

OFFICIAL STATEMENT
Dated: November 10, 2025

In the opinion of Bond Counsel, under existing law, interest on the Certificates (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended, and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals. See "TAX MATTERS" herein, including information regarding potential alternative minimum tax consequences for corporations.

THE CERTIFICATES HAVE BEEN DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

See "TAX MATTERS – PURCHASE OF TAX-EXEMPT OBLIGATIONS BY FINANCIAL INSTITUTIONS" herein.

\$7,880,000
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2025
TOWN OF TROPHY CLUB, TEXAS
(Denton and Tarrant Counties)

Dated Date: November 1, 2025

Due: March 1, as shown on page ii

The Town of Trophy Club, Texas (the "Town" or the "Issuer") \$7,880,000 Combination Tax and Revenue Certificates of Obligation, Series 2025 (the "Certificates"), are being issued pursuant to the Constitution and laws of the State of Texas (the "State"), particularly Texas Local Government Code, Subchapter C, Chapter 271, as amended, an ordinance adopted by the Town Council on November 10, 2025 (the "Ordinance") authorizing the issuance of the Certificates, and the Town's Home Rule Charter. (See "THE CERTIFICATES - Authority for Issuance" herein.)

The Certificates constitute direct obligations of the Issuer payable from an annual ad valorem tax levied against all taxable property in the Town, within the limits prescribed by law, and further secured by and payable from a lien on and limited pledge (not to exceed \$1,000) of the surplus net revenues derived from the operation of the Issuer's municipal drainage utility system (the "System"). (See "THE CERTIFICATES - Security for Payment" herein.)

Interest on the Certificates will accrue from November 1, 2025 (the "Dated Date") as shown above and will be payable on March 1, 2026, and on each September 1 and March 1 thereafter until maturity or prior redemption, and will be calculated on the basis of a 360-day year of twelve 30-day months. The definitive Obligations will be issued as fully registered obligations in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository (the "Securities Depository"). Book-entry interests in the Certificates will be made available for purchase in principal amounts of \$5,000 or any integral multiple thereof within a maturity. Purchasers of the Certificates ("Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Certificates purchased. So long as DTC or its nominee is the registered owner of the Certificates, the principal of and interest on the Certificates will be payable by BOKF, NA, Dallas, Texas, as Paying Agent/Registrar, to DTC, which will in turn remit such principal and interest to its participants, which will in turn remit such principal and interest to the Beneficial Owners of the Certificates. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Proceeds from the sale of the Certificates will be used for the purpose of providing funds for: (i) designing, constructing, improving, and renovating the Town's existing storage and maintenance facility used for parks and public work purposes, (ii) designing, developing, constructing, improving, extending, and expanding streets, thoroughfares, sidewalks, bridges, and other public ways of the Town, including streetscaping, street facilities, streetlighting, right-of-way protection, utility relocation, and related storm drainage improvements; and acquiring rights-of-way in connection therewith, (iii) professional services incurred in connection with items (i) and (ii) and to pay the costs incurred in connection with the issuance of the Certificates. (See "THE CERTIFICATES - Use of Certificate Proceeds" herein.)

The Issuer reserves the right to redeem the Certificates maturing on and after March 1, 2035, on March 1, 2034, or any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, at the redemption price of par plus accrued interest, as further described herein. See "THE CERTIFICATES - Redemption Provisions" and "THE CERTIFICATES - Redemption Provisions" herein.)

STATED MATURITY SCHEDULE
(On Page ii)

The Certificates are offered for delivery, when, as and if issued and received by the initial purchaser named below (the "Underwriter") and subject to the approving opinion of the Attorney General of the State of Texas and the approval of certain legal matters by Bracewell LLP, Dallas, Texas, Bond Counsel. (See Appendix C – Form of Legal Opinion of Bond Counsel.) Certain legal matters will be passed upon for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, Austin, Texas. It is expected that the Obligations will be available for delivery through DTC on or about December 3, 2025.

PIPER SANDLER & CO.

STATED MATURITY SCHEDULE FOR THE CERTIFICATES
Base CUSIP – 897062

\$7,880,000 Combination Tax and Revenue Certificates of Obligation, Series 2025
(Due March 1)

<u>Stated Maturity March 1</u>	<u>Principal Amount</u>	<u>Initial Rate (%)</u>	<u>Initial Yield (%)</u>	<u>CUSIP Suffix^(a)</u>
2026	\$ 725,000	5.000	2.840	MM4
2027	800,000	5.000	2.750	MN2
2028	365,000	5.000	2.730	MP7
2029	380,000	5.000	2.720	MQ5
2030	400,000	5.000	2.700	MR3
2031	420,000	5.000	2.740	MS1
2032	440,000	5.000	2.810	MT9
2033	465,000	5.000	2.910	MU6
2034	490,000	5.000	2.920	MV4
2035	510,000	4.000	3.220 ^(b)	MW2
2036	530,000	4.000	3.340 ^(b)	MX0
2037	555,000	4.000	3.470 ^(b)	MY8
2038	575,000	4.000	3.590 ^(b)	MZ5
2039	600,000	4.000	3.680 ^(b)	NA9
2040	625,000	4.000	3.800 ^(b)	NB7

(Interest on the Certificates to accrue from the Dated Date)

The Issuer reserves the right to redeem the Certificates maturing on and after March 1, 2035, on March 1, 2034, or any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, at the redemption price of par plus accrued interest to the date of redemption, as further described herein. See “THE CERTIFICATES - Redemption Provisions” herein.)

^(a) CUSIP numbers are included solely for the convenience of the owner of the Certificates. CUSIP Global Services (“CGS”) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright(c) 2025 CUSIP Global Services. All rights reserved. CUSIP data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers are provided for convenience of reference only.

^(b) Yield calculated is based on the assumption that the Certificates denoted and sold at premium will be redeemed on March 1, 2034 the first optional call date for the Certificates, at a redemption of par plus accrued interest to the date of redemption.

TOWN OF TROPHY CLUB, TEXAS
1 Trophy Wood Drive
Trophy Club, Texas 76262
685-237-2914

ELECTED OFFICIALS

<u>Name</u>	<u>Position</u>	<u>On Council Since</u>	<u>Term Expires May</u>
Jeannette Tiffany	Mayor	May 2023	2026
Rhylan Rowe	Mayor Pro Tem, Place 4	May 2025	2027
Stacey Bauer	Council Member, Place 1	May 2023	2026
Jeff Beach	Council Member, Place 2	November 2021	2026
Dennis Sheridan	Council Member, Place 3	May 2021	2027
Garry Ash	Council Member, Place 5	May 2025	2028
Steve Flynn	Council Member, Place 6	May 2022	2028

ADMINISTRATION

<u>Name</u>	<u>Position</u>	<u>Years of Municipal Experience</u>
Brandon Wright	Town Manager	20 years
April Duvall	Director of Finance	19 years
Tammy Dixon	Town Secretary	24 years
Jason Wise	Fire Chief	34 years
Patrick Arata	Police Chief	34 years
Denise Deprato	Director of Human Resources	17 years
Matt Cox	Director of Community Development	11 years
Jill Lind	Director of Communications & Marketing	22 years
Chase Ellis	Director of Parks & Recreation	15 years

CONSULTANTS AND ADVISORS

Bond Counsel	Bracewell LLP Dallas, Texas
Financial Advisor	SAMCO Capital Markets, Inc. San Antonio, Texas
Certified Public Accountants	FORVIS, LLP Dallas, Texas

For Additional Information Please Contact:

Mr. Brandon Wright Town Manager Ms. April Duvall Director of Finance Town of Trophy Club 1 Trophy Wood Drive Trophy Club, Texas 76262 682-237-2901 bwright@trophyclub.org aduvall@trophyclub.org	Mr. Mark McLiney Senior Managing Director Mr. Jack McLiney Associate SAMCO Capital Markets, Inc. 1020 NE Loop 410, Suite 640 San Antonio, Texas 78209 (210) 832-9760 mmcliney@samcocapital.com jmcliney@samcocapital.com
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USE OF INFORMATION IN THE OFFICIAL STATEMENT

This Official Statement, which includes the cover page and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale.

No dealer, broker, salesperson or other person has been authorized by the to give any information, or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Town. This Official Statement does not constitute an offer to sell Certificates in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction.

Certain information set forth herein has been provided by sources other than the Town that the Town believes to be reliable, but the Town makes no representation as to the accuracy of such information. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town or other matters described herein since the date hereof. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the Town's undertaking to provide certain information on a continuing basis.

This Official Statement includes descriptions and summaries of certain events, matters and documents. Such descriptions and summaries do not purport to be complete, and all such descriptions, summaries and references thereto are qualified in their entirety by reference to this Official Statement in its entirety and to each such document, copies of which may be obtained from the Town or from the Financial Advisor to the Town for this issuance. Any statements made in this Official Statement or the appendices hereto involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such opinions or estimates will be realized. CUSIP Numbers have been assigned to this issue by CUSIP Global Services for the convenience of the owners of the Certificates.

This Official Statement is delivered in connection with the sale of securities referred to herein and may not be produced or used, in whole or in part, for any other purpose.

The cover page contains certain information for general reference only and is not intended as a summary of this offering. Investors should read the entire Official Statement, including all schedules and appendices attached hereto, to obtain information essential to making an informed investment decision.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THE OFFERING OF THE CERTIFICATES, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

NONE OF THE TOWN, ITS FINANCIAL ADVISOR, OR THE UNDERWRITER MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY ("DTC") OR ITS BOOK-ENTRY-ONLY SYSTEM, AS SUCH INFORMATION HAS BEEN FURNISHED BY DTC.

THE CERTIFICATES ARE EXEMPT FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE CERTIFICATES IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THE CERTIFICATES HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21e OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM THE FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS. See "OTHER PERTINENT INFORMATION--Forward Looking Statements Disclaimer" herein.

The agreements of the Town and others related to the Certificates are contained solely in the contracts described herein. Neither this Official Statement nor any other statement made in connection with the offer or sale of the Certificates is to be construed as constituting an agreement with the purchasers of the Certificates. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

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The cover page, subsequent pages hereof and appendices attached hereto, are part of this Official Statement.

SELECTED DATA FROM THE OFFICIAL STATEMENT

The selected data is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Certificates to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this page from this Official Statement or to otherwise use it without the entire Official Statement.

