

**TROPHY CLUB
MUNICIPAL UTILITY DISTRICT NO.1
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
SEPTEMBER 30, 2025**

**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 21st day of January 2026, its annual audit report for the fiscal year or period ended September 30, 2025 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 21, 2026.

By: _____
(Signature of District Representative)

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

Sworn to and subscribed to before me this _____ day of _____, 20____ .

(SEAL) _____
(signature of notary)

My Commission Expires On: _____, 20____ .

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

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, 2025, 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, 2025, 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,



Rod L. Abbott, CPA PLLC
Van Alstyne, Texas
January 21, 2026

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

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, 2025.

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 fiscal year 2025, the assets and deferred outflows of the District exceeded its liabilities and deferred inflows by \$50,418,499 (net position). Of this amount, \$17,281,135 is unrestricted net position and may be used to meet the District's ongoing commitments.
- The District's net position increased by \$3,724,009 during 2025 on the Statement of Activities. The Statement of Activities is on the full-accrual basis of accounting, which capitalizes the \$2,479,761 of capital outlays that are expensed on the fund financial statements. This capitalization of new long-term assets, along with strong operating results, are the main reasons for the healthy 8.0% increase in net position in 2025.
- At the end of the fiscal year, the District's governmental type funds reported a combined fund balance of \$18,838,793. As of September 30, 2025, the unassigned fund balance of the General Fund was \$7,294,610. The unassigned fund balance is equal to 8.4 months of 2025 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, 2025**

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 \$50,418,499. Of this amount, \$32,164,030 (64%) 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, \$973,334 (2%) restricted for debt service and capital projects, and the remaining \$17,281,135 (34%) is unrestricted.

Governmental activities have increased the District's net position by \$3,724,009, which amounts to a 8.0% increase in net position for the year ended September 30, 2025.

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

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, 2025 and 2024.

Table 1
Condensed Statements of Net Position

	Governmental Activities	
	FY25	FY24
Current and other assets	\$ 20,748,693	\$ 19,379,240
Capital assets	49,523,356	48,888,256
Total assets	<u>70,272,049</u>	<u>68,267,496</u>
Deferred outflows of resources	<u>200,373</u>	<u>236,244</u>
Long-term liabilities	18,342,009	20,861,156
Other liabilities	1,627,138	840,322
Total liabilities	<u>19,969,147</u>	<u>21,701,478</u>
Deferred inflows of resources	<u>84,776</u>	<u>107,772</u>
Net position:		
Net investment in capital assets	32,164,030	30,127,934
Restricted	973,334	1,097,867
Unrestricted	<u>17,281,135</u>	<u>15,468,690</u>
Total net position	<u>\$ 50,418,499</u>	<u>\$ 46,694,490</u>

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

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, 2025 and 2024.

Table 2
Condensed Statements of Activities

	Governmental Activities	
	FY25	FY24
Revenues:		
Program Revenues:		
Charges for services	\$ 11,446,597	\$ 11,144,460
Operating grants and contributions	-	-
Capital grants and contributions	-	-
General Revenues:		
Property taxes	1,705,133	1,625,152
Other unrestricted contributions	141,845	145,031
Investment income	544,391	675,135
Gain on sold assets	94,250	51,450
Other	41,868	71,692
	<u>13,974,084</u>	<u>13,712,919</u>
Expenses:		
Water	3,727,854	4,110,091
Wastewater	2,590,763	2,530,521
Administration	1,711,095	1,655,338
Fire protection	1,586,410	1,399,134
Non-departmental and Board	96,286	79,562
Interest on long-term debt	537,667	562,933
	<u>10,250,075</u>	<u>10,337,579</u>
Excess (deficiency) of revenues over expenditures before transfers	3,724,009	3,375,340
Transfers In (Out)	-	-
Increase in net position	3,724,009	3,375,340
Net position - October 1	46,694,490	43,237,459
Prior period adjustments	-	81,691
Net position - September 30	<u>\$ 50,418,499</u>	<u>\$ 46,694,490</u>

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

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 \$18,838,793, of which 39%, or \$7,294,610, 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 \$385,700 (2.9%) more than budgeted

- Water revenue totaled \$7,390,932 and was \$465,502 (6.7%) more than budgeted.

Expenditures: Expenditures were \$2,096,024 (16.8%) less than budgeted

- Capital Outlay expenditures were \$1,105,239 (30.8%) less than budgeted.
- Water Operations were \$735,830 (17.6%) less than budgeted.
- Wastewater operations expenditures were \$141,244 (9.6%) less than budgeted.

Capital Assets

The District's investment in capital assets for its governmental activities as of September 30, 2025 amounted to \$49,523,356, 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 \$635,100 or 1.3% during 2025 primarily due to over \$1.5 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.

Debt administration

Long-Term Debt - at the end of the current fiscal year, the District had \$18,225,000 of outstanding general obligation bonds and revenue bonds, which is a decrease of 6.5% from the previous fiscal year due to \$1,265,000 of 2025 principal payments. All 2025 debt service requirements were met and the District did not issue any new debt during fiscal year 2025.

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Economic factors and next year's budgets and rates:

Fiscal Year 2025–2026 Budgetary Highlights

General Fund

Revenues

The District’s General Fund revenues for fiscal year 2026 are budgeted at an increase of \$193,025 (1.46%) compared to the adopted fiscal year 2025 budget.

- Water revenues are projected to increase by \$930,584, from \$6,925,430 in FY 2025 to \$7,856,014 in FY 2026.
- Sewer revenues are budgeted to increase by \$77,940, from \$3,773,500 in FY 2025 to \$3,851,440 in FY 2026.
- The District’s Maintenance and Operations (M&O) tax rate increased for FY 2026. As a result, segregated M&O property tax revenues are budgeted to increase by \$956,827 for Fire and \$32,800 for the District compared to FY 2025.

Expenditures

Total General Fund expenditures for FY 2026 are projected to increase by \$209,160 (1.58%) compared to the FY 2025 adopted budget.

