132,675
2025	120,000	11,115	131,115
2026	115,000	9,555	124,555
2027	120,000	8,060	128,060
2028	125,000	6,500	131,500
2029	125,000	4,875	129,875
2030	125,000	3,250	128,250
2031	125,000	1,625	126,625
	<u>\$ 1,090,000</u>	<u>\$ 71,825</u>	<u>\$ 1,161,825</u>



**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO.1**  
**TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS (CONTINUED)**  
**SEPTEMBER 30, 2022**

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

Due During Fiscal Years Ending	Principal Due 1-Sep	Interest Due Mar 1/ Sep 1	Total
2023	\$ 420,000	\$ 184,238	\$ 604,238
2024	435,000	175,838	610,838
2025	450,000	167,138	617,138
2026	460,000	157,013	617,013
2027	475,000	145,513	620,513
2028	490,000	133,638	623,638
2029	510,000	120,163	630,163
2030	525,000	106,138	631,138
2031	545,000	90,388	635,388
2032	565,000	74,038	639,038
2033	585,000	57,088	642,088
2034	610,000	39,538	649,538
2035	630,000	20,475	650,475
	<u>\$ 6,700,000</u>	<u>\$ 1,471,200</u>	<u>\$ 8,171,200</u>

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

Due During Fiscal Years Ending	Principal Due 1-Sep	Interest Due Mar 1/ Sep 1	Total
2023	\$ 220,000	\$ 55,139	\$ 275,139
2024	220,000	53,115	273,115
2025	225,000	50,893	275,893
2026	225,000	48,463	273,463
2027	230,000	45,875	275,875
2028	230,000	42,862	272,862
2029	235,000	39,619	274,619
2030	240,000	35,671	275,671
2031	245,000	31,303	276,303
2032	250,000	26,624	276,624
2033	250,000	21,749	271,749
2034	260,000	16,749	276,749
2035	265,000	11,262	276,262
2036	270,000	5,724	275,724
	<u>\$ 3,365,000</u>	<u>\$ 485,048</u>	<u>\$ 3,850,048</u>

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO.1**  
**TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS (CONTINUED)**  
**SEPTEMBER 30, 2022**

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

Due During Fiscal Years Ending	Principal Due 1-Sep	Interest Due Mar 1/ Sep 1	Total
2023	\$ 165,000	\$ 214,138	\$ 379,138
2024	170,000	209,188	379,188
2025	175,000	204,088	379,088
2026	180,000	198,838	378,838
2027	185,000	193,438	378,438
2028	190,000	187,888	377,888
2029	195,000	182,188	377,188
2030	205,000	176,338	381,338
2031	210,000	170,188	380,188
2032	215,000	163,888	378,888
2033	220,000	157,438	377,438
2034	230,000	150,838	380,838
2035	235,000	143,938	378,938
2036	245,000	136,888	381,888
2037	250,000	129,538	379,538
2038	255,000	122,038	377,038
2039	265,000	114,069	379,069
2040	275,000	105,788	380,788
2041	285,000	96,850	381,850
2042	290,000	87,588	377,588
2043	300,000	78,163	378,163
2044	310,000	68,413	378,413
2045	320,000	58,338	378,338
2046	330,000	47,538	377,538
2047	345,000	36,400	381,400
2048	355,000	24,756	379,756
2049	365,000	12,775	377,775
	<u>\$ 6,765,000</u>	<u>\$ 3,471,525</u>	<u>\$ 10,236,525</u>