The Issuer	The Town of Trophy Club, Texas (the "Town" or "Issuer") is a political subdivision of the State of Texas located in Denton and Tarrant Counties, and is a municipal corporation organized and existing under the laws of the State. The Town is a home-rule municipality operating under the council-manager form of government, governed by a mayor and six-member council (the "Town Council") as provided in the home-rule charter. The Town's population, as established by the 2020 U.S. Census, was 13,688. The Town's current population estimate is 14,420. (See "APPENDIX B - GENERAL INFORMATION REGARDING THE TOWN OF TROPHY CLUB AND DENTON COUNTY, TEXAS" herein.)
The Certificates	The Certificates are being issued pursuant to the Constitution and general laws of the State, particularly, Subchapter C, Chapter 271, Texas Local Government Code as amended, an ordinance adopted by the Town Council on November 10, 2025 (the "Ordinance") authorizing the issuance of the Certificates, and the Town's Home Rule Charter. (See "THE CERTIFICATES - Authority for Issuance" herein.)
Paying Agent/Registrar	The initial Paying Agent/Registrar for the Certificates is BOKF, NA, Dallas, Texas.
Security	The Certificates constitute direct obligations of the Issuer payable from an annual ad valorem tax levied against all taxable property in the Town, within the limits prescribed by law, and further secured by and payable from a lien on and limited pledge (not to exceed \$1,000) of the surplus net revenues derived from the operation of the Issuer's municipal drainage utility system (the "System"). (See "THE CERTIFICATES - Security for Payment" herein.)
Redemption Provisions	The Issuer reserves the right to redeem the Certificates maturing on and after March 1, 2035 on March 1, 2034, or any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, at the redemption price of par plus accrued interest, as further described herein. See "THE CERTIFICATES - Redemption Provisions" herein.)
Tax Matters	In the opinion of Bond Counsel, under existing law, interest on the Certificates (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended, and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals. See "TAX MATTERS" herein, including information regarding potential alternative minimum tax consequences for corporations.
Use of Proceeds	Proceeds from the sale of the Certificates will be used for the purpose of providing funds for: (i) designing, constructing, improving, and renovating the Town's existing storage and maintenance facility used for parks and public work purposes, (ii) designing, developing, constructing, improving, extending, and expanding streets, thoroughfares, sidewalks, bridges, and other public ways of the Town, including streetscaping, street facilities, streetlighting, right-of-way protection, utility relocation, and related storm drainage improvements; and acquiring rights-of-way in connection therewith, (iii) professional services incurred in connection with items (i) and (ii) and to pay the costs incurred in connection with the issuance of the Certificates.. (See "THE CERTIFICATES - Use of Certificate Proceeds" herein.)
Qualified Tax-Exempt Obligations	The Issuer has designated the Certificates as "Qualified Tax-Exempt Obligations" for financial institutions. (See "TAX MATTERS - Qualified Tax-Exempt Obligations for Financial Institutions" herein.)
Book-Entry-Only System	The Issuer intends to utilize the Book-Entry-Only System of The Depository Trust Company, New York, New York described herein. No physical delivery of the Certificates will be made to the beneficial owners of the Certificates. Such Book-Entry-Only System may affect the method and timing of payments on the Certificates and the manner the Certificates may be transferred. (See "Book-Entry-Only System" herein.)
Ratings	S&P Global Ratings ("S&P") has assigned a rating of "AAA" to the Certificates. An explanation of the significance of such rating may be obtained from S&P. (See "OTHER PERTINENT INFORMATION - Ratings" herein.)
Issuance of Additional Debt	The Town does not anticipate the issuance of additional debt within the next twelve months.
Payment Record	The Town has never defaulted in the payment of its general obligation tax debt.
Delivery	It is anticipated the Certificates will be available for delivery through DTC on or about December 3, 2025.
Legality	Delivery of the Certificates is subject to the approval by the Attorney General of the State of Texas and the rendering of an opinion as to certain legal matters by Bracewell LLP, Dallas, Texas, Bond Counsel.

INTRODUCTORY STATEMENT

This Official Statement provides certain information in connection with the issuance by Town of Trophy Club, Texas (the "Town" or "Issuer") of its \$7,880,000 Combination Tax and Revenue Certificates of Obligation, Series 2025 (the "Certificates") identified on the cover page hereof.

The Issuer is a political subdivision of the State of Texas (the "State") and operates under the statutes and the Constitution of the State and a Home Rule Charter. The Certificates are being issued pursuant to the Constitution and general laws of the State, an ordinance (the "Ordinance") adopted by the Town Council authorizing the issuance of the Certificates and the Home Rule Charter on November 10, 2025. (See "THE CERTIFICATES - Authority for Issuance" herein.)

Unless otherwise indicated, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Ordinance. Included in this Official Statement are descriptions of the Certificates and certain information about the Issuer and its finances. **ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT.** Copies of such documents may be obtained from the Issuer or the Financial Advisor.

All financial and other information presented in this Official Statement has been provided by the Town from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial position or other affairs of the Town. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future (see "FORWARD-LOOKING STATEMENTS").

This Official Statement speaks only as of its date, and the information contained herein is subject to change. A copy of this Official Statement relating to the Certificates will be submitted to the Municipal Securities Rulemaking Board, and will be available through its Electronic Municipal Market Access ("EMMA") system. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the Town's undertaking to provide certain information on a continuing basis

THE CERTIFICATES

General Description

The Certificates are dated November 1, 2025 (the "Dated Date"). The Certificates are stated to mature on March 1 in the years and in the principal amounts set forth on page ii hereof. The Certificates shall bear interest from their Dated Date on the unpaid principal amounts, and the amount of interest to be paid with respect to each payment period shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Certificates will be payable on March 1, 2026, and on each September 1 and March 1 thereafter, until maturity or prior redemption. Principal is payable at the designated offices of the Paying Agent/Registrar for the Certificates, initially BOKF, NA, Dallas, Texas.; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Certificates, all payments will be made as described under "BOOK-ENTRY-ONLY SYSTEM" herein. Interest on the Certificates shall be paid to the registered owners whose names appear on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (as hereinafter defined) and shall be paid by the Paying Agent/Registrar (i) by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk of, the registered owner. If the date for the payment of the principal of or interest on the Certificates shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to be closed, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

Initially, the Certificates will be registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described below. No physical delivery of the Certificates will be made to the Beneficial Owners. Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will distribute the amounts received to the appropriate DTC Participants, who shall in turn make payment to the Beneficial Owners of the Certificates. Such Book-Entry-Only System may change the method and timing of payment for the Certificates and the method of transfer. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Authority for Issuance

The Certificates are being issued pursuant to the Constitution and general laws of the State, including Texas Local Government Code, Subchapter C, Chapter 271, as amended, the Town's Home Rule Charter, and the Ordinance.

Security for Payment

The Certificates constitute direct obligation of the Issuer payable from an annual ad valorem tax levied against all taxable property in the Town, within the limits prescribed by law, and further secured by and payable from a lien on and limited pledge (not to exceed \$1,000) of the surplus net revenues derived from the operation of the Issuer's municipal drainage utility system (the "System").

Use of Certificate Proceeds

Proceeds from the sale of the Certificates will be used for the purpose of providing funds for: (i) designing, constructing, improving, and renovating the Town's existing storage and maintenance facility used for parks and public work purposes, (ii) designing, developing, constructing, improving, extending, and expanding streets, thoroughfares, sidewalks, bridges, and other public ways of the Town, including streetscaping, street facilities, streetlighting, right-of-way protection, utility relocation, and related storm drainage improvements; and acquiring rights-of-way in connection therewith, (iii) professional services incurred in connection with items (i) and (ii) and to pay the costs incurred in connection with the issuance of the Certificates.

Redemption Provisions

Optional Redemption: The Issuer reserves the right, at its option, to redeem the Certificates maturing on and after March 1, 2035 on March 1, 2034, or any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof (and, if within a stated maturity, selected at random and by lot by the Paying Agent/Registrar), at the redemption price of par plus accrued interest to the date fixed for redemption.

If less than all of the Certificates are to be redeemed, the Town may select the maturities of Certificates to be redeemed. If less than all of the Certificates of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Certificates are in Book-Entry-Only form) shall determine by lot the Certificates, or portions thereof, within such maturity to be redeemed. If a Certificate (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Certificate (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

Notice Of Redemption: Not less than 30 days prior to a redemption date for the Certificates, the Town shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Certificates to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE CERTIFICATES CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY CERTIFICATES OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH CERTIFICATES OR PORTION THEREOF SHALL CEASE TO ACCRUE.

The Town reserves the right, in the case of an optional redemption, to give notice of its election or direction to redeem Certificates conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the Town retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the Town delivers a certificate of the Town to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected holders. Any Certificates subject to conditional redemption and such redemption has been rescinded shall remain outstanding, and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the Town to make moneys and/or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default by the Town.

The Paying Agent/Registrar and the Issuer, so long as a Book-Entry-Only System is used for the Certificates, will send any notice of redemption, notice of proposed amendment to the Certificates or other notices with respect to the Certificates only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the Beneficial Owner, will not affect the validity of the redemption of the Certificates called for redemption or any other action premised on any such notice. Redemption of portions of the Certificates by the Issuer will reduce the outstanding principal amount of such Certificates held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Certificates held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Certificates from the Beneficial Owners. Any such selection of Certificates to be redeemed will not be governed by the Ordinance and will not be conducted by the Issuer or the Paying Agent/Registrar. Neither the Issuer nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Certificates

or the providing of notice to DTC participants, indirect participants, or Beneficial Owners of the selection of portions of the Certificates for redemption. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Payment Record

The Town has never defaulted on the payment of any debt obligations.

Legality

The Certificates are offered when, as and if issued, subject to the approval by the Attorney General of the State of Texas and the rendering of an opinion by Bracewell LLP, Dallas, Texas. The legal opinion of Bond Counsel will accompany the Certificates to be deposited with DTC or will be printed on the Certificates should the Book-Entry-Only System be discontinued. A Form of the legal opinion of Bond Counsel appears in Appendix C attached hereto.

Tax Rate Limitations

All taxable property within the Town is subject to the assessment, levy and collection by the Town of a continuing, direct ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution, applicable to cities of more than 5,000 population, is applicable to the Town, and limits the maximum ad valorem tax rate of the Town to \$2.50 per \$100 taxable assessed valuation for all Town purposes. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for all general obligation debt service, as calculated at the time of issuance and based on a 90% collection factor.

Defeasance

The Ordinance relating to the Certificates provides that the Town may discharge its Certificates to the registered owners of any of all of the Certificates to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished by either by (i) depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium if any, and all interest to accrue on the Obligations to maturity or prior redemption or (ii) by depositing with a paying agent, or other authorized escrow agent, amounts sufficient to provide for the payment and/or redemption of the Obligations; provided that such deposits may be invested and reinvested only in (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality or other political subdivision of a state that have been refunded and that are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent; or (iii) any combination of (i) and (ii) above. The foregoing obligations may be in book-entry form, and shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Certificates, as the case may be. If any of the Certificates are to be redeemed prior to their respective dates of maturity, provision must have been made for the payment to the registered owners of such Certificates at the date of maturity or prior redemption of the full amount to which such owner would be entitled and for giving notice of redemption as provided in the respective Ordinances.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Certificates. Because the respective Ordinances do not contractually limit such investments, registered owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Government Securities or that for any other Government Security will be maintained at any particular rating category.