- Wholesale water expenses paid to the City of Fort Worth are expected to increase by \$145,480 (5.28%), primarily due to higher consumption and pass-through rate increases.
- Capital outlay increased by \$315,000 (8.95%), reflecting the continuation of a proactive asset replacement strategy implemented in prior years.
- Maintenance and repair costs decreased by \$82,030 (11.33%) because of reduced repair needs stemming from the asset replacement program.
- Electricity expenses decreased by \$38,550 (7.0%).
- Personnel costs decreased by \$28,497 (4.08%), largely due to salary savings from vacant positions.

Overall

The FY 2026 General Fund budget anticipates total revenues of \$13,433,380 and total expenditures of \$13,443,380.

Debt Service Fund

Debt service expenditures are budgeted to decrease by \$6,740, from \$1,805,647 in FY 2025 to \$1,798,907 in FY 2026.

- Property tax revenues for debt service are budgeted to increase by \$118,335, from \$217,408 in FY 2025 to \$335,743 in FY 2026.

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Rate Highlights

Effective October 1, 2025, the District's Board of Directors adopted an increase in effluent and volumetric water rates. Base water rates and sewer rates remain unchanged.

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, 2025

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 8,788,181
Investments	7,976,757
Restricted assets:	
Restricted cash	162,185
Restricted investments	1,939,809
Prepaid assets	5,392
Receivables:	
Accounts receivables - net	1,550,978
Property taxes	32,675
Net pension asset	292,716
Capital assets:	
Non-depreciable capital assets	2,191,655
Depreciable capital assets (net)	47,331,701
Total assets	70,272,049
Deferred outflows of resources	
Deferred outflows of resources - OPEB	5,634
Deferred outflows of resources - Pension	194,739
Total deferred outflows of resources	200,373
Liabilities	
Accounts payable	1,388,235
Accrued liabilities	34,088
Interest payable	42,630
Customer meter deposits	162,185
Non-current liabilities:	
Due within one year	1,285,000
Due in more than one year	17,028,094
OPEB liability	28,915
Total liabilities	19,969,147
Deferred inflows of resources	
Deferred inflows of resources - OPEB	12,080
Deferred inflows of resources - Pension	72,696
Total deferred inflows of resources	84,776
Net Position	
Net investment in capital assets	32,164,030
Restricted for:	
Capital projects	752,639
Debt service	220,695
Unrestricted	17,281,135
Total net position	\$ 50,418,499

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, 2025

		Governmental Activities			Net (Expense)
					Revenue and
					Changes in Net
		Program Revenues			Position
Functions/Programs	Expenses	Charges for	Operating	Capital	Total
		Services	Grants and	Grants and	Governmental
			Contributions	Contributions	Activities
Primary government:					
Governmental activities:					
Water operations	\$ 3,727,854	\$ 7,506,670	\$ -	\$ -	\$ 3,778,816
Wastewater operations	2,590,763	3,859,008	-	-	1,268,245
Administration	1,711,095	80,918	-	-	(1,630,178)
Fire protection	1,586,410	-	-	-	(1,586,410)
Non-departmental	78,081	-	-	-	(78,081)
Board of directors	18,204	-	-	-	(18,204)
Interest on long-term debt	537,667	-	-	-	(537,667)
Total governmental activities	\$ 10,250,075	\$ 11,446,597	\$ -	\$ -	1,196,522
General revenues:					
					1,705,133
					141,845
					544,391
					41,868
					94,250
					2,527,487
				Change in net position	3,724,009
				Net position - beginning	46,694,490
				Net position - ending	\$ 50,418,499

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

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
BALANCE SHEET -
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Assets				
Cash	\$ 8,703,129	\$ -	\$ 85,052	\$ 8,788,181
Investments	7,976,757	-	-	7,976,757
Restricted assets:				
Restricted cash	162,185	-	-	162,185
Restricted investments	-	220,695	1,719,113	1,939,809
Prepaid assets	5,392	-	-	5,392
Receivables:				
Accounts receivable - net	1,550,978	-	-	1,550,978
Property taxes	26,137	6,538	-	32,675
Due from other funds	81,691	-	-	81,691
Total assets	<u>\$ 18,506,269</u>	<u>\$ 227,233</u>	<u>\$ 1,804,165</u>	<u>\$ 20,537,668</u>
Liabilities				
Current liabilities:				
Accounts payable	\$ 1,388,235	\$ -	\$ -	\$ 1,388,235
Accrued payroll liabilities	34,088	-	-	34,088
Customer deposits	162,185	-	-	162,185
Due to other funds	-	-	81,691	81,691
Total current liabilities	<u>1,584,508</u>	<u>-</u>	<u>81,691</u>	<u>1,666,200</u>
Deferred Inflows of Resources				
Unavailable revenue - Property taxes	26,137	6,538	-	32,675
Total deferred inflows of resources	<u>26,137</u>	<u>6,538</u>	<u>-</u>	<u>32,675</u>
Fund Balances				
Non-spendable:				
Prepaid assets	5,392	-	-	5,392
Restricted for:				
Debt service	-	220,695	-	220,695
Capital projects	-	-	1,722,474	1,722,474
Assigned for:				
Capital projects	9,595,622	-	-	9,595,622
Unassigned	7,294,610	-	-	7,294,610
Total fund balances	<u>16,895,624</u>	<u>220,695</u>	<u>1,722,474</u>	<u>18,838,793</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 18,506,269</u>	<u>\$ 227,233</u>	<u>\$ 1,804,165</u>	<u>\$ 20,537,668</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, 2025

Fund balances of governmental funds	\$	18,838,793
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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.		49,523,356
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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.		200,373
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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.		(84,776)
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(18,342,009)
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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.		(42,630)
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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.		292,716
--	--	---------