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**TSI-6 CHANGES IN LONG-TERM BONDED DEBT**  
**SEPTEMBER 30, 2022**

	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	\$ 490,000	\$ 425,000	\$ 4,275,000	\$ 1,205,000	\$ 7,110,000	\$ 3,585,000	\$ 6,925,000	\$ 24,015,000
Retirements of principal	\$ 240,000	\$ 210,000	\$ 270,000	\$ 115,000	\$ 410,000	\$ 220,000	\$ 160,000	\$ 1,625,000
Bonds outstanding at end of fiscal year	<u>\$ 250,000</u>	<u>\$ 215,000</u>	<u>\$ 4,005,000</u>	<u>\$ 1,090,000</u>	<u>\$ 6,700,000</u>	<u>\$ 3,365,000</u>	<u>\$ 6,765,000</u>	<u>\$ 22,390,000</u>
Retirements of interest	<u>\$ 14,700</u>	<u>\$ 13,825</u>	<u>\$ 124,013</u>	<u>\$ 15,662</u>	<u>\$ 192,438</u>	<u>\$ 56,965</u>	<u>\$ 218,938</u>	<u>\$ 636,541</u>
Paying agent's name & city:	The Bank of New York Mellon Newark, NJ	The Bank of New York Mellon Newark, NJ	The Bank of TX Corporate Trust Austin, TX	JP Morgan Chase New York, NY	The Bank of TX Corporate Trust Austin, TX	The Bank of TX Corporate Trust Austin, TX	The Bank of TX Corporate Trust Austin, TX	
<u>Bond Authority</u>	<u>General Obligation Bonds</u>							
Amount authorized by voters	\$ 34,859,217							
Amount issued	\$ 34,855,000							
Remaining to be issued	<u>\$ 4,217</u>							

The general obligation bonds were authorized on October 7, 1975

Debt Service Fund cash and cash equivalents balance as of September 30, 2022: \$ 988,507

Average annual debt service payment (principal & interest) for remaining term of debt: \$ 2,288,833

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**TS1-7 COMPARATIVE SCHEDULES OF REVENUES AND EXPENDITURES-FIVE YEARS**  
**GENERAL FUND**  
**SEPTEMBER 30, 2022**

REVENUE	Amounts					Percent of total revenue				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Ad valorem property taxes	\$ 1,434,197	\$ 1,378,844	\$ 1,371,466	\$ 1,231,580	\$ 1,197,949	11.3%	12.5%	12.6%	11.6%	10.0%
Water and wastewater charges	10,809,305	9,222,445	9,109,566	8,539,760	9,286,714	85.0%	83.7%	83.6%	80.7%	77.6%
Inspection and tap fees	8,099	12,500	20,300	6,900	8,000	0.1%	0.1%	0.2%	0.1%	0.1%
Interest earned	66,251	18,386	81,518	139,388	61,283	0.5%	0.2%	0.7%	1.3%	0.5%
Debt proceeds	-	-	-	(7,080)	-	0.0%	0.0%	0.0%	-0.1%	0.0%
Transfers In	-	-	-	32,080	797,834	0.0%	0.0%	0.0%	0.3%	6.7%
Proceeds from Sale of Assets	21,001	23,975	12,520	52,600	15,400	0.2%	0.2%	0.1%	0.5%	0.1%
Capital Lease Financing	-	-	-	204,004	358,600	0.0%	0.0%	0.0%	1.9%	3.0%
Miscellaneous and other	377,827	359,189	300,746	376,822	245,392	3.0%	3.3%	2.8%	3.6%	2.0%
<b>Total revenue</b>	<b>\$ 12,716,680</b>	<b>\$ 11,015,339</b>	<b>\$10,896,116</b>	<b>\$10,576,054</b>	<b>\$11,971,172</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>EXPENDITURES</b>										
Administrative	\$ 1,424,573	\$ 1,405,997	\$ 1,388,918	\$ 1,304,577	\$ 1,275,394	11.2%	12.8%	12.7%	12.3%	10.7%
Water operations	4,025,300	2,982,828	2,919,210	3,001,947	3,173,225	31.7%	27.1%	26.8%	28.4%	26.5%
Wastewater operations	1,530,667	1,508,659	1,252,392	1,048,445	1,026,693	12.0%	13.7%	11.5%	9.9%	8.6%
Contribution to Trophy Club Fire Dept	918,658	839,816	738,348	692,347	625,637	7.2%	7.6%	6.8%	6.5%	5.2%
Capital outlay	2,000,049	1,034,637	931,856	2,036,172	665,773	15.7%	9.4%	8.6%	19.3%	5.6%
Transfers Out and Debt Service	1,823,389	2,858,279	2,405,409	1,619,062	1,522,582	14.3%	25.9%	22.1%	15.3%	12.7%
<b>Total expenditures</b>	<b>\$ 11,722,636</b>	<b>\$ 10,630,215</b>	<b>\$ 9,636,133</b>	<b>\$ 9,702,550</b>	<b>\$ 8,289,304</b>	<b>92.2%</b>	<b>96.5%</b>	<b>88.4%</b>	<b>91.7%</b>	<b>69.2%</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ 994,044</b>	<b>\$ 385,124</b>	<b>\$ 1,259,983</b>	<b>\$ 873,504</b>	<b>\$ 3,681,868</b>	<b>7.8%</b>	<b>3.5%</b>	<b>11.6%</b>	<b>8.3%</b>	<b>30.8%</b>
<b>Total active retail water and/or wastewater connections</b>	<b>3,379</b>	<b>3,374</b>	<b>3,371</b>	<b>3,330</b>	<b>3,284</b>					