Under Current State Law, upon such deposit as described above, such Certificates shall no longer be regarded to be outstanding or unpaid and will cease to be outstanding obligations secured by the Ordinances or treated as debt of the Town for purposes of taxation or applying any limitation on the Town's ability to issue debt or for any other purpose. After firm banking and financial arrangements for the discharge and final payment or redemption of the Certificates have been made as described above, all rights of the Town to initiate proceedings to call the Certificates for redemption or take any other action amending the terms of the Certificates are extinguished; provided, however, that the right to call the Certificates for redemption is not extinguished if the Town: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Certificates for redemption; (ii) gives notice of the reservation of that right to the owners of the Certificates immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

Amendments to the Ordinance

The Town may amend the Ordinance without consent of or notice to any Owners, from time to time and at any time, amend the Ordinance in any manner not detrimental to the interests of the Owners, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the Town may, with the written consent of the Owners of the Certificates holding a majority in aggregate principal amount of the Certificates then outstanding, amend, add to, or rescind any of the provisions of the Ordinances; provided that, without the consent of all Owners of outstanding Certificates, no such amendment, addition, or rescission shall (i) extend the time or times of payment of the principal of and interest on the Certificates, reduce the principal amount thereof, the redemption price, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of or interest on the Certificates, (ii) give any preference to any Certificate over any other required, or (iii) reduce the aggregate principal amount of Certificates required to be held by Owners for consent to any such amendment, addition, or rescission.

Default and Remedies

The Ordinance authorizing the issuance of the Certificates establishes the following Events of Default with respect to the Certificates: (i) failure to make payment of principal of or interest on any of the Certificates when due and payable; or (ii) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in the Ordinance which materially and adversely affects the rights of the related Owners, including but not limited to their prospect or ability to be repaid in accordance with the Ordinances, and the continuation thereof for a period of sixty days after notice of such default is given by any Owner to the Issuer. Under State law, there is no right to the acceleration of maturity of the Certificates upon an event of default under the Ordinance.

Although a registered Owner could presumably obtain a judgment against the Issuer if a default occurred in any payment of the principal of or interest on any such Certificates, such judgment could not be satisfied by execution against any property of the Issuer. Such registered Owner's only practical remedy, if a default occurs, is a mandamus or mandatory injunction proceeding to compel the Issuer to assess and collect an annual ad valorem tax sufficient to pay principal of and interest on the Certificates as they become due. The enforcement of any such remedy may be difficult and time consuming and a registered owner could be required to enforce such remedy on a periodic basis. No assurance can be given that a mandamus or other legal action to enforce a default under the Ordinances would be successful.

On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W. 3d 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous language." Because it is unclear whether the Texas legislature has effectively waived the Town's sovereign immunity from a suit for money damages, holders of the Certificates may not be able to bring such a suit against the Town for breach of the covenants in the Certificates or in the Ordinance. Even if a judgment against the Town could be obtained, it could not be enforced by direct levy and execution against the Town's property. Further, the registered owners cannot themselves foreclose on property within the Town or sell property within the Town to enforce the tax lien on taxable property to pay the principal of and interest on the Certificates. In *Tooke*, the Court noted the enactment in 2005 of sections 271.151 through .160, Texas Local Government Code (the "Local Government Immunity Waiver Act"), which, according to the Court, waives "immunity from suit for contract claims against most local governmental entities under certain circumstances." The Local Government Immunity Waiver Act covers cities and relates to contracts entered into by cities for providing goods and services to cities.

On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) ("*Wasson I*"), that governmental immunity does not imbue a city with derivative immunity when it performs a proprietary, as opposed to a governmental, function in respect to contracts executed by a city. On October 5, 2018, the Texas Supreme Court issued a second opinion to clarify *Wasson I*, *Wasson Interests LTD. v. City of Jacksonville*, 559 S.W.3d 142 (Tex. 2018) ("*Wasson II*"), and together with *Wasson I* ("*Wasson*"), ruling that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function at the time it entered into the contract, not at the time of the alleged breach. In *Wasson*, the Court recognized that the distinction between governmental and proprietary functions is not clear. Therefore, in regard to municipal contract cases (as opposed to tort claim cases), it is incumbent on the courts to determine whether a function was governmental or proprietary based upon the statutory and common law guidance at the time of the contractual relationship. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under authority or for the benefit of the State; these are usually activities that can be, and often are, provided by private persons, and therefore are not done as a branch of the State, and do not implicate the State's immunity since they are not performed under the authority, or for the benefit, of the State as sovereign. Issues related to the applicability of governmental immunity as they relate to the issuance of municipal debt have not been adjudicated. Each situation will be evaluated based on the facts and circumstances surrounding the contract in question.

As noted above, the Ordinance provides that holders of the Certificates may exercise the remedy of mandamus to enforce the Certificates of the Town under the Ordinance. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in *Tooke*, and it is unclear whether *Tooke* will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by Texas courts. In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require

a public officer to perform legally imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of monies due under a contract).

The Ordinance does not provide for the appointment of a trustee to represent the interest of the holders of the Certificates upon any failure of the Issuer to perform in accordance with the terms of the Ordinance, or upon any other condition. Furthermore, the Issuer is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source or revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or holders of the Certificates of an entity which has sought protection under Chapter 9. Therefore, should the Issuer avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinions of Bond Counsel will note that the rights of holders of the Certificates are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

REGISTRATION, TRANSFER AND EXCHANGE

Paying Agent/Registrar

The initial Paying Agent/Registrar for the Certificates is BOKF, NA, Dallas, Texas. In the Ordinance, the Issuer retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the Issuer, the new Paying Agent/Registrar shall accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. The Town covenants to maintain and provide a Paying Agent/Registrar at all times until the Certificates are duly paid. Any successor Paying Agent/Registrar, selected at the sole discretion of the Issuer, shall be a bank, trust company, financial institution or other entity qualified and authorized to serve in such capacity and perform the duties and services of Paying Agent/Registrar. Upon a change in the Paying Agent/Registrar for the Certificates, the Issuer agrees to promptly cause written notice thereof to be sent to each registered owner of the Certificates by United States mail, first-class, postage prepaid.

In the event use of the Book-Entry-Only System should be discontinued, interest on the Certificates shall be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (hereinafter defined), and such interest shall be paid (i) by check sent United States Mail, first class postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner.

The Certificates will be issued in fully registered form in multiples of \$5,000 for any one stated maturity, and principal and semiannual interest will be paid by the Paying Agent/Registrar. Interest will be paid by check mailed on each interest payment by the Paying Agent/Registrar to the registered owner at the last known address as it appears on the Paying Agent/Registrar's books or by such other method, acceptable to the Paying Agent/Registrar, requested by and at the risk and expense of the registered owner. Principal will be paid to the registered owner at its stated maturity or its prior redemption upon presentation to the Paying Agent/Registrar at its designated office in Dallas, Texas; provided, however, that so long as DTC's Book-Entry-Only System is utilized, all payments will be made as described under "BOOK-ENTRY-ONLY SYSTEM" herein. If the date for the payment of the principal or interest on the Certificates shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a day and payment on such date shall have the same force and effect as if made on the original date payment was due.

Record Date

The record date ("Record Date") for interest payable to the registered owner of a Certificate on any interest payment date means the fifteenth (15th) day of the month next preceding such interest payment date.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each registered owner of an Obligation appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

Future Registration

The Certificates are initially to be issued utilizing the Book-Entry-Only System of The Depository Trust Company, New York, New York ("DTC"). In the event such Book-Entry-Only System should be discontinued, printed certificates will be issued to the owners of the Certificates and thereafter, the Certificates may be transferred, registered, and assigned on the registration books of the Paying Agent/Registrar only upon presentation and surrender of such printed certificates to the Paying Agent/Registrar, and such

registration and transfer shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer. A Certificate may be assigned by the execution of an assignment form on the Certificate or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Certificate or Certificates will be delivered by the Paying Agent/Registrar in lieu of the Certificates being transferred or exchanged at the designated office of the Paying Agent/Registrar, or sent by United States registered mail to the new registered owner at the registered owner's request, risk and expense. New Certificates issued in an exchange or transfer of Certificates will be delivered to the registered owner or assignee of the registered owner in not more than three (3) business days after the receipt of the Certificates to be canceled in the exchange or transfer and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Certificates registered and delivered in an exchange or transfer shall be in denominations of \$5,000 for any one stated maturity or any integral multiple thereof and for a like aggregate principal amount and rate of interest as the Certificate or Certificates surrendered for exchange or transfer. (See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the system to be initially utilized in regard to ownership and transferability of the Certificates.)

Limitation on Transferability

Neither the Issuer nor the Paying Agent/Registrar shall be required to transfer or exchange any Certificates or any portion thereof during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date. Neither the Issuer nor the Paying Agent/Registrar shall be required to transfer or exchange any Certificate during the period commencing with the close of business on any Record Date immediately preceding a principal or interest payment date for such Certificate and ending with the opening of business on the next following principal or interest payment date; or with respect to any Certificate or portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date, provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of an Certificate.

Replacement Certificates

If any Certificate is mutilated, destroyed, stolen or lost, a new Certificate in the same principal amount as the Certificate so mutilated, destroyed, stolen or lost will be issued. In the case of a mutilated Certificate, such new Certificate will be delivered only upon surrender and cancellation of such mutilated Certificate. In the case of any Certificate issued in lieu of a substitution for a Certificate which has been destroyed, stolen or lost, such new Certificate will be delivered only (a) upon filing with the Town and the Paying Agent/Registrar a certificate to the effect that such Certificate has been destroyed, stolen or lost and proof of the ownership thereof, and (b) upon furnishing the Town and the Paying Agent/Registrar with indemnity satisfactory to them. The person requesting the authentication and delivery of a new Certificate must pay such expenses as the Paying Agent/Registrar may incur in connection therewith.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Certificates is to be transferred and how the principal of, premium, if any, and interest on the Certificates are to be paid to and credited by DTC while the Certificates are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The Town and the Financial Advisor believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The Town cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Certificates, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Certificates), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Certificates. The Certificates will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each maturity of the Certificates, in the aggregate principal amount of each maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to

the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of Certificates ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as defaults and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent/Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Certificates within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Certificates unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Certificates are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

All payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent/Registrar, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. All payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the Issuer or Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Certificates at any time by giving reasonable notice to the Issuer or Paying Agent/Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Certificates are required to be printed and delivered to DTC Participants or the Beneficial Owners, as the case may be.

The Issuer may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Certificates will be printed and delivered. (See "REGISTRATION, TRANSFER, AND EXCHANGE" herein.)

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the Town, the Financial Advisor, or the initial purchaser of the Certificates.

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Certificates are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Direct or Indirect Participant acquires an interest in the Certificates, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Ordinances will be given only to DTC.

Effect of Termination of Book-Entry-Only System

In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the Town, printed Certificates will be issued to the holders and the Certificates will be subject to transfer, exchange and registration provisions as set forth in the Ordinance and summarized under "REGISTRATION, TRANSFER AND EXCHANGE".

INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE ISSUER

In accordance with the Town of Trophy Club and the Public Funds Investment Act, the Town Council designates the Director of Finance as the Town of Trophy Club's Investment Officer. The Investment Officer is authorized to execute investment transactions on behalf of the Town of Trophy Club and may designate a secondary investment officer to act in his/her absence. No other person may engage in an investment transaction or the management of the Town of Trophy Club funds except as provided under the terms of this Investment Policy. The investment authority granted to the investing officer is effective until rescinded.