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.		32,676
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Net position of governmental activities	\$	50,418,499
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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, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenues				
Water charges	\$ 7,390,932	\$ -	\$ -	\$ 7,390,932
Wastewater charges	3,859,008	-	-	3,859,008
Property taxes	1,472,909	214,642	-	1,687,551
Intergovernmental	141,845	-	-	141,845
Late charges	115,738	-	-	115,738
Rental income	55,043	-	-	55,043
Inspections and other charges for services	25,874	-	-	25,874
Other revenue	41,866	-	-	41,866
Investment earnings	432,466	36,989	74,936	544,391
Total revenues	13,535,683	251,632	74,936	13,862,250
Expenditures				
Current:				
Water	3,450,387	-	-	3,450,387
Wastewater	1,331,393	-	-	1,331,393
Administration	1,649,847	-	-	1,649,847
Fire	1,407,280	-	-	1,407,280
Non-departmental	78,081	-	-	78,081
Board of directors	18,204	-	-	18,204
Capital outlays	2,479,761	-	-	2,479,761
Debt service:				
Principal retirement	-	1,265,000	-	1,265,000
Interest and fees	-	539,895	-	539,895
Total expenditures	10,414,952	1,804,895	-	12,219,847
Excess of revenues over (under) expenditures	3,120,731	(1,553,263)	74,936	1,642,403
Other financing sources (uses)				
Proceeds from sold assets	94,250	-	-	94,250
Transfers in	-	1,588,238	-	1,588,238
Transfers (out)	(1,383,847)	-	(204,391)	(1,588,238)
Total other financing sources(uses)	(1,289,597)	1,588,238	(204,391)	94,250
Net changes in fund balances	1,831,134	34,975	(129,455)	1,736,653
Fund balances - beginning	15,064,490	185,721	1,851,929	17,102,140
Fund balances - ending	\$ 16,895,624	\$ 220,695	\$ 1,722,474	\$ 18,838,793

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, 2025

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

Net change in fund balances - total governmental funds	\$ 1,736,653
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.	382,246
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.	2,228
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.	1,265,000
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 \$17,581 increase in deferred revenue, an \$10,086 increase in accrued compensated absences, and various other smaller items. The net effect of these reclassifications is to decrease net position.	7,495
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.	<u>330,387</u>
Change in net position of governmental activities:	<u><u>\$ 3,724,009</u></u>

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, 2025

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, 2025

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 2025, 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, 2025

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, 2025**

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, 2025

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, 2025**

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 2025. 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, 2025, the carrying amount of the District's cash deposits was \$8,949,966 and the bank balance was \$9,943,141. Of the District's cash deposits at September 30, 2025, \$250,000 was insured by FDIC and \$9,693,141 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, 2025 consist of the following:

Deposits with financial institutions	\$	8,949,966
Unrestricted TexPool investments		7,976,757
Restricted TexPool investments		1,055,025
Restricted escrow investments		884,784
Petty cash		400
Total Cash and Investments		\$ 18,866,932

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

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, 2025, the District had the following investments:

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Weighted Avg. Maturity</u>
TexPool Pooled Investments	\$ 9,031,783	41 days
BOK Financial - U.S. Securities	\$ 884,784	56 days

As of September 30, 2025, 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	\$ 9,031,783	AAAm	AAAm
BOK Financial - U.S. Securities	\$ 884,784	AAAm	AAAm

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

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, 2025

NOTE 3. ACCOUNTS RECEIVABLE

Receivables as of September 30, 2025 are as follows:

Accounts Receivable:

Water sales	\$ 775,380
Wastewater sales	328,390
Unbilled receivables	213,836
Refuse (as an agent for the Town of Trophy Club)	127,871
Storm drainage (as an agent for the Town of Trophy Club)	38,577
Refuse tax (as an agent for the Town of Trophy Club)	10,535
PID surcharge (as an agent for the Town of Trophy Club)	12,082
Property taxes	32,675
Other	56,358
Gross receivables	1,595,704
Less: Allowance for uncollectables	(12,051)
Net receivables	\$ 1,583,653

NOTE 4. TRANSFERS AND DUE TO/FROM BALANCES

Transfers between funds during the year ended September 30, 2025 are as follows:

Fund	Transfers to Other Funds	Transfers from Other Funds	Purpose
General Fund	\$ (1,383,847)		Debt service assistance
Capital Projects Fund	(204,391)		Debt service assistance
Debt Service Fund		\$ 1,588,238	Debt service assistance
	\$ (1,588,238)	\$ 1,588,238	

Interfund due to/due from balances as of September 30, 2025 are as follows:

Fund	Due From Other Funds	Due To Other Funds
General Fund	\$ 81,691	
Capital Projects Fund		81,691
	\$ 81,691	\$ 81,691

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2025, was as follows:

<u>Governmental Activities:</u>	<u>Beginning</u> <u>Balances</u>	<u>Additions</u>	<u>Retirements/ Transfers</u>	<u>Ending</u> <u>Balance</u>
Capital assets - Non-Depreciable				
Land	\$ 648,178	\$ -	\$ -	\$ 648,178
Construction in progress	3,040,336	300,752	(2,662,289)	678,799
Water rights	864,678			864,678
Total non-depreciable assets:	4,553,192	300,752	(2,662,289)	2,191,655
Capital assets - Depreciable				
Buildings	3,535,137	-	-	3,535,137
Improvements other than buildings	694,429	-	-	694,429
Machinery and equipment	3,465,836	185,241	(31,426)	3,619,651
Organization costs	2,676,156	-	-	2,676,156
Vehicles	3,352,701	201,010	(314,646)	3,239,065
Water system	24,083,670	1,515,210	2,700,694	28,299,574
Wastewater treatment system	23,084,322	-	203,029	23,287,351
Wastewater collection system	6,777,136	277,548	65,643	7,120,327
Total capital assets being depreciated:	67,669,387	2,179,009	2,623,294	72,471,690
Less accumulated depreciation for:				
Buildings	1,079,573	81,102	-	1,160,675
Improvements other than buildings	385,304	24,662	-	409,966
Machinery and equipment	1,949,674	206,886	(28,550)	2,128,010
Organization costs	2,483,464	70,555	-	2,554,019
Vehicles	2,223,385	162,112	(263,299)	2,122,198
Water system	5,740,393	406,915	-	6,147,308
Wastewater treatment system	7,350,680	983,262	-	8,333,942
Wastewater collection system	2,121,850	162,021	-	2,283,871
Total accumulated depreciation:	23,334,323	2,097,515	(291,849)	25,139,989
Total depreciable capital assets, net:	44,335,064	81,494	2,915,143	47,331,701
Capital assets, net:	\$ 48,888,256	\$ 382,246	\$ 252,854	\$ 49,523,356