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**TSI-7 COMPARATIVE SCHEDULES OF REVENUES AND EXPENDITURES-FIVE YEARS (Continued)**  
**DEBT SERVICE FUND**  
**SEPTEMBER 30, 2022**

<b>REVENUE</b>	<b>Amounts</b>					<b>Percentage</b>				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Ad valorem property taxes	\$ 704,644	\$ 688,651	\$ 693,604	\$ 677,477	\$ 679,678	30.8%	30.5%	31.0%	31.8%	32.5%
Penalties and interest	-	-	-	2,010	2,010	0.0%	0.0%	0.0%	0.1%	0.1%
Transfers in from other funds	1,574,226	1,565,786	1,535,035	1,413,156	1,390,151	68.8%	69.4%	68.6%	66.3%	66.4%
Interest earned	7,980	286	6,776	37,255	21,903	0.3%	0.0%	0.3%	1.7%	1.0%
Miscellaneous and other	-	-	1,220	-	-	0.0%	0.0%	0.1%	0.0%	0.0%
<b>Total revenue</b>	<u>2,286,850</u>	<u>2,254,723</u>	<u>2,236,635</u>	<u>2,129,898</u>	<u>2,093,742</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
<b>EXPENDITURES</b>										
Principal retirement	1,625,000	1,580,000	1,370,000	1,350,000	1,315,000	71.1%	70.1%	61.3%	63.4%	62.8%
Interest and fiscal charges	636,539	665,987	837,477	543,396	569,530	27.8%	29.5%	37.4%	25.5%	27.2%
Bond admin fees	2,600	3,350	3,292	2,950	2,950	0.1%	0.1%	0.1%	0.1%	0.1%
<b>Total expenditures</b>	<u>2,264,139</u>	<u>2,249,337</u>	<u>2,210,769</u>	<u>1,896,346</u>	<u>1,887,480</u>	<u>99.0%</u>	<u>99.8%</u>	<u>98.8%</u>	<u>89.0%</u>	<u>90.1%</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>\$ 22,711</u>	<u>\$ 5,386</u>	<u>\$ 25,865</u>	<u>\$ 233,552</u>	<u>\$ 206,262</u>	<u>1.0%</u>	<u>0.2%</u>	<u>1.2%</u>	<u>11.0%</u>	<u>9.9%</u>

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**TSI-8 BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS**  
**September 30, 2022**

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 FY2022</u>	<u>Expense Reimbursements FY2022</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
Steve Flynn 417 Ramsey Trail Trophy Club, TX 76262	5/18-5/22	\$ -	\$ -	Director
Kelly Castonguay 402 Parkview Drive Trophy Club, TX 76262	5/18-5/22	\$ -	\$ -	Director
Mark Chapman 197 Durango Dr Trophy Club, TX 76262	5/18-5/22	\$ -	\$ -	Director

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1**  
**TSI-8 BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS (Continued)**  
**SEPTEMBER 30, 2022**