Under State law, the Town is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the Town selects from a list the Town Council or a designated investment committee of the Town adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in the State that the Town selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the Town's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the Town appoints as the Town's custodian of the banking deposits issued for the Town's account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the SEC and operating under SEC Rule 15c3-3; (9) (i) certificates of deposit or share certificates meeting the requirements of Chapter 2256, Texas Government Code (the "Public Funds Investment Act"), that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or their respective successors, and are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and provided for by law for Town deposits, or (ii) certificates of deposits where (a) the funds are invested by the Town through (A) a broker that has its main office or a branch office in the State and is selected from a list adopted by the Town as required by law, or (B) a depository institution that has its main office or branch office in the State that is selected by the Town, (b) the broker or the depository institution selected by the Town arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the Town, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the Town appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d), Texas Government Code, or a clearing broker-dealer registered with the SEC and operating pursuant to SEC Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the Town with respect to the certificates of deposit; (10) fully collateralized repurchase agreements as defined in the Public Funds Investment Act, that have a defined termination date, are secured by a combination of cash and obligations described in clauses (1) or (13) in this paragraph, require the securities being purchased by the Town or cash held by the Town to be pledged to the Town, held in the Town's name, and deposited at the time the investment is made with the Town or with a third party selected and approved by the Town, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (13) through (15) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the Town, held in the Town's name and deposited at the time the investment is made with the Town or a third party designated by the Town; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less; (12) certain bankers' acceptances with stated maturity of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated not less than "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (13) commercial paper with a stated maturity of 365 days or less that is rated not less than "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (14) no-load money market mutual funds registered with and regulated by the SEC

that provide the Town with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and that comply with federal SEC Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a- 1 et seq.); and (15) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, and have either (a) a duration of one year or more and invest exclusively in obligations described in under this heading, or (b) a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities, other than the prohibited obligations described below, in an amount at least equal to the amount of bond proceeds invested under such contract.

The Town may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAA-m or an equivalent by at least one nationally recognized rating service. The Town may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the Town retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the Town must do so by order, ordinance, or resolution. The Town is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Under Texas law, the Town is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for Town funds, the maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All Town funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, the Town's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment considering the probable safety of capital and probable income to be derived." At least quarterly the Town's investment officers must submit an investment report to the Town Council detailing: (1) the investment position of the Town, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, the ending market value, and the fully accrued interest for the reporting period of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategies and (b) Texas law.

Under State law, the Town is additionally required to: (1) annually review its adopted policies and strategies, (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution, (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the Town Council; (4) require the qualified representative of firms offering to engage in an investment transaction with the Town to: (a) receive and review the Town's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the Town and the business organization that are not authorized by the Town's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the Town's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the Town and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the Town's investment policy; (6) provide specific investment training for the Town's designated Investment Officer; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the Town's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements, and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the Town.

Current Investments

As of September 30, 2025, the following percentages of the Town's investable funds were invested in the following categories of investments.

Investment Description	Total Invested	Percent
TexPool Investment Pool Accounts	\$9,608,366	25.24%
InterBank CDRS	17,596,746	46.23%
Texas Class	4,619,831	12.14%
Plains Capital	1,182,020	3.11%
UBank CD	2,067,003	5.43%
US Treasury	2,987,269	7.85%
Total	\$38,061,235	100.000%

As of such date, the market value of such investments (as determined by the Town by reference to published quotations, dealer bids, and comparable information) was approximately 100% of their book value. No funds of the Town are invested in derivative securities, i.e., securities whose rate of return is determined by reference to some other instrument, index, or commodity.

EMPLOYEE BENEFITS

Plan Description

The Town participates as one of over 900 plans in the defined benefit cash-balance pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Comprehensive Annual Financial Report (Annual Report) that can be obtained at tmrs.com.

All eligible employees of the Town are required to participate in TMRS.

For more information see the Annual Comprehensive Financial Report for the Fiscal Year Ended September 30, 2024, Notes 9 and 10.

AD VALOREM TAX PROCEDURES

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. Reference is made to Title I of the Texas Tax Code, as amended (the "Property Tax Code"), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

2025 Regular and Special Legislative Sessions... The regular session of the 89th Texas Legislature convened on January 14, 2025 and concluded on June 2, 2025 (the "89th Regular Session"). The Texas Legislature (the "Legislature") meets in regular session in odd numbered years for 140 days. The Governor called two special sessions of the Legislature, the first special session began July 21, 2025, and concluded on August 15, 2025. The second special session began on August 15, 2025 and concluded on September 4, 2025. When the Legislature is not in session, the Governor may call one or more special sessions, at the Governor's discretion, each lasting no more than 30 days, and for which the Governor sets the agenda.

During the 89th Regular Session, the Legislature considered a general appropriations act and legislation affecting ad valorem taxation procedures and exemptions, and investments, among other legislation affecting municipalities and their operations and financings. The Town is still in the process of reviewing legislation passed during the 89th Regular Session. At this time, the Town cannot make any representations as to the full impact of such legislation.

VALUATION OF TAXABLE PROPERTY . . . The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (an "Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the Issuer is the responsibility of the Dallas Central Appraisal District (the "Appraisal District"). Except as described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with

the Appraisal Review Board. The 88th Texas Legislature expanded the size of the governing body of an appraisal district in a county with a population of more than 75,000 by adding elected directors and authorizing the legislature to provide for a four-year term of office for a member of the board of directors of certain appraisal districts.

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property (the "10% Homestead Cap"). The 10% increase is cumulative, meaning the maximum increase is 10% times the number of years since the property was last appraised. See Table 1 for the reduction in taxable valuation attributable to the 10% Homestead Cap.

State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity ("Productivity Value"). The same land may not be qualified as both agricultural and open-space land. See Table 1 for the reduction in taxable valuation attributable to valuation by Productivity Value.

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board.

State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity ("Productivity Value"). The same land may not be qualified as both agricultural and open-space land. See "Table 1 – Assessed Valuation and Exemption" for the reduction in taxable valuation attributable to valuation by Productivity Value.

The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the Issuer, in establishing their tax rolls and tax rates. See "AD VALOREM PROPERTY TAXATION – Issuer and Taxpayer Remedies."

Effective January 1, 2024, an appraisal district is prohibited from increasing the appraised value of real property during the 2025 tax year on non-homestead properties (the "Subjected Property") whose appraised values are not more than \$5 million dollars (the "Maximum Property Value") to an amount not to exceed the lesser of: (1) the market value of the subjected property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the subjected property for the preceding tax year; (b) the appraised value of the subjected property for the preceding tax year; and (c) the market value of all new improvements to the subjected property (collectively, the "Appraisal Cap"). After the 2025 tax year, through December 31, 2026, the Appraisal Cap may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in the consumer price index, as applicable, to the Maximum Property Value. The Appraisal Cap took effect on January 1, 2025.

STATE MANDATED HOMESTEAD EXEMPTIONS. . State law grants, with respect to each taxing unit in the State, various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action and surviving spouses of first responders killed or fatally wounded in the line of duty. See Table 1 for the reduction in taxable valuation attributable to state-mandated homestead exemptions.

LOCAL OPTION HOMESTEAD EXEMPTIONS . . The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than \$5,000) and (2) an additional exemption of at least \$3,000 of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The exemption described in (2), above, may be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit. Cities, counties, and school districts are prohibited from repealing or reducing an optional homestead exemption that was granted in tax year 2022 through December 31, 2027. See "AD VALOREM PROPERTY TAXATION – Town's Application of the Property Tax Code" and Table 1 for the reduction in taxable valuation of the Issuer attributable to local option homestead exemptions.

LOCAL OPTION FREEZE FOR THE ELDERLY AND DISABLED . . The governing body of a county, municipality or junior college district may, at its option, provide for a freeze on the total amount of ad valorem taxes levied on the homesteads of persons 65 years of age or older or of disabled persons above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon voter initiative, an election may be held to determine by majority vote whether to establish such a freeze on ad valorem taxes. Once the freeze is established, the total amount of taxes imposed on such homesteads cannot be increased except for certain improvements, and such freeze cannot be repealed or rescinded. The City has not established an ad valorem tax freeze on the residence homesteads of persons 65 years of age or older and the disabled.

PERSONAL PROPERTY . . . Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the "production of income" is taxed based on the property's market value. Taxable personal property includes income producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property.

FREEPORT AND GOODS-IN-TRANSIT EXEMPTIONS . . . Certain goods detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication ("Freeport Property") are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue to tax Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal.

Certain goods, principally inventory, that are stored for the purposes of assembling, storing, manufacturing, processing or fabricating the goods in a location that is not owned by the owner of the goods and are transferred from that location to another location within 175 days ("Goods-in-Transit"), are exempt from ad valorem taxation unless a taxing unit takes official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax Goods-in-Transit beginning the following tax year. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include special inventories such as motor vehicles or boats in a dealer's retail inventory. A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property. See Table 1 for the reduction in taxable valuation, if any, attributable to Goods-in-Transit or Freeport Property exemptions.

OTHER EXEMPT PROPERTY . . . Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property.

TAX INCREMENT FINANCING ZONES . . . A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment financing zones ("TIRZ") within its boundaries, and other overlapping taxing units may agree to contribute taxes levied against the "Incremental Value" in the TIRZ to finance or pay for project costs, as defined in Chapter 311, Texas Government Code, general located within the TIRZ. At the time of the creation of the TIRZ, a "base value" for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the "Incremental Value", and during the existence of the TIRZ, all or a portion of the taxes levied by each participating taxing unit against the Incremental Value in the TIRZ are restricted to paying project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units. See "AD VALOREM PROPERTY TAXATION – Tax Increment Financing Zones #1 herein for descriptions of the TIRZ created in the Issuer.

TAX ABATEMENT AGREEMENTS . . . Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years.

See "AD VALOREM PROPERTY TAXATION – Tax Abatement Policy" for a general description of the Issuer's tax abatement agreements. Table 1 for the reduction in taxable valuation, if any, attributable to tax abatement agreements.

For a discussion of how the various exemptions described above are applied by the Issuer, see "AD VALOREM PROPERTY TAXATION – Town's Application of the Property Tax Code" herein.

TEMPORARY EXEMPTION FOR QUALIFIED PROPERTY DAMAGED BY A DISASTER . . . The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the governor to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. Except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the governor declares the area to be a disaster area. For more information on the exemption, reference is made to Section 11.35 of the Tax Code. Section 11.35 of the Tax Code was enacted during the 2019 legislative session, and there is no judicial precedent for how the statute will be applied. Texas Attorney General Opinion KP-0299, issued on April 13, 2020, concluded a court would likely find the Texas Legislature intended to limit the temporary tax exemption to apply to property physically harmed as a result of a declared disaster.

DEBT TAX RATE LIMITATIONS . . . All taxable property within the Issuer is subject to the assessment, levy and collection by the Issuer of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax-supported debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the Issuer, and limits its maximum ad valorem tax rate to \$2.50 per \$100 of Taxable Assessed Valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for all debt service on ad valorem tax-supported debt, as calculated at the time of issuance.