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

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	556,166
Wastewater collections and treatment	1,285,213
Fire department	179,130
Total depreciation expense	\$ 2,097,515

NOTE 6 LONG-TERM DEBT

At September 30, 2025, 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	\$ 3,140,000	\$ 305,000
Series 2020 Refunding Bonds	1.30%	8/31/2031	735,000	115,000
<u>Revenue Bonds</u>				
Series 2015 Bonds	2.0-3.25%	8/31/2035	5,395,000	460,000
Series 2016 Bonds	0.5-2.2%	8/31/2036	2,700,000	225,000
Series 2019 Bonds	3.0-3.5%	8/31/2049	6,255,000	180,000
Total long-term debt:			\$ 18,225,000	\$ 1,285,000

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

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, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities:</u>					
General Obligation Bonds	\$ 4,290,000	\$ -	\$ (415,000)	\$ 3,875,000	\$ 420,000
Revenue Bonds	15,200,000	-	(850,000)	14,350,000	865,000
Compensated Absences	78,008	75,247	(65,161)	88,094	-
Total Governmental activities long-term liabilities:	<u>\$ 19,568,008</u>	<u>\$ 75,247</u>	<u>\$ (1,330,161)</u>	<u>\$ 18,313,094</u>	<u>\$ 1,285,000</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>
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	1,440,000	383,809	1,823,809
2031-2035	6,955,000	1,309,299	8,264,299
2036-2040	1,560,000	614,043	2,174,043
2041-2045	1,505,000	389,350	1,894,350
2046-2049	1,395,000	121,469	1,516,469
Totals:	<u>\$ 18,225,000</u>	<u>\$ 4,684,065</u>	<u>\$ 22,909,065</u>

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

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.

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:	<u>16</u>
Total:	37

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

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 rate of 11.82% for calendar years 2024 and 2025. Total employer contributions for the year ended September 30, 2025 was \$158,111.

The contribution rate payable by the employee members for calendar years 2024 and 2025 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, 2024 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date:	December 31, 2024
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
FOR THE YEAR ENDED SEPTEMBER 30, 2025

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, 2024 are summarized below:

Asset Class	Benchmark	Target Allocation	Geometric Real Rate of Return
U.S. Equities	Dow Jones U.S. Total Stock Market Index	13.00%	5.35%
Global Equities	MSCI World (net) Index	4.00%	5.15%
Int'l Equities - Developed Markets	MSCI World Ex USA (net) Index	6.00%	4.75%
Int'l Equities - Emerging Markets	MSCI Emerging Markets (net) Index	0.00%	4.75%
Investment Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	2.55%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	3.70%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	6.85%
Distressed Debt	Cambridge Associates Distressed Securities Index	4.00%	6.80%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT Index	2.00%	3.95%
Master Limited Partnerships	Alerian MLP Index	2.00%	4.95%
Commodities	Bloomberg Commodities Index	2.00%	1.00%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	6.00%	5.75%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	25.00%	8.15%
Hedge Funds	Hedge Fund Research, Inc. Fund of Funds Composite Index	6.00%	3.60%
Cash Equivalents	90-Day U.S. Treasury	2.00%	1.10%

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) \$	\$ 181,444	\$ (292,716)	\$ (693,342)

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

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, 2025, the District reported (\$292,716) for the net pension (asset) and pension expense of \$79,975 related to the December 31, 2024 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 12/31/2023:	\$ 3,030,258	\$ 3,235,632	\$ (205,374)
Changes for the year:			
Service cost	214,499		214,499
Interest	243,165		243,165
Effect of plan changes	-		-
Effect of economic/demographic gains or losses	46,862		46,862
Effect of assumptions changes or inputs	-		-
Refund of contributions	-	-	-
Benefit payments	(92,119)	(92,119)	-
Administrative expenses		(2,033)	2,033
Member contributions		93,364	(93,364)
Net investment income		333,183	(333,183)
Employer contributions		157,651	(157,651)
Other changes		9,703	(9,703)
Balances at 12/31/2024:	\$ 3,442,665	\$ 3,735,381	\$ (292,716)

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	\$ 48,504	\$ 50,721
Changes of assumptions	-	22,612
Net difference between projected and actual earnings	24,192	-
Contributions subsequent to the measurement date	N/A	121,406
Totals:	\$ 72,696	\$ 194,739

\$121,406 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 2025 measurement year.

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

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>		
2025	\$	(20,079)
2026		59,097
2027		(22,167)
2028		(16,214)
Thereafter		-
	\$	637

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 deal 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:	16
Total:	26

Total OPEB Liability

The District’s total OPEB liability was determined by an actuarial valuation dated December 31, 2024. 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, 2025

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, 2024 (measurement date under GASB 75). At this date, the discount rate was 4.08%.

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 (3.08%) or 1% point higher (5.08%) than the current rate, for measurement period ended December 31, 2024:

	1% Decrease 3.08%	Current Discount Rate 4.08%	1% Increase 5.08%
Total OPEB liability	\$ 34,567	\$ 28,915	\$ 24,422

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

For the fiscal year ended September 30, 2025, the District recognized expense related to OPEB of \$391.

As of September 30, 2025, the District reported deferred inflows of resources related to OPEB from the following sources:

Deferred Inflows / Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference between expected and actual experience	\$ 4,682	\$ 1,254
Changes of assumptions	8,652	3,960
Net difference between projected and actual earnings	-	-
Contributions subsequent to the measurement date	N/A	1,674
Totals:	\$ 13,334	\$ 6,888

The \$1,674 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
 FOR THE YEAR ENDED SEPTEMBER 30, 2025**

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>		
2025	\$	(1,885)
2026		(2,606)
2027		(2,483)
2028		(200)
2029		(946)
Thereafter		-
	\$	(8,120)