Name and Address	Date of Contract or Vendor Created	Total Paid Out FY 2022	Type of Vendor
<u>Consultants/Legal:</u>			
Denton Central Appraisal District P.O. Box 2816 Denton, TX 76202	4/1/1981	\$ 9,084	Appraiser
Tarrant Appraisal District 2500 Handley-Ederville Rd. Fort Worth, TX 76262	10/1/2007	\$ 5,498	Appraiser
CliftonLarsonAllen LLP P.O. Box 679342 Dallas, TX 75267-9487	8/27/2020	\$ 25,375	Auditors
Halff Associates, Inc. P.O. Box 678316 Dallas, TX 75267-8316	1/1/2017	\$ 184,303	Engineers
Garver P.O. Box 736556 Dallas, TX 75373-6556	12/3/2021	\$ 195,731	Engineers
McLean & Howard, L.L.P. 901 S. Mopac Expressway Building 2, Suite 225 Austin, TX 78746	3/1/2017	\$ 22,565	Legal/Bond Counsel
Whitaker Chalk Swindle & Schwartz PLLC 301 Commerce St, Suite 3500 Fort Worth, TX 76102-4186	4/30/2018	\$ 33,325	Legal Counsel
New Gen Strategies & Solutions 1300 E. Lookout Dr. Suite 100 Richardson, TX 75082	7/1/2013	\$ 9,175	Rate Consultant

# CONFLICT OF INTEREST QUESTIONNAIRE

For vendor doing business with local governmental entity

FORM CIQ

This questionnaire reflects changes made to the law by H.B. 23, 84th Leg., Regular Session.

This questionnaire is being filed in accordance with Chapter 176, Local Government Code, by a vendor who has a business relationship as defined by Section 176.001(1-a) with a local governmental entity and the vendor meets requirements under Section 176.006(a).

By law this questionnaire must be filed with the records administrator of the local governmental entity not later than the 7th business day after the date the vendor becomes aware of facts that require the statement to be filed. See Section 176.006(a-1), Local Government Code.

A vendor commits an offense if the vendor knowingly violates Section 176.006, Local Government Code. An offense under this section is a misdemeanor.

## OFFICE USE ONLY

Date Received

1 Name of vendor who has a business relationship with local governmental entity.

2 ☐ Check this box if you are filing an update to a previously filed questionnaire. (The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than the 7th business day after the date on which you became aware that the originally filed questionnaire was incomplete or inaccurate.)

3 Name of local government officer about whom the information is being disclosed.

\_\_\_\_\_  
Name of Officer

4 Describe each employment or other business relationship with the local government officer, or a family member of the officer, as described by Section 176.003(a)(2)(A). Also describe any family relationship with the local government officer. Complete subparts A and B for each employment or business relationship described. Attach additional pages to this Form CIQ as necessary.

A. Is the local government officer or a family member of the officer receiving or likely to receive taxable income, other than investment income, from the vendor?

☐ Yes ☐ No

B. Is the vendor receiving or likely to receive taxable income, other than investment income, from or at the direction of the local government officer or a family member of the officer AND the taxable income is not received from the local governmental entity?

☐ Yes ☐ No

5 Describe each employment or business relationship that the vendor named in Section 1 maintains with a corporation or other business entity with respect to which the local government officer serves as an officer or director, or holds an ownership interest of one percent or more.

6 ☐ Check this box if the vendor has given the local government officer or a family member of the officer one or more gifts as described in Section 176.003(a)(2)(B), excluding gifts described in Section 176.003(a-1).

7

\_\_\_\_\_  
Signature of vendor doing business with the governmental entity

\_\_\_\_\_  
Date



## **CONFLICT OF INTEREST QUESTIONNAIRE**

### **For vendor doing business with local governmental entity**

A complete copy of Chapter 176 of the Local Government Code may be found at <http://www.statutes.legis.state.tx.us/Docs/LG/htm/LG.176.htm>. For easy reference, below are some of the sections cited on this form.