TOWN'S RIGHTS IN THE EVENT OF TAX DELINQUENCIES . . . Taxes levied by the Town are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all State and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State and each local taxing unit, including the Town, having power to tax the property. Personal property,

under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes. At any time after taxes on property become delinquent, the Town may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the Town must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within two (2) years after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

PUBLIC HEARING AND MAINTENANCE AND OPERATIONS TAX RATE LIMITATIONS

The following terms as used in this section have the meanings provided below:

"adjusted" means lost values are not included in the calculation of the prior year's taxes and new values are not included in the current year's taxable values.

"de minimis rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted), plus the rate that produces an additional \$500,000 in tax revenue when applied to the current year's taxable value, plus the debt service tax rate.

"effective tax rate" means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year's total tax levy (adjusted) from the current year's total taxable values (adjusted).

"no-new-revenue tax rate" means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year's total tax levy (adjusted) from the current year's total taxable values (adjusted).

"rollback tax rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted) multiplied by 1.08, plus the debt service tax rate.

"special taxing unit" means a Issuer for which the maintenance and operations tax rate proposed for the current tax year is 2.5 cents or less per \$100 of taxable value.

"unused increment rate" means the greater of (i) zero; or (ii) the sum of the foregone revenue amount for each of the tax years 2022 foregone revenue amount, the 2024 foregone revenue amount, and 2024 foregone revenue amount divided by the current total value.

"voter-approval tax rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted) multiplied by 1.035, plus the debt service tax rate, plus the

"unused increment rate". The Issuer's tax rate consists of two components: (1) a rate for funding of maintenance and operations expenditures in the current year (the "maintenance and operations tax rate"), and (2) a rate for funding debt service in the current year (the "debt service tax rate"). Under State law, the assessor for the Issuer must submit an appraisal roll showing the total appraised, assessed, and taxable values of all property in the Issuer to the Town Council by August 1 or as soon as practicable thereafter.

A city must annually calculate its "voter-approval tax rate" and "no-new-revenue tax rate" (as such terms are defined above) in accordance with forms prescribed by the State Comptroller and provide notice of such rates to each owner of taxable property within the city and the county tax assessor-collector for each county in which all or part of the city is located. A city must adopt a tax rate before the later of September 30 or the 60th day after receipt of the certified appraisal roll, except that a tax rate that exceeds the voter-approval tax rate must be adopted not later than the 71st day before the next occurring November uniform election date. If a city fails to timely adopt a tax rate, the tax rate is statutorily set as the lower of the no-new-revenue tax rate for the current tax year or the tax rate adopted by the city for the preceding tax year.

As described below, the Property Tax Code provides that if a city adopts a tax rate that exceeds its voter-approval tax rate or, in certain cases, its "de minimis rate", an election must be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

A city may not adopt a tax rate that exceeds the lower of the voter-approval tax rate or the no-new-revenue tax rate until each appraisal district in which such city participates has delivered notice to each taxpayer of the estimated total amount of property taxes owed and the city has held a public hearing on the proposed tax increase.

For cities with a population of 30,000 or more as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the voter-approval tax rate, that city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

For cities with a population less than 30,000 as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the greater of (i) the voter-approval tax rate or (ii) the de minimis rate, the city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate. However, for any tax year during which a city has a population of less than 30,000 as of the most recent federal decennial census and does not qualify as a special taxing unit, if a city's adopted tax rate is equal to or less than the de minimis rate but greater than both (a) the no-new-revenue tax rate, multiplied by 1.08, plus the debt service tax rate or (b) the city's voter-approval tax rate, then a valid petition signed by at least three percent of the registered voters in the city would require that an election be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

Any city located at least partly within an area declared a disaster area by the Governor of the State or the President of the United States during the current year may calculate its "voter-approval tax rate" using a 1.08 multiplier, instead of 1.035, until the earlier of (i) the second tax year in which such city's total taxable appraised value exceeds the taxable appraised value on January 1 of the year the disaster occurred, or (ii) the third tax year after the tax year in which the disaster occurred. State law provides cities and counties in the State the option of assessing a maximum one-half percent (1/2%) sales and use tax on retail sales of taxable items for the purpose of reducing its ad valorem taxes, if approved by a majority of the voters in a local option election. If the additional sales and use tax for ad valorem tax reduction is approved and levied, the no-new-revenue tax rate and voter-approval tax rate must be reduced by the amount of the estimated sales tax revenues to be generated in the current tax year.

The calculations of the no-new-revenue tax rate and voter-approval tax rate do not limit or impact the Issuer's ability to set a debt service tax rate in each year sufficient to pay debt service on all of the Issuer's tax-supported debt obligations, including the Obligations.

During the 89th Regular Session, the Legislature adopted Senate Bill 1851 ("SB 1851"), which will become effective in connection with the adoption of an ad valorem tax rate for tax year 2026 and thereafter. Under SB 1851, if the Texas Attorney General determines that the Town has (a) not had its records and accounts audited and an annual financial statement prepared based on the audit or (b) failed to file its financial statements and auditor's opinion on such financial statements with the Town Secretary before the 180th day after the Town's fiscal year end, the Town may not adopt an ad valorem tax rate that exceeds Town's no-new-revenue tax rate for (i) the tax year that begins on or after the date for the Attorney General's determination or (ii) a subsequent tax year that begins before the date the city has had an annual audit completed and financial statements prepared or filed the financial statement and auditor's opinion on such financial statement with the Town Secretary, as applicable.

Chapter 26 of the Property Tax Code treats the ad valorem taxes levied to pay debt service on non-voted debt approved after December 1, 2022 as part of the maintenance and operations tax rate calculations, which could result in subjecting the tax levied for debt service on such non-voted debt to the maintenance and operations tax limitations described in this subcaption. The Certificates are not subject to the limitations imposed by Chapter 26 of the Property Tax Code.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

ISSUER AND TAXPAYER REMEDIES . . . Under certain circumstances, the Issuer and its taxpayers may appeal the determinations of the Appraisal District by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units such as the Issuer may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

Owners of certain property with a taxable value in excess of the current year "minimum eligibility amount", as determined by the State Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount was set at \$61,349,201 for the 2025 calendar year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the Issuer and provides for taxpayer referenda that could result in the repeal of certain tax increases (See "– Public Hearing and Maintenance and Operation Tax Rate Limitations".) The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

PROPERTY ASSESSMENT AND TAX PAYMENT . . . Property within the Issuer is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September. Oil and gas reserves are assessed on the basis of a valuation process which uses an average of the daily price of oil and gas for the prior year. Taxes become due October 1 of the same year, and become delinquent on February 1 of the following year.

Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on February 1 of each year and the final installment due on August 1.

PENALTIES AND INTEREST Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

Month	Penalty	Interest	Total
February	6%	1%	7%
March	7%	2%	9%
April	8%	3%	11%
May	9%	4%	13%
June	10%	5%	15%
July	32% ⁽¹⁾	6% ⁽²⁾	38%

(1) Includes an additional 20% penalty to defray attorney's fees.

(2) Interest continues to accrue after July 1 at the rate that increases 1% per month until paid. After July, penalty remains at 12%, and interest increases at the rate of 1% each month. A delinquent tax continues to accrue interest as long as the tax remains unpaid, regardless of whether a judgment for the delinquent tax has been rendered. In addition, if an account is delinquent in July, an attorney's collection fee of up to 20% may be added to the total tax penalty and interest charge. A taxpayer who is 65 years of age or older or is disabled may defer the collection of delinquent property taxes on his or her residence homestead and prevent the filing of a lawsuit to collect delinquent taxes until the 181st day after the taxpayer no longer owns and occupies the property as a residence homestead. However, taxes and interest continue to accrue against the property, and the delinquent taxes incur a penalty of 8% per annum with no additional penalties or interest assessed. The lien securing such taxes and interest remains in existence during the deferral or abatement period.

In general, property subject to the Issuer's lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in bankruptcy. Federal bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

TOWN'S APPLICATION OF THE PROPERTY TAX CODE

The Town grants an additional local exemption of \$35,000 to the market value of the residence homestead of persons 65 years of age or older and the disabled.

The Town does grant an additional exemption of 1% or minimum of \$5,000 for residence homesteads.

The Town taxes only business personal property.

The Denton County Tax Collector collects property taxes for the Town. The Town does not permit discounts or split payments, except in the case of persons 65 years of age or older or disabled persons who are permitted to pay taxes on homesteads in four installments. The first installment is due on February 1 of each year and the final installment is due on August 1 of the same year.

The Town does grant the Article VIII, Section 1-j property exemption ("freeport property").

The Town does not grant an exemption for "goods-in-transit".

The Town does participate in a Tax Increment Financing Zone called the Trophy Club Reinvestment Zone #1 (The Trophy Wood District). The District encompasses 30.5 acres and when fully developed will contain hotels, restaurants, retail shopping area and the Town Hall. 2024 Tax Increment is \$20,166,377.

The Town does not grant tax abatements.

On November 3, 2003, voters of the Town approved the adoption of the tax freeze described above under "Homestead Tax Limitation". The freeze became effective with the 2005 Tax Year.

ADDITIONAL TAX COLLECTIONS

Municipal Sales Tax Collections

The Town has adopted the Municipal Sales and Use Tax Act, Texas Tax Code, Chapter 321, which grants the Town the power to impose and levy a 1% Local Sales and Use Tax within the Town; the proceeds are credited to the General Fund and are not

pledged to the payment of the Certificates or other bonded indebtedness. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the Town monthly. Net collections on a fiscal year basis are shown in Table 15 of Appendix A.

Optional Sales Tax

Pursuant to an election held on May 2, 2006, the Town levies and collects a one-quarter percent (1/4%) additional sales tax for street maintenance and repair. Pursuant to an election held on November 6, 2012, the Town levies and collects a one-half percent (1/2%) additional sales tax pursuant to Chapter 505, Texas Local Government Code, for economic development purposes pursuant to such statute. Pursuant to an election held on May 11, 2013, the Town levies and collects an additional sales tax of one quarter percent (1/4%) pursuant to Chapter 363, Texas Local Government Code, for the benefit of a Crime Control and Prevention District.

The Town has not held an election regarding an additional sales tax for the purpose of reducing its ad valorem taxes, because the maximum combined sales tax rate of 8¼%, including the State portion of 6¼%, has been reached.

TAX MATTERS

The following discussion of certain federal income tax considerations is for general information only and is not tax advice. Each prospective purchaser of the Certificates should consult its own tax advisor as to the tax consequences of the acquisition, ownership and disposition of the Certificates.

Tax Exemption

In the opinion of Bracewell LLP, Bond Counsel, under existing law, interest on the Certificates (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals.

The Code imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Certificates, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of bond proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The Town has covenanted in the Ordinance that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Ordinance pertaining to those sections of the Code that affect the excludability of interest on the Certificates from gross income for federal income tax purposes and, in addition, will rely on representations by the Town and other parties involved with the issuance of the Certificates with respect to matters solely within the knowledge of the Town and such parties, which Bond Counsel has not independently verified. If the Town fails to comply with the covenants in the Ordinance or if the foregoing representations are determined to be inaccurate or incomplete, interest on the Certificates could become includable in gross income from the date of delivery of the Certificates, regardless of the date on which the event causing such inclusion occurs.