NOTE 10. SUBSEQUENT EVENTS

The District has evaluated all events and transactions after September 30, 2025 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, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Water charges	\$ 6,925,430	\$ 6,925,430	\$ 7,390,932	\$ 465,502
Wastewater charges	3,893,390	3,893,390	3,859,008	(34,382)
Property taxes	1,484,698	1,484,698	1,472,909	(11,789)
Intergovernmental	143,160	143,160	141,845	(1,315)
Late charges	105,800	105,800	115,738	9,938
Rental income	50,930	50,930	55,043	4,113
Inspections and other charges for services	5,850	5,850	25,874	20,024
Other revenue	7,000	7,000	41,866	34,866
Investment earnings	533,725	533,725	432,466	(101,259)
Total revenues	<u>13,149,983</u>	<u>13,149,983</u>	<u>13,535,683</u>	<u>385,700</u>
Expenditures				
Current:				
Water	4,180,857	4,186,217	3,450,387	735,830
Wastewater	1,555,027	1,472,637	1,331,393	141,244
Administration	1,665,499	1,747,645	1,649,847	97,798
Fire	1,383,617	1,383,617	1,407,280	(23,663)
Non-departmental	113,070	113,070	78,081	34,989
Board of directors	11,770	22,790	18,204	4,587
Capital outlays	3,520,000	3,585,000	2,479,761	1,105,239
Debt service:				
Principal retirement	-	-	-	-
Interest and fees	-	-	-	-
Total expenditures	<u>12,429,840</u>	<u>12,510,976</u>	<u>10,414,952</u>	<u>2,096,024</u>
Excess of revenues over (under) expenditures	720,143	639,007	3,120,731	2,481,724
Other financing sources (uses)				
Proceeds from sold assets	25,000	25,000	94,250	69,250
Transfers in (out)	(409,837)	(409,837)	(1,383,847)	(974,010)
Total other financing sources (uses)	<u>(384,837)</u>	<u>(384,837)</u>	<u>(1,289,597)</u>	<u>(904,760)</u>
Net changes in fund balances	335,306	254,170	1,831,134	\$ 1,576,964
Fund balances - beginning	15,064,490	15,064,490	15,064,490	
Fund balances - ending	<u>\$ 15,399,796</u>	<u>\$ 15,318,660</u>	<u>\$ 16,895,624</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, 2025**

	December 31, 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
Total Pension Liability										
Service cost	\$ 214,499	\$ 217,433	\$ 233,536	\$ 227,965	\$ 183,103	\$ 164,365	\$ 153,752	\$ 176,975	\$ 200,990	\$ 150,689
Interest on total pension liability	243,165	216,080	205,110	175,365	145,931	121,767	100,515	83,553	57,230	41,351
Effect of plan changes	-	-	-	-	-	-	-	-	-	(22,086)
Difference between expected and actual experience	46,862	13,112	(194,016)	27,195	21,485	8,770	13,723	(25,170)	(9,790)	(11,320)
Effect of assumptions changes or inputs	-	-	-	7,163	127,091	-	-	5,971	-	7,686
Benefit payments/Refund of contributions	(92,119)	(82,668)	(85,649)	(19,329)	(14,049)	(16,533)	(15,970)	(1,695)	(2,091)	(1,902)
Net Change in Total Pension Liability	412,407	363,957	158,981	418,359	463,561	278,369	252,020	239,634	246,339	164,418
Total pension liability, beginning	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
Total pension liability, ending	<u>\$ 3,442,665</u>	<u>\$ 3,030,258</u>	<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>
Fiduciary Net Position										
Employer contributions	157,651	158,994	148,993	127,080	122,021	103,641	94,803	102,802	95,185	97,043
Member contributions	93,364	94,318	95,508	98,621	94,695	80,287	73,880	79,868	78,388	78,171
Investment income (net of expenses)	333,183	304,225	(174,486)	475,821	173,686	212,168	(19,840)	126,587	46,440	(15,011)
Benefit payments/Refund of contributions	(92,119)	(82,668)	(85,649)	(19,329)	(14,049)	(16,533)	(15,970)	(1,695)	(2,091)	(1,902)
Administrative expenses	(2,033)	(1,690)	(1,613)	(1,485)	(1,506)	(1,278)	(1,039)	(769)	(505)	(394)
Other	9,703	9,647	24,660	6,414	6,162	5,966	4,667	2,418	19,889	(47)
Net Change in Fiduciary Net Position	499,749	482,826	7,413	687,122	381,009	384,251	136,501	309,211	237,306	157,860
Fiduciary Net Position, beginning	3,235,632	2,752,806	2,745,393	2,058,271	1,677,262	1,293,011	1,156,510	847,300	609,994	452,134
Fiduciary Net Position, ending	<u>3,735,381</u>	<u>3,235,632</u>	<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>
Net pension liability / (asset), ending	<u>\$ (292,716)</u>	<u>\$ (205,374)</u>	<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>
Fiduciary net position as a percentage of total pension liability	108.50%	106.78%	103.24%	109.50%	98.53%	103.19%	95.99%	105.62%	99.06%	100.16%
Covered-employee payroll	\$ 1,333,765	\$ 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
Net pension liability as a percentage of covered payroll	-21.95%	-15.24%	-6.34%	-16.90%	2.27%	-4.51%	5.12%	-5.39%	0.72%	-0.09%

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, 2025**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contributions	\$ 158,111	\$ 159,654	\$ 158,013	\$ 148,867	\$ 117,151	\$ 97,337	\$ 92,561	\$ 102,802	\$ 97,875	\$ 97,043
Contributions in relation to the contractually required contributions	158,111	159,654	158,013	148,867	122,021	103,641	94,803	102,802	97,875	97,043
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ (4,870)	\$ (6,304)	\$ (2,242)	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 1,337,658	\$ 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
Contributions as a percentage of covered employee payroll	11.8%	11.8%	11.6%	10.4%	9.0%	9.0%	9.0%	9.0%	8.7%	8.7%

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, 2025**

	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
Total OPEB Liability								
Service cost	\$ 1,665	\$ 2,034	\$ 4,273	\$ 4,121	\$ 3,314	\$ 2,241	\$ 2,503	\$ 2,889
Interest on total pension liability	1,095	986	771	736	771	778	669	595
Effect of plan changes	-	-	-	-	-	-	-	-
Difference between expected and actual experience	(1,156)	1,880	(3,949)	(2,610)	(2,345)	(1,422)	(678)	(321)
Effect of assumptions changes or inputs	(4,535)	2,619	(9,745)	408	4,033	6,476	(2,704)	946
Benefit payments/Refund of contributions	(133)	-	(136)	-	-	-	-	-
Net Change in Total OPEB Liability	(3,064)	7,519	(8,786)	2,655	5,773	8,073	(210)	4,109
Total OPEB liability, beginning	31,979	24,460	33,246	30,591	24,818	16,745	16,955	12,846
Total OPEB liability, ending	\$ 28,915	\$ 31,979	\$ 24,460	\$ 33,246	\$ 30,591	\$ 24,818	\$ 16,745	\$ 16,955
Covered payroll	\$ 1,333,765	\$ 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	2.17%	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, 2025**