**Local Government Code § 176.001(1-a):** "Business relationship" means a connection between two or more parties based on commercial activity of one of the parties. The term does not include a connection based on:

- (A) a transaction that is subject to rate or fee regulation by a federal, state, or local governmental entity or an agency of a federal, state, or local governmental entity;
- (B) a transaction conducted at a price and subject to terms available to the public; or
- (C) a purchase or lease of goods or services from a person that is chartered by a state or federal agency and that is subject to regular examination by, and reporting to, that agency.

**Local Government Code § 176.003(a)(2)(A) and (B):**

- (a) A local government officer shall file a conflicts disclosure statement with respect to a vendor if:

\*\*\*

- (2) the vendor:

(A) has an employment or other business relationship with the local government officer or a family member of the officer that results in the officer or family member receiving taxable income, other than investment income, that exceeds \$2,500 during the 12-month period preceding the date that the officer becomes aware that

(i) a contract between the local governmental entity and vendor has been executed;  
or

(ii) the local governmental entity is considering entering into a contract with the vendor;

(B) has given to the local government officer or a family member of the officer one or more gifts that have an aggregate value of more than \$100 in the 12-month period preceding the date the officer becomes aware that:

- (i) a contract between the local governmental entity and vendor has been executed; or
- (ii) the local governmental entity is considering entering into a contract with the vendor.

**Local Government Code § 176.006(a) and (a-1)**

- (a) A vendor shall file a completed conflict of interest questionnaire if the vendor has a business relationship with a local governmental entity and:

(1) has an employment or other business relationship with a local government officer of that local governmental entity, or a family member of the officer, described by Section 176.003(a)(2)(A);

(2) has given a local government officer of that local governmental entity, or a family member of the officer, one or more gifts with the aggregate value specified by Section 176.003(a)(2)(B), excluding any gift described by Section 176.003(a-1); or

(3) has a family relationship with a local government officer of that local governmental entity.

- (a-1) The completed conflict of interest questionnaire must be filed with the appropriate records administrator not later than the seventh business day after the later of:

- (1) the date that the vendor:

(A) begins discussions or negotiations to enter into a contract with the local governmental entity; or

(B) submits to the local governmental entity an application, response to a request for proposals or bids, correspondence, or another writing related to a potential contract with the local governmental entity; or

- (2) the date the vendor becomes aware:

(A) of an employment or other business relationship with a local government officer, or a family member of the officer, described by Subsection (a);

(B) that the vendor has given one or more gifts described by Subsection (a); or

(C) of a family relationship with a local government officer.

# LOCAL GOVERNMENT OFFICER CONFLICTS DISCLOSURE STATEMENT

## FORM CIS

(Instructions for completing and filing this form are provided on the next page.)

This questionnaire reflects changes made to the law by H.B. 23, 84th Leg., Regular Session.

This is the notice to the appropriate local governmental entity that the following local government officer has become aware of facts that require the officer to file this statement in accordance with Chapter 176, Local Government Code.

### OFFICE USE ONLY

Date Received

1 Name of Local Government Officer

2 Office Held

3 Name of vendor described by Sections 176.001(7) and 176.003(a), Local Government Code

4 Description of the nature and extent of each employment or other business relationship and each family relationship with vendor named in item 3.

5 List gifts accepted by the local government officer and any family member, if aggregate value of the gifts accepted from vendor named in item 3 exceeds \$100 during the 12-month period described by Section 176.003(a)(2)(B).

Date Gift Accepted \_\_\_\_\_ Description of Gift \_\_\_\_\_

Date Gift Accepted \_\_\_\_\_ Description of Gift \_\_\_\_\_

Date Gift Accepted \_\_\_\_\_ Description of Gift \_\_\_\_\_

(attach additional forms as necessary)

6 SIGNATURE

I swear under penalty of perjury that the above statement is true and correct. I acknowledge that the disclosure applies to each family member (as defined by Section 176.001(2), Local Government Code) of this local government officer. I also acknowledge that this statement covers the 12-month period described by Section 176.003(a)(2)(B), Local Government Code.

\_\_\_\_\_  
Signature of Local Government Officer

**Please complete either option below:**

**(1) Affidavit**

NOTARY STAMP / SEAL

Sworn to and subscribed before me by \_\_\_\_\_ this the \_\_\_\_\_ day of \_\_\_\_\_,  
20 \_\_\_\_\_, to certify which, witness my hand and seal of office.