Bond Counsel will express no opinion as to the amount or timing of interest on the Certificates or, except as stated above, to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Certificates. Certain actions may be taken or omitted subject to the terms and conditions set forth in the Ordinance upon the advice or with the approving opinion of Bond Counsel. Bond Counsel will express no opinion with respect to Bond Counsel's ability to render an opinion that such actions, if taken or omitted, will not adversely affect the excludability of interest of the Certificates from gross income for federal income tax purposes.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether or not the Service will commence an audit of the Certificates. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Town as the taxpayer and the Owners may not have a right to participate in such audit. Public awareness of any future audit of the Certificates could adversely affect the value and liquidity of the Certificates regardless of the ultimate outcome of the audit.

ADDITIONAL FEDERAL INCOME TAX CONSIDERATIONS

Collateral Tax Consequences

Prospective purchasers of the Certificates should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences, including but not limited to those noted below. Therefore, prospective purchasers of the Certificates should consult their own tax advisors as to the tax consequences of the acquisition, ownership and disposition of the Certificates.

An “applicable corporation” (as defined in section 59(k) of the Code) may be subject to a 15% alternative minimum tax imposed under section 55 of the Code on its “adjusted financial statement income” (as defined in section 56A of the Code) for such taxable year. Because interest on tax-exempt obligations, such as the Certificates, is included in a corporation’s “adjusted financial statement income,” ownership of the Certificates could subject certain corporations to alternative minimum tax consequences.

Ownership of tax-exempt obligations also may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the “branch profits tax” on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Certificates.

Prospective purchasers of the Certificates should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Certificates, received or accrued during the year.

Tax Accounting Treatment of Original Issue Premium

If the issue price of a maturity of the Certificates exceeds the stated redemption price payable at maturity of such Certificates, such Certificates (the “Premium Certificates”) are considered for federal income tax purposes to have “bond premium” equal to the amount of such excess. The basis of a Premium Certificate in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Certificate in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Certificate by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Certificate that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Certificate) is determined using the yield to maturity on the Premium Certificate based on the initial offering price of such Certificate.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Certificates that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Premium Certificates should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond premium upon the redemption, sale or other disposition of a Premium Certificate and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Certificates.

Tax Accounting Treatment of Original Issue Discount Certificates

If the issue price of a maturity of the Certificates is less than the stated redemption price payable at maturity of such Certificate (the “Original Issue Discount Certificates”), the difference between (i) the amount payable at the maturity of each Original Issue Discount Certificate, and (ii) the initial offering price to the public of such Original Issue Discount Certificate constitutes original issue discount with respect to such Original Issue Discount Certificate in the hands of any owner who has purchased such Original Issue Discount Certificate in the initial public offering of the Certificates. Generally, such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Certificate equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Certificate continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Certificates under the captions “TAX MATTERS – Tax Exemption” and “TAX MATTERS – Additional Federal Income Tax Considerations – Collateral Tax Consequences” and “—Tax Legislative Changes” generally apply and should be considered in connection with the discussion in this portion of the Official Statement.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Certificate prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Certificate in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Certificate was held by such initial owner) is includable in gross income.

The foregoing discussion assumes that (i) the initial purchasers have purchased the Certificates for contemporaneous sale to the public and (ii) all of the Original Issue Discount Certificates have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm’s-length transactions for a price (and with no other consideration being included)

not more than the initial offering prices thereof stated on the inside cover page of this Official Statement. Neither the Town nor Bond Counsel has made any investigation or offers any comfort that the Original Issue Discount Certificates will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each Original Issue Discount Certificate accrues daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Certificates and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Certificate for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (i) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (ii) the amounts payable as current interest during such accrual period on such Certificate.

The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of Original Issue Discount Certificates that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Original Issue Discount Certificates should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Certificates and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Certificates.

Tax Legislative Changes

Current law may change so as to directly or indirectly reduce or eliminate the benefit of the exclusion of interest on the Certificates from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Certificates. Prospective purchasers of the Certificates should consult with their own tax advisors with respect to any proposed, pending or future legislation.

PURCHASE OF TAX-EXEMPT OBLIGATIONS BY FINANCIAL INSTITUTIONS

Section 265(a) of the Code provides, in general, that a deduction for interest on indebtedness incurred to acquire or carry tax-exempt obligations is disallowed. Section 265(b) of the Code provides a specific complete disallowance of any deduction by a financial institution of its pro rata interest expense to reflect such financial institution's investment in tax-exempt obligations acquired after August 7, 1986. Section 265(b) of the code also provides an exception for financial institutions for tax-exempt obligations that are properly designated or deemed designated by an issuer as "qualified tax-exempt obligations."

The Certificates have been designated as "qualified tax-exempt obligations" based, in part, on the Town's representation that the amount of the Certificates, when added to the amount of all other tax-exempt obligations (not including private activity bonds other than "qualified 501(c)(3) bonds" or any obligations issued to currently refund any obligation to the extent the amount of the refunding obligation did not exceed the outstanding amount of the refunded obligation) issued or reasonably anticipated to be issued by or on behalf of the Town during 2025, is not expected to exceed \$10,000,000. Further, the Town and entities aggregated with the Town under the Code have not designated more than \$10,000,000 in "qualified tax-exempt obligations" (including the Certificates) during 2025.

Notwithstanding the designation of the Certificates as "qualified tax-exempt obligations" under this exception, financial institutions acquiring the Certificates will be subject to a 20% disallowance of allocable interest expense.

CONTINUING DISCLOSURE OF INFORMATION

In the respective Ordinance, the Town has made the following agreement for the benefit of the holders and beneficial owners of the Certificates. The Town is required to observe the agreement for so long as it remains obligated to advance funds to pay the Certificates. Under the agreement, the Town will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board (the "MSRB"). The information will be available free of charge from the MSRB via the Electronic Municipal Market Access System ("EMMA") at www.emma.msrb.org.

Annual Reports

The Town will provide to the MSRB updated financial information and operating data annually. The information to be updated includes quantitative financial information and operating data with respect to the Town of the general type included in this Official Statement under the Tables numbered 1-3, Tables 8-13 and Table 19. The Town will update and provide this information in the numbered tables within six (6) months after the end of each fiscal year and audited financial statements within twelve (12) months after the end of each fiscal year when and if available. If the audit of such financial statements is not complete within such time frame after any such fiscal year end, then the Town shall file unaudited financial statements within such time period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the Town may be required to employ from time to time pursuant to State law or regulation. The financial

information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule").

The Town's current fiscal year end is September 30. Accordingly, it must provide updated financial information by the last day in March in each year and audited financial statements for the preceding fiscal year (or unaudited financial statements if the audited financial statements are not yet available) must be provided by September 30 of each year, unless the Issuer changes its fiscal year, unless the Town changes its fiscal year. If the Town changes its fiscal year, it will notify the MSRB of the change.

Notice of Certain Events

The Town will also provide timely notices of certain events to the MSRB. The Town will provide notice of any of the following events with respect to the Certificates to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates; (7) modifications to rights of holders of the Certificates, if material; (8) Certificate calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Certificates, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the Town, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material. In addition, the Town will provide timely notice of any failure by the Town to provide annual financial information in accordance with their agreement described above under "Annual Reports"; (15) Incurrence of a Financial Obligation of the Town, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Town, any of which affect security holders, if material; and (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Town, any of which reflect financial difficulties. In addition, the Town will provide timely notice of any failure by the Town to provide annual financial information in accordance with their agreement described above under "Annual Reports."

For these purposes, (A) any event described in the immediately preceding clause (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Town in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Town, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets of business of the Town, and (B) the Town intends the words used in clauses (15) and (16) in the immediately preceding paragraph and in the definition of Financial Obligation to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018. The Ordinances define "Financial Obligation" as a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

Availability of Information from MSRB

The Issuer has agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

Limitations and Amendments

The Issuer has agreed to update information and to provide notices of certain specified events only as described above. The Issuer has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The Issuer makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Certificates at any future date. The Issuer disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its agreement or from any statement made pursuant to its agreement, although holders or beneficial owners of Certificates may seek a writ of mandamus to compel the Issuer to comply with its agreement.

The Issuer may amend its agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Issuer, if the agreement, as amended, would have permitted an underwriter to purchase or sell Certificates in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Certificates consent or any person unaffiliated

with the Issuer (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Certificates. The Issuer may also repeal or amend its agreement if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but in either case only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule. If the Issuer amends its agreement, it must include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of information and data provided.

Compliance with Prior Undertakings

During the past five years, the Issuer has timely complied in all material respects with its continuing disclosure undertakings in accordance with the Rule; however, through an inadvertent oversight the Classification of Assessed Valuation tables was not included. On October 29, 2025, the table was added to its past filings. The Issuer has implemented enhanced procedures to help ensure complete future filings.

OTHER PERTINENT INFORMATION

Registration and Qualification of Certificates for Sale

The sale of the Certificates has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Certificates have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Certificates been qualified under the securities acts of any other jurisdiction. The Issuer assumes no responsibility for qualification of the Certificates under the securities laws of any jurisdiction in which the Certificates may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Certificates shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

Litigation

In the opinion of the Town Attorney, the Issuer is not a party to any litigation or other proceeding pending or to its knowledge, threatened, in any court, agency or other administrative body (either state or federal) which, if decided adversely to the Issuer, would have a material adverse effect on the financial condition of the Town.

Cybersecurity

The Town's operations are increasingly dependent on information technologies and services, which are exposed to cybersecurity risks and cyber incidents or attacks. While the Town continually assesses and monitors its cybersecurity risks, the Town has been (and may be in the future) subject to cyber-attacks from time to time. In response to such assessments and monitoring, the Town takes actions it deems appropriate in response to cybersecurity risks, including, but not limited to, implementing cybersecurity training programs, obtaining technology improvements to mitigate cybersecurity risks, and taking other similar measures. No assurance can be given that the Town will fully prevent or successfully remediate the operational and/or financial impact of cybersecurity incursions or incidents arising from events wholly or partially beyond the Town's control, including electrical telecommunications outages, natural disasters or cyber-attacks initiated by criminal activities of individuals or organizations. Any such

Weather Events

The Town is located in the north central region of Texas. Land located in this area is susceptible to high winds, tornadoes, fires and arid conditions. If a future weather event significantly damages all or part of the properties comprising the tax base within the Town, the assessed value of property within the Town could be substantially reduced, which could result in a decrease in tax revenue and/or necessitate an increase in the Town tax rate. Under certain conditions, Texas law allows a city to increase property tax rates without voter approval upon the occurrence of certain disasters such as a tornado, flooding or extreme drought and upon gubernatorial or presidential declaration of disaster. There can be no assurance that a casualty loss to taxable property within the Town will be covered by insurance (or that property owners will carry flood or the appropriate, applicable other casualty insurance), that any insurance company will fulfill its obligation to provide insurance proceeds or that insurance proceeds will be used to rebuild or repay any damaged improvements within the Town or be sufficient for such purposes. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the Town could be adversely affected.

Future Debt Issuance

The Town does not anticipate the issuance of additional debt within the next twelve months.