	2025	2024	2023	2022	2021	2020	2019	2018
Contractually required contributions	\$ 2,223	\$ 2,516	\$ 3,005	\$ 3,964	\$ 3,886	\$ 4,552	\$ 2,635	\$ 2,673
Contributions in relation to the contractually required contributions	2,223	2,516	3,005	3,964	3,886	4,552	2,635	2,673
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 1,337,658	\$ 1,351,263	\$ 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	0.17%	0.19%	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, 2025

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	\$4.69	0 to 6,000
1.5"	\$67.54	\$5.46	6,001 to 17,000
2"	\$108.06	\$6.32	17,001 to 25,000
3"	\$204.80	\$7.34	25,001 to 50,000
4"	\$337.68	\$8.53	50,001 +
6"	\$675.38		

Sewer Base Fee		Sewer Volimetric 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, 2024 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	\$	141.39
Next 10,000 gallons used	20,000	\$	198.57
Next 10,000 gallons used	30,000	\$	266.87
Next 10,000 gallons used	40,000	\$	340.27
Next 10,000 gallons used	50,000	\$	413.67
Next 10,000 gallons used and subsequent	60,000	\$	498.97

*** 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, 2025

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	1,052,651
Gallons billed to customers	942,699
Water accountability ratio	89.55%

4. Standby Fees:

Does the District assess standby fees? No

For the most recent fiscal year, FY 2025:

	Total Levy	Total Collected	Percentage Collected
Debt Service	\$ 218,033	\$ 215,275	98.7%
Operations and Maintenance	\$ 1,487,479	\$ 1,468,393	98.7%

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, 2025

	<u>Current Year</u> 2025	<u>Prior Year</u> 2024
Administrative	\$ 1,746,132	\$ 1,695,947
Water Operations	3,450,387	3,599,392
Wastewater Operations	1,331,393	1,239,627
Contribution to Trophy Club Fire Dept	1,407,280	1,220,000
Capital Outlay	2,479,761	4,835,000
Transfers Out and Debt Service	<u>1,383,847</u>	<u>404,425</u>
Total Expenditures	<u>\$ 11,798,799</u>	<u>\$ 12,994,392</u>

Number of employees employed by the District:

Full time Equivalent (FTEs)	15	14
Part time	1	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, 2025

Funds	Identification Number	Interest Rate	Maturity Date	Balance End of Year	Accrued Interest Paid Term
Reserve Fund Prosperity Bank	XXXXX7724	3.35%	Demand (Money Market)	\$ 2,065,736	Paid monthly
General Fund Prosperity Bank	XXX2660	0.45%	Demand	\$ 6,884,229	Paid monthly
General Fund, Fire Fund, & GASB Reserves TexPool	XXXXX0002	4.35%	Demand	\$ 7,976,757	Paid daily
Debt Service Fund TexPool	XXXXX0003	4.35%	Demand	\$ 113,575	Paid daily
Debt Service-Revenue Bond Texpool	XXXXX0013	4.35%	Demand	\$ 65,141	Paid daily
Revenue Bond Reserve Texpool	XXXXX0014	4.35%	Demand	\$ 834,330	Paid daily
SWIFT Revenue Bond Debt Service Texpool	XXXXX0017	4.35%	Demand	\$ 23,613	Paid daily
W&WW 19 Revenue Bond Debt Service Texpool	XXXXX0020	4.35%	Demand	\$ 18,366	Paid daily
SWIFT Revenue Bond Escrow Account Bank of Texas BOKF	0500-0004577.1	3.28%	Demand	\$ 884,784	Paid daily
Total - All Funds				<u>\$ 18,866,532</u>	

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
TSI-4 TAXES LEVIED AND RECEIVABLE
SEPTEMBER 30, 2025

	General Fund			Debt Service	Total
	Operations	Fire	Total		
Taxes receivable beginning of year	\$ 909	\$ 9,867	9,867	\$ 4,319	\$ 15,095
2024 tax levy	85,610	1,395,848	1,481,458	217,150	1,698,608
Total to be accounted for	86,518	1,405,715	1,492,234	221,469	1,713,703
Less collections and adjustments:					
Current year	(83,191)	(1,379,456)	(1,462,648)	(214,600)	(1,677,248)
Prior years	(1,534)	(1,915)	(3,449)	(331)	(3,780)
Total to be accounted for	(84,726)	(1,381,371)	(1,466,096)	(214,931)	(1,681,028)
Taxes receivable, end of year	\$ 1,793	\$ 24,344	\$ 26,137	\$ 6,538	\$ 32,675

Taxes receivable by year					
2010 and prior	\$ 19	\$ 232	\$ 251	\$ 164	\$ 415
2011	\$ 21	\$ 236	\$ 258	\$ 121	\$ 379
2012	\$ 22	\$ 231	\$ 253	\$ 43	\$ 296
2013	\$ 48	\$ 451	\$ 499	\$ 189	\$ 689
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	\$ 915	\$ 1,013	\$ 498	\$ 1,511
2022	\$ 68	\$ 967	\$ 1,034	\$ 535	\$ 1,570
2023	\$ 85	\$ 1,054	\$ 1,139	\$ 295	\$ 1,434
2024	\$ 1,000	\$ 16,392	\$ 17,392	\$ 2,550	\$ 19,942
	<u>\$ 1,793</u>	<u>\$ 24,241</u>	<u>\$ 26,034</u>	<u>\$ 6,641</u>	<u>\$ 32,675</u>