Signature of officer administering oath

Printed name of officer administering oath

Title of officer administering oath

**OR**

**(2) Unsworn Declaration**

My name is \_\_\_\_\_, and my date of birth is \_\_\_\_\_.

My address is \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_.

(street)

(city)

(state)

(zip code)

(country)

Executed in \_\_\_\_\_ County, State of \_\_\_\_\_, on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

(month)

(year)

\_\_\_\_\_  
Signature of Local Government Officer (Declarant)

## LOCAL GOVERNMENT OFFICER CONFLICTS DISCLOSURE STATEMENT

Section 176.003 of the Local Government Code requires certain local government officers to file this form. A "local government officer" is defined as a member of the governing body of a local governmental entity; a director, superintendent, administrator, president, or other person designated as the executive officer of a local governmental entity; or an agent of a local governmental entity who exercises discretion in the planning, recommending, selecting, or contracting of a vendor. This form is required to be filed with the records administrator of the local governmental entity not later than 5 p.m. on the seventh business day after the date on which the officer becomes aware of the facts that require the filing of this statement.

A local government officer commits an offense if the officer knowingly violates Section 176.003, Local Government Code. An offense under this section is a misdemeanor.

Refer to chapter 176 of the Local Government Code for detailed information regarding the requirement to file this form.

### INSTRUCTIONS FOR COMPLETING THIS FORM

*The following numbers correspond to the numbered boxes on the other side.*

- 1. Name of Local Government Officer.** Enter the name of the local government officer filing this statement.
- 2. Office Held.** Enter the name of the office held by the local government officer filing this statement.
- 3. Name of vendor described by Sections 176.001(7) and 176.003(a), Local Government Code.** Enter the name of the vendor described by Section 176.001(7), Local Government Code, if the vendor: a) has an employment or other business relationship with the local government officer or a family member of the officer as described by Section 176.003(a)(2)(A), Local Government Code; b) has given to the local government officer or a family member of the officer one or more gifts as described by Section 176.003(a)(2)(B), Local Government Code; or c) has a family relationship with the local government officer as defined by Section 176.001(2-a), Local Government Code.
- 4. Description of the nature and extent of each employment or other business relationship and each family relationship with vendor named in item 3.** Describe the nature and extent of the employment or other business relationship the vendor has with the local government officer or a family member of the officer as described by Section 176.003(a)(2)(A), Local Government Code, and each family relationship the vendor has with the local government officer as defined by Section 176.001(2-a), Local Government Code.
- 5. List gifts accepted, if the aggregate value of the gifts accepted from vendor named in item 3 exceeds \$100.** List gifts accepted during the 12-month period (described by Section 176.003(a)(2)(B), Local Government Code) by the local government officer or family member of the officer from the vendor named in item 3 that in the aggregate exceed \$100 in value.
- 6. Signature.** Signature of local government officer. Complete this section after you finish the rest of this report. You have the option to either: (1) take the completed form to a notary public where you will sign above the first line that says "Signature of Local Government Officer" (an electronic signature is not acceptable) and your signature will be notarized, or (2) sign above both lines that say "Signature of Local Government Officer (Declarant)" (an electronic signature is not acceptable), and fill out the unsworn declaration section.

---

**Local Government Code § 176.001(2-a):** "Family relationship" means a relationship between a person and another person within the third degree by consanguinity or the second degree by affinity, as those terms are defined by Subchapter B, Chapter 573, Government Code.

**Local Government Code § 176.003(a)(2)(A):**

- (a) A local government officer shall file a conflicts disclosure statement with respect to a vendor if:

\*\*\*

- (2) the vendor:

(A) has an employment or other business relationship with the local government officer or a family member of the officer that results in the officer or family member receiving taxable income, other than investment income, that exceeds \$2,500 during the 12-month period preceding the date that the officer becomes aware that:

- (i) a contract between the local governmental entity and vendor has been executed; or
- (ii) the local governmental entity is considering entering into a contract with the vendor.