Legal Investments and Eligibility to Secure Public Funds in Texas

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Certificates are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are real and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Certificates by municipalities or other political subdivisions or public agencies of the State, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Certificates be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency. See "OTHER PERTINENT INFORMATION - Ratings" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Certificates are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Certificates are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivision, and are legal security for those deposits to the extent of their fair market value. No review by the Town has been made of the laws in other states to determine whether the Certificates are legal investments for various institutions in those states.

No representation is made that the Certificates will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes. The Town has made no investigation of other laws, rules, regulations or investment criteria which might apply to any such persons or entities or which might otherwise limit the suitability of the Certificates for any of the foregoing purposes or limit the authority of such persons or entities to purchase or invest in the Certificates for such purposes.

Additionally, with respect to the Certificates, Section 271.051 of the Texas Local Government Code expressly provides that certificates of obligation approved by the Attorney General of Texas are legal authorized investments for banks, savings banks, trust companies, and savings and loan associations, insurance companies, fiduciaries, trustees, and guardians, and sinking funds of municipalities, counties, school districts, or other political corporations or subdivisions of the State. The Certificates are eligible to secure deposits of any public funds of the State, municipalities, school and other political subdivisions of the State, and are legal security for those deposits to the extent of the market value.

Ratings

S&P Global Ratings, a division of S&P Global Inc. ("S&P") has assigned an underlying rating of "AAA" on its general obligation debt. An explanation of the significance of such rating may be obtained from S&P. A rating by a rating agency reflects only the view of such company at the time the rating is given, and the Issuer makes no representations as to the appropriateness of the rating. There is no assurance that such a rating will continue for any given period of time, or that it will not be revised downward or withdrawn entirely by the rating agency if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Certificates.

Legal Matters

The Town will furnish complete transcripts of proceedings had incident to the authorization and issuance of the Certificates, including the unqualified approving legal opinion of the Attorney General of Texas approving the Initial Certificate and to the effect that the Certificates are valid and legally binding obligations of the Town, and based upon examination of such transcripts of proceedings, the approving legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Certificates will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "Tax Matters" herein. Though it may represent the Municipal Advisor and the Underwriter from time to time in matters unrelated to the issuance of the Certificates, Bond Counsel has been engaged by and only represents the Town in connection with the issuance of the Certificates. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information under the captions, "The Certificates" (exclusive of the subcaptions "Tax Rate Limitation" and "Use of Certificate Proceeds"), "Tax Matters" and "Continuing Disclosure of Information" (exclusive of the subcaption "Compliance with Prior Undertakings") and the subcaptions "Registration and Qualification of Certificates for Sale," "Legal Matters" (exclusive of the last sentence of the first paragraph thereunder thereof) and "Legal Investments and Eligibility to Secure Public Funds in Texas" under the caption "Other Pertinent Information" in the Official Statement and such firm is of the opinion that the information relating to the Certificates and the legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Certificates, such information conforms to the Ordinance. The legal fees to be paid to Bond Counsel for services rendered in connection with the issuance of the Certificates is contingent on the sale and delivery of the Certificates. The legal opinions will accompany the Certificates deposited with DTC or will be printed on the Certificates in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the Underwriter by its counsel, Orrick, Herrington & Sutcliff, LLP, Austin, Texas. The legal fee of such firm is contingent upon the sale and delivery of the Certificates.

The various legal opinions to be delivered concurrently with the delivery of the Certificates express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Underwriting

The Underwriter has agreed, subject to certain conditions, to purchase the Certificates from the Town at a price equal to the initial offering price to the public, as shown on page ii hereof, less an underwriting discount of \$49,735.48. The Underwriter can give no assurance that any trading market will be developed or the Certificates after their sale by the Town to the Underwriter. The Town has no control over the price at which the Certificates are subsequently sold and the initial yield at which the Certificates will be priced and reoffered will be established by and will be the responsibility of the Underwriter of the Certificates.

The Underwriter's obligation is subject to certain conditions precedent. The Underwriter will be obligated to purchase all of the Certificates, if any of the Certificates are purchased. The Certificates may be offered and sold to certain dealers (including the Underwriter and other dealers depositing Certificates into investment trusts) and others at prices lower than such public offering prices, and such public prices may be changed, from time to time, by the Underwriters.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

Piper Sandler & Co., the underwriter of the Certificates, has entered into a distribution agreement ("Distribution Agreement") with Charles Schwab & Co., Inc. ("CS&Co") for the retail distribution of certain securities offerings including the Certificates, at the original issue prices. Pursuant to the Distribution Agreement, CS&Co. will purchase Certificates from Piper at the original issue price less a negotiated portion of the selling concession applicable to any Certificates that CS&Co. sells.

Financial Advisor

SAMCO Capital Markets, Inc. is employed as a Financial Advisor to the Issuer in connection with the issuance of the Certificates. In this capacity, the Financial Advisor has compiled certain data relating to the Certificates and has assisted in drafting this Official Statement. The Financial Advisor has not independently verified any of the data contained herein or conducted a detailed investigation of the affairs of the Issuer to determine the accuracy or completeness of this Official Statement. Because of its limited participation, the Financial Advisor assumes no responsibility for the accuracy or completeness of any of the information contained herein. The fees for Financial Advisor are contingent upon the issuance, sale and delivery of the Certificates.

Authenticity of Financial Data and Other Information

The financial data and other information contained herein have been obtained from Town records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

Forward-Looking Statements Disclaimer

The statements contained in this Official Statement, and in any other information provided by the Town, that are not purely historical, are forward-looking statements, including statements regarding the Town's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the Town on the date hereof, and the Town assumes no obligation to update any such forward-looking statements. The Town's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Town. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

Concluding Statement

The financial data and other information contained in this Official Statement have been obtained from the Town's records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and ordinances contained in this Official Statement are made subject to all of the provisions of such statutes, documents and ordinances. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

The Ordinance approves the form and content of this Official Statement, and any addenda, supplement or amendment thereto issued on behalf of the Issuer, and authorizes its further use in the reoffering of the Certificates by the Underwriter.

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APPENDIX A

**FINANCIAL INFORMATION RELATING TO
THE TOWN OF TROPHY CLUB, TEXAS**

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FINANCIAL INFORMATION OF THE ISSUER

ASSESSED VALUATION

TABLE 1

2025 Actual Market Value of Taxable Property (100% of Actual)		\$ 3,905,404,814
Less Exemptions/Losses:		
Local Optional Over-65/Disabled Homestead	\$ 114,406,912	
Disabled and Deceased Veterans	2,853,551	
Productivity Value Loss	1,701,939	
10% Homestead Cap Loss ^(a)	176,870,784	
House Bill 366 Exempt Property	-	
Pollution Control/Other	39,832	
Totally Exempt Property	<u>157,033,379</u>	
Productivity Loss	452,906,397	
2025 Net Taxable Assessed Valuation ^(a)		<u>3,452,498,417</u>
Less: Freeze Adjustment		\$ 676,200,738
Less: Transfer Adjustment		<u>-</u>
2025 Freeze Adjusted Net Taxable Assessed Valuation ^(a)		<u>\$ 2,776,297,679</u>

^(a) See "AD VALOREM TAX PROCEDURES" and "TOWN APPLICATION OF THE PROPERTY TAX CODE" in the Official Statement for a description of the Issuer's taxation procedures. Net of TIRZ Increment Financing Zone.
Source: Denton Central Appraisal District and Tarrant Central Appraisal District

GENERAL OBLIGATION BONDED DEBT

TABLE 2

General Obligation Debt Principal Outstanding: (As of November 1, 2025)

Combination Tax and Revenue Certificates of Obligation, Series 2013	\$ 370,000
Combination Tax and Revenue Certificates of Obligation, Series 2014	1,185,000
Combination Tax and Revenue Certificates of Obligation, Series 2016	2,615,000
General Obligation Bonds, Series 2016	3,125,000
Combination Tax and Revenue Certificates of Obligation, Series 2017	2,510,000
General Obligation Refunding Bonds, Series 2020	1,300,000
Combination Tax and Revenue Certificates of Obligation, Series 2021	2,930,000
Combination Tax & Revenue Certificates of Obligation, Series 2023	<u>5,520,000</u>
Total General Obligation Debt Principal Outstanding:	\$ 19,555,000

Current Issues General Obligation Debt Principal

Combination Tax and Revenue Certificates of Obligation, Series 2025 (the "Certificates")	<u>\$ 7,880,000</u>
Total General Obligation Debt Principal Outstanding following the issuance of the Certificates:	<u>\$ 27,435,000</u>

Ratio of General Obligation Debt Principal to 2025 Freeze Adjusted Net Taxable Assessed Valuation	0.99%
2025 Freeze Adjusted Net Taxable Assessed Valuation	\$ 2,776,297,679
Population: 1990 - 3,922; 2000 - 6,350; 2010 - 10,500; 2020 - 13,688; Current (Estimate) -	14,420
Per Capita 2025 Freeze Adjusted Net Taxable Assessed Valuation -	\$192,531
Per Capita General Obligation Debt-	\$1,903

OTHER OBLIGATIONS

TABLE 3

Leases Payable

The Town has agreements as lessee for equipment and copiers, the terms of which expire in various years through 2027.
The following is a schedule by year of payments under the leases as of September 30, 2024:

Year Ending September 30,	Principal	Interest	Total
2025	\$ 37,299	\$ 1,579	\$ 38,878
2026	7,010	688	7,698
2027	4,985	147	5,132
Total	\$ 49,294	\$ 2,414	\$ 51,708

Source: The Town of Trophy Club Annual Comprehensive Financial Report.

PRO FORMA GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS
TABLE 4

Fiscal Year Ending 9-30	Current Total Debt Service	The Certificates			Combined Debt Service
		Principal	Interest	Total	
2026	\$ 2,076,511	\$ 725,000	\$ 281,917	\$ 1,006,917	\$ 3,083,428
2027	2,073,980	800,000	303,800	1,103,800	3,177,780
2028	2,075,766	365,000	274,675	639,675	2,715,441
2029	1,953,712	380,000	256,050	636,050	2,589,762
2030	1,951,026	400,000	236,550	636,550	2,587,576
2031	1,676,175	420,000	216,050	636,050	2,312,225
2032	1,684,100	440,000	194,550	634,550	2,318,650
2033	1,677,775	465,000	171,925	636,925	2,314,700
2034	1,550,775	490,000	148,050	638,050	2,188,825
2035	1,506,275	510,000	125,600	635,600	2,141,875
2036	1,506,600	530,000	104,800	634,800	2,141,400
2037	900,600	555,000	83,100	638,100	1,538,700
2038	655,650	575,000	60,500	635,500	1,291,150
2039	652,250	600,000	37,000	637,000	1,289,250
2040	653,200	625,000	12,500	637,500	1,290,700
2041	653,450	-	-	-	653,450
2042	435,200	-	-	-	435,200
2043	433,500	-	-	-	433,500
	<u>\$ 24,116,545</u>	<u>\$ 7,880,000</u>	<u>\$ 2,507,067</u>	<u>\$ 10,387,067</u>	<u>\$ 34,503,612</u>

TAX ADEQUACY
TABLE 5

2025 Freeze Adjusted Net Taxable Assessed Valuation	\$ 2,776,297,679
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-27)	\$ 3,177,780
Indicated required I&S Fund Tax Rate at 99% Collections to produce Maximum Debt Service requirements	\$ 0.11562

Note: Above computations are exclusive of investment earnings, delinquent tax collections and penalties and interest on delinquent tax collections.