Property valuations (in 000's)	FY 24/25	FY 23/24	FY 22/23	FY 21/22	FY 20/21
Land	\$ 702,332	\$ 637,372	\$ 581,303	\$ 458,430	\$ 453,286
Improvements	2,275,625	2,231,649	1,834,151	1,603,969	1,499,313
Personal property	85,665	83,718	76,823	121,053	108,700
Exemptions	(334,807)	(407,769)	(272,548)	(165,072)	(152,209)
	<u>\$ 2,728,815</u>	<u>\$ 2,544,970</u>	<u>\$ 2,219,729</u>	<u>\$ 2,018,380</u>	<u>\$ 1,909,090</u>

Tax rate per \$100 valuation					
Operations	0.00315	0.00336	0.00393	0.00687	0.00709
Fire department	0.05136	0.05186	0.05625	0.06412	0.06476
Debt service	0.00799	0.00859	0.03115	0.03489	0.03589
Tax rate per \$100 valuation	<u>0.06250</u>	<u>0.06381</u>	<u>0.09134</u>	<u>0.10588</u>	<u>0.10774</u>

Tax levy:	\$ 1,705,509	\$ 1,623,946	\$ 2,027,500	\$ 2,137,060	\$ 2,056,855
Percent of taxes collected to taxes levied	98.83%	99.77%	99.85%	99.71%	99.76%

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
TSI-4 TAXES LEVIED AND RECEIVABLE
SEPTEMBER 30, 2025**

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	0.187869	0.1875
City	Town of Trophy Club	0.415469	0.415469
School District	Northwest ISD/Carroll ISD	1.0879	1.0879
		1.691238	1.690869
Special Districts not included above			
	Tarrant County Hospital District	0	0.1825
	Tarrant County Comm. College	0	0.11228
Total Special Districts		0	0.29478
MUD 1 District Tax Rate		0.06381	0.06381
Total Overlapping Tax District		1.755048	2.049459

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO.1
TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS (CONTINUED)
SEPTEMBER 30, 2025

Due During Fiscal Years Ending	All Bonded Debt Series		Total
	Principal Due 1-Sep	Interest Due Mar 1/ Sep 1	
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>\$ 18,225,000</u>	<u>\$ 4,684,066</u>	<u>\$ 22,909,066</u>

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

Due During Fiscal Years Ending	General Obligation Bonds - Series 2014 (5,765,000)		Total
	Principal Due 1-Sep	Interest Due Mar 1/ Sep 1	
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>\$ 3,140,000</u>	<u>\$ 536,200</u>	<u>\$ 3,676,200</u>

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO.1
TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS (CONTINUED)
SEPTEMBER 30, 2025

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
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>\$ 735,000</u>	<u>\$ 33,865</u>	<u>\$ 768,865</u>

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

Due During Fiscal Years Ending	Principal Due 1-Sep	Interest Due Mar 1/ Sep 1	Total
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>\$ 5,395,000</u>	<u>\$ 943,988</u>	<u>\$ 6,338,988</u>

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

Due During Fiscal Years Ending	Principal Due 1-Sep	Interest Due Mar 1/ Sep 1	Total
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>\$ 2,700,000</u>	<u>\$ 325,901</u>	<u>\$ 3,025,901</u>

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO.1
TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS (CONTINUED)
SEPTEMBER 30, 2025

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

Due During Fiscal Years Ending	Principal Due 1-Sep	Interest Due Mar 1/ Sep 1	Total
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>\$ 6,255,000</u>	<u>\$ 2,844,113</u>	<u>\$ 9,099,113</u>

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
TSI-6 CHANGES IN LONG-TERM BONDED DEBT
SEPTEMBER 30, 2025**

	Series 2014 GO Bonds 1.50-3.50%	M1 GO Series 2020 GO Bonds 1.3%	Series 2015 Revenue Bonds 2.0-3.25%	Series 2016 Revenue Bonds 0.53-2.12%	Series 2019 Revenue Bonds 3.00-3.50%	Total
Interest rate						
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	\$ 3,435,000	\$ 855,000	\$ 5,845,000	\$ 2,925,000	\$ 6,430,000	\$ 19,490,000
Retirements of principal	\$ 295,000	\$ 120,000	\$ 450,000	\$ 225,000	\$ 175,000	\$ 1,265,000
Bonds outstanding at end of fiscal year	<u>\$ 3,140,000</u>	<u>\$ 735,000</u>	<u>\$ 5,395,000</u>	<u>\$ 2,700,000</u>	<u>\$ 6,255,000</u>	<u>\$ 18,225,000</u>
Retirements of interest	<u>\$ 105,063</u>	<u>\$ 11,115</u>	<u>\$ 167,138</u>	<u>\$ 50,893</u>	<u>\$ 204,088</u>	<u>\$ 538,295</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
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Bond Authority
General
Obligation
Bonds

Amount authorized by voters \$ 34,859,217
Amount issued \$ 34,855,000

Remaining to be issued \$ 4,217

The general obligation bonds were authorized on October 7, 1975

Debt Service Fund cash and cash equivalents balance as of September 30, 2025: \$ 1,055,025

Average annual debt service payment (principal & interest) for remaining term of debt: \$ 1,824,721

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
TS1-7 COMPARATIVE SCHEDULES OF REVENUES AND EXPENDITURES-FIVE YEARS
GENERAL FUND
SEPTEMBER 30, 2025

	Amounts					Percentage				
	2025	2024	2023	2022	2021	2025	2024	2023	2022	2021
REVENUE										
Ad valorem property taxes	\$ 1,472,909	\$ 1,404,929	\$ 1,355,148	\$ 1,434,197	\$ 1,378,844	10.8%	10.5%	9.7%	11.3%	12.5%
Water and wastewater charges	11,249,941	10,986,183	11,847,030	10,809,305	9,222,445	82.5%	82.4%	84.6%	85.0%	83.7%
Inspection and tap fees	9,806	14,926	4,100	8,099	12,500	0.1%	0.1%	0.0%	0.1%	0.1%
Interest earned	432,466	521,771	397,122	66,251	18,386	3.2%	3.9%	2.8%	0.5%	0.2%
Transfers In	-	-	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%
Proceeds from Sale of Assets	94,250	51,450	110,979	21,001	23,975	0.7%	0.4%	0.8%	0.2%	0.2%
Miscellaneous and other	370,560	356,710	291,169	377,827	359,189	2.7%	2.7%	2.1%	3.0%	3.3%
Total revenue	\$ 13,629,933	\$ 13,335,969	\$ 14,005,548	\$ 12,716,680	\$ 11,015,339	100.0%	100.0%	100.0%	100.0%	100.0%
EXPENDITURES										
Administrative	\$ 1,746,132	\$ 1,695,947	\$ 1,546,349	\$ 1,424,573	\$ 1,405,997	14.8%	13.1%	11.5%	12.2%	13.2%
Water operations	3,450,386	3,599,391	4,157,215	4,025,300	2,982,828	29.2%	27.7%	31.0%	34.3%	28.1%
Wastewater operations	1,331,393	1,239,626	1,460,607	1,530,667	1,508,659	11.3%	9.5%	10.9%	13.1%	14.2%
Contribution to Trophy Club Fire Dept	1,407,280	1,220,000	978,435	918,658	839,816	11.9%	9.4%	7.3%	7.8%	7.9%
Capital outlay	2,479,761	4,835,000	3,553,442	2,000,049	1,034,637	21.0%	37.2%	26.5%	17.1%	9.7%
Transfers Out and Debt Service	1,383,847	404,426	1,694,176	1,823,389	2,858,279	11.7%	3.1%	12.7%	15.6%	26.9%
Total expenditures	\$ 11,798,798	\$ 12,994,390	\$ 13,390,223	\$ 11,722,636	\$ 10,630,215	100%	100.0%	100.0%	100.0%	100.0%
Excess (deficiency) of revenues over (under) expenditures	\$ 1,831,134	\$ 341,578	\$ 615,325	\$ 994,044	\$ 385,123	13.4%	2.6%	4.4%	7.8%	3.5%
Total active retail water and/or wastewater connections	3,404	3,404	3,407	3,379	3,374					

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
TSI-7 COMPARATIVE SCHEDULES OF REVENUES AND EXPENDITURES-FIVE YEARS (Continued)
DEBT SERVICE FUND
SEPTEMBER 30, 2025

	Amounts					Percentage				
	2025	2024	2023	2022	2021	2025	2024	2023	2022	2021
REVENUE										
Ad valorem property taxes	\$ 215,275	\$ 215,913	\$ 701,238	\$ 704,644	\$ 688,651	11.7%	11.7%	30.2%	30.8%	30.5%
Penalties and interest	(633)	1,289	-	-	-	0.0%	0.1%	0.0%	0.0%	0.0%
Transfers in from other funds	1,588,238	1,582,198	1,573,226	1,574,226	1,565,786	86.3%	85.9%	67.7%	68.8%	69.4%
Interest earned	36,989	42,885	49,191	7,980	286	2.0%	2.3%	2.1%	0.3%	0.0%
Miscellaneous and other	-	-	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%
Total revenue	1,839,870	1,842,285	2,323,655	2,286,850	2,254,723	100.0%	100.0%	100.0%	100.0%	100.0%
EXPENDITURES										
Principal retirement	1,265,000	1,235,000	1,665,000	1,625,000	1,580,000	70.1%	68.6%	73.4%	71.8%	70.2%
Interest and fiscal charges	538,295	563,127	601,295	636,539	665,987	29.8%	31.3%	26.5%	28.1%	29.6%
Bond admin fees	1,600	1,600	2,100	2,600	3,350	0.1%	0.1%	0.1%	0.1%	0.1%
Total expenditures	1,804,895	1,799,727	2,268,395	2,264,139	2,249,337	100.0%	100.0%	100.0%	100.0%	100.0%
Excess (deficiency) of revenues over (under) expenditures	\$ 34,975	\$ 42,558	\$ 55,260	\$ 22,711	\$ 5,386	1.9%	2.3%	2.4%	1.0%	0.2%

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
TSI-8 BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS
September 30, 2025

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

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

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

Name and Address	Term of Office Elected/Expires or Date Hired	Fees of Office Paid FY2025	Expense Reimbursements FY2025	Title at Year End
<u>Board Members:</u>				
Kevin Carr 15 Edgemere Drive Trophy Club, TX 76262	5/24-5/28	\$ -	\$ -	President
William Rose 219 Inverness Drive Trophy Club, TX 76262	5/24-5/28	\$ -	\$ -	Vice-President
Doug Harper 16 Fair Green Drive Trophy Club, TX 76262	5/22-5/26	\$ -	\$ -	Secretary/Treasurer
Neil Twomey 203 Oakmont Drive Trophy Club, TX 76262	2/25-5/26	\$ -	\$ 1,534	Director
Jim Thomas 7 Meadowbrook Lane Trophy Club, TX 76262	12/23-5/26	\$ -	\$ 1,433	Director

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
TSI-8 BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS (Continued)
SEPTEMBER 30, 2025

Name and Address	Date of Contract or Vendor Created	Total Paid Out FY 2025	Type of Vendor
<u>Consultants/Legal:</u>			
Denton Central Appraisal District P.O. Box 2816 Denton, TX 76202	4/1/1981	\$ 8,767	Appraiser
Tarrant Appraisal District 2500 Handley-Ederville Rd. Fort Worth, TX 76262	10/1/2007	\$ 2,509	Appraiser
Rod L Abbott CPA LLC 553 Ridgewood Drive Van Alstyne, Tx 75495	8/27/2020	\$ 22,715	Auditors
Halff Associates, Inc. P.O. Box 678316 Dallas, TX 75267-8316	1/1/2017	\$ 169,505	Engineers
Garver P.O. Box 736556 Dallas, TX 75373-6556	12/3/2021	\$ 36,524	Engineers
Emergency Services Consulting International 4795 Meadow Wood Ln Chantilly, VA 20151	6/1/2025	\$ 29,766	Consultant
Mas Talent LLC 3801 Island Court Carrollton, TX 75007	6/6/2024	\$ 36,814	HR Consultant
The Liston Law Firm, P.C. PO Box 188 Rowlett, TX 75030	4/16/2024	\$ 40,053	Legal Counsel
New Gen Strategies & Solutions 1300 E. Lookout Dr. Suite 100 Richardson, TX 75082	7/1/2013	\$ 5,729	Rate Consultant