INTEREST AND SINKING FUND MANAGEMENT INDEX**TABLE 6**

Interest and Sinking Fund Balance, Fiscal Year Ended September 30, 2025	\$ 379,168
Est. FY 2025-2026 Interest and Sinking Fund Tax Levy of \$0.103100 at 99% Collections Produces	2,833,739
Certified Prior Year Excess Debt Collections	<u>269,658</u>
Total Available for Debt Service	<u>\$ 3,482,566</u>
Less: General Obligation Debt Service Requirements, Fiscal Year Ending 9-30-26	<u>3,083,428</u>
Estimated Surplus at Fiscal Year Ending 9-30-26 ^(a)	<u>\$ 399,138</u>

^(a) Does not include delinquent tax collections, penalties and interest on delinquent tax collections or investment earnings on the Debt Service Fund.

GENERAL OBLIGATION PRINCIPAL REPAYMENT SCHEDULE**TABLE 7**

Fiscal Year Ending 9/30	Principal Repayment Schedule			Bonds Unpaid at End of Year	Percent of Principal Retired (%)
	Outstanding Principal	The Certificates	Total		
2026	\$ 1,490,000	725,000	\$ 2,215,000	\$ 25,220,000	8%
2027	1,530,000	800,000	2,330,000	22,890,000	17%
2028	1,575,000	365,000	1,940,000	20,950,000	24%
2029	1,495,000	380,000	1,875,000	19,075,000	30%
2030	1,535,000	400,000	1,935,000	17,140,000	38%
2031	1,305,000	420,000	1,725,000	15,415,000	44%
2032	1,355,000	440,000	1,795,000	13,620,000	50%
2033	1,390,000	465,000	1,855,000	11,765,000	57%
2034	1,305,000	490,000	1,795,000	9,970,000	64%
2035	1,300,000	510,000	1,810,000	8,160,000	70%
2036	1,340,000	530,000	1,870,000	6,290,000	77%
2037	775,000	555,000	1,330,000	4,960,000	82%
2038	555,000	575,000	1,130,000	3,830,000	86%
2039	570,000	600,000	1,170,000	2,660,000	90%
2040	590,000	625,000	1,215,000	1,445,000	95%
2041	610,000	-	610,000	835,000	97%
2042	410,000	-	410,000	425,000	98%
2043	<u>425,000</u>	<u>-</u>	<u>425,000</u>	-	100%
	<u>\$ 19,555,000</u>	<u>\$ 7,880,000</u>	<u>\$ 27,435,000</u>		

FUND BALANCES**TABLE 8***(As of September 30, 2024)*

General Fund	\$ 12,819,300
Debt Service Fund	251,146
Capital Projects Fund	10,696,270
Drainage Fund	3,464,839
Economic Development Fund	3,560,288
Crime Control Prevention District Fund	312,685
Total	\$ 31,104,528

Source: The Town of Trophy Club Annual Comprehensive Financial Report.

MUNICIPAL SALES TAX**TABLE 9**

The Town has adopted the provisions of Municipal Sales and Use Tax Act V.T.C.A., Tax Code, Chapter 321, which grants the Town power to impose and levy a 1% Local Sales and Use Tax within the Town; the proceeds are credited to the General Fund and are not pledged to the payment of the general obligation supported debt of the Town. Pursuant to an election held on May 2, 2006, the Town levies and collects a one-quarter percent (1/4%) additional sales tax for street maintenance and repair. Pursuant to an election held on November 6, 2012, the Town levies and collects a one-half percent (1/2%) additional sales tax pursuant to Chapter 505, Texas Local Government Code, for economic development purposes pursuant to such statute. Pursuant to an election held on May 11, 2013, the Town levies and collects an additional sales tax of one quarter percent (1/4%) pursuant to Chapter 363, Texas Local Government Code, for the benefit of a Crime Control and Prevention District.

Municipal Sales Tax History

Calendar	Total	1.00%	0.25%	% of Ad Valorem	(\$) Equivalent of Ad Valorem	0.50% Economic and Community Development	0.25% Crime Prevention
<u>Year</u>	<u>Collected</u>	<u>City</u>	<u>Streets</u>	<u>Tax Levy</u>	<u>Tax Rate</u>		
2016	\$ 1,419,227	\$ 810,987	\$ 202,747	13.56%	0.07	\$ 405,494	\$ 198,725
2017	1,501,634	858,077	214,519	13.10%	0.06	429,038	210,300
2018	1,573,673	899,242	224,810	12.68%	0.06	449,621	224,110
2019	1,758,200	1,004,685	251,171	13.91%	0.06	502,343	246,939
2020	2,049,415	1,171,094	292,774	14.40%	0.06	585,547	289,225
2021	2,329,798	1,331,313	332,828	15.56%	0.07	665,657	331,484
2022	2,589,800	1,479,886	369,971	15.75%	0.07	739,943	366,714
2023	2,649,011	1,513,721	378,430	15.01%	0.06	756,860	373,986
2024	3,026,109	1,729,205	432,301	16.05%	0.07	864,603	429,813
2025 *	3,059,631	1,748,360	437,090			874,180	277,472

* Through November, 2025

Sources: Texas Comptroller of Public Accounts Website and the Issuer.

Note: The Comptroller's website figures list sales tax revenues in the month they are delivered to the City, which is two months after they are generated/collected.

CLASSIFICATION OF ASSESSED VALUATION

TABLE 10

<u>Category</u>	<u>2025-26</u>	<u>% of Total</u>	<u>2024-25</u>	<u>% of Total</u>	<u>2023-24</u>	<u>% of Total</u>
Real, Residential, Single-Family ^(a)	\$ 3,411,901,265	87.36%	\$ 3,282,007,728	87.51%	\$ 3,216,725,059	87.26%
Real, Residential, Multi-Family	174,083,389	4.46%	76,270,348	2.03%	75,175,566	2.04%
Real, Vacant Lots/Tracts	2,925,888	0.07%	3,783,876	0.10%	1,379,908	0.04%
Real, Acreage (Land Only)	1,702,130	0.04%	1,715,634	0.05%	1,710,747	0.05%
Real Farm & Ranch Improvements	3,282,988	0.08%	6,151,960	0.16%	13,485,113	0.37%
Real, Commercial / Industrial	115,402,960	2.95%	208,605,553	5.56%	209,547,046	5.68%
Real & Tangible, Personal Utilities	15,018,160	0.38%	14,447,740	0.39%	13,786,310	0.37%
Tangible Personal, Commercial & Industrial	34,674,936	0.89%	29,896,408	0.80%	27,463,153	0.75%
Real / Residential Inventory	6,376,823	0.16%	1,033,584	0.03%	-	0.00%
Totally Exempt Property	<u>140,036,275</u>	<u>3.59%</u>	<u>126,414,469</u>	<u>3.37%</u>	<u>126,974,254</u>	<u>3.44%</u>
Total Appraised Value	\$ 3,905,404,814	100.00%	\$ 3,750,327,300	100.00%	\$ 3,686,247,156	100.00%
Less Exemptions:						
Local Optional Over-65/Disabled Homestead	\$ 114,406,912		\$ 64,513,901		\$ 63,241,446	
Disabled and Deceased Veterans	2,853,551		39,248,958		34,033,227	
Productivity Value Loss	1,701,939		1,704,756		1,704,756	
10% Homestead Cap Loss ^(a)	176,870,784		254,231,283		398,692,965	
House Bill 366 Exempt Property	-		49,494		40,709	
Pollution Control/Other	39,832		61,318		61,318	
Totally Exempt Property	<u>157,033,379</u>		<u>149,988,252</u>		<u>155,268,453</u>	
Total Exemptions	<u>452,906,397</u>		<u>509,797,962</u>		<u>653,042,874</u>	
Net Taxable Assessed Valuation	\$ 3,452,498,417		\$ 3,240,529,338		\$ 3,033,204,282	
Freeze Loss for Over 65 / Disabled	\$ (676,200,738)		\$ (578,753,011)		\$ (488,649,449)	
Transfer Adjustment	<u>\$ -</u>		<u>\$ (347,623)</u>		<u>\$ (82,558)</u>	
Net Taxable Assessed Valuation after Freeze Loss	\$ 2,776,297,679		\$ 2,661,428,704		\$ 2,544,472,275	

^(a) Tarrant County appraised values already reflect the value after the 10% cap loss, so that loss amount is not included in the 10% Cap Loss exemption line.

Note: Figures exclude incomplete accounts and property under ARB review, which are subject to change

Note: Assessed valuations may change during the year due to various supplements and protests. Valuations on different dates or in other tables of this Official Statement may not match those shown on this table. Valuations shown do not include property under protest.

Sources: Websites - Denton Central Appraisal District and Tarrant Appraisal District.

PRINCIPAL TAXPAYERS 2025
TABLE 11

Name	Type of Business	2025 Net Taxable Assessed Valuation	% of Total 2025 Assessed Valuation
NAP Trophy Club LP	Apartments	\$ 66,484,096	1.93%
Armored II	Residential Property	37,678,216	1.09%
KAGR Trophy Club 2800 LLC	Apartments	19,700,000	0.57%
Trophy Club Town Center	Real Estate Development	19,000,000	0.55%
Trophy Club 18 LLC	Real Estate Development	18,391,053	0.53%
Quasar Hotels	Hotels	11,561,751	0.33%
Trophy Club Medical	Healthcare	10,510,915	0.30%
4663 Okeechobee Blvd & Palm	Real Estate Development	8,855,500	0.26%
Oncor	Utilities	8,534,080	0.25%
Clubcorp Golf Tex LP P/S	Golf Course	7,408,829	0.21%
Total		\$ 208,124,440	6.03%

Based on a 2025 Net Taxable Assessed Valuation of \$3,452,498,417

Source: Denton & Tarrant Central Appraisal Districts and the Issuer.

TAX DATA
TABLE 12

Tax Year	Net Taxable Assessed Valuation	Tax Rate	Tax Levy	% Collections ^(a)		Fiscal Year Ended
				Current	Total	
2016	\$ 1,774,008,268	0.473000	8,153,915	99.72%	99.71%	9/30/2017
2017	1,963,766,966	0.451442	8,614,737	99.58%	99.87%	9/30/2018
2018	2,103,729,572	0.446442	8,992,174	99.61%	100.00%	9/30/2019
2019	2,143,330,485	0.446442	9,027,118	98.91%	99.14%	9/30/2020
2020	2,276,524,688	0.446442	9,504,473	99.50%	99.75%	9/30/2021
2021	2,403,189,973	0.445000	9,835,286	99.49%	99.75%	9/30/2022
2022	2,701,807,939	0.434799	11,747,434	99.84%	99.97%	9/30/2023
2023	3,033,204,282	0.415469	12,602,023	99.87%	99.87%	9/30/2024
2024	3,240,529,338	0.415469	12,655,909	98.97%	99.23%	9/30/2025 ^(b)
2025	3,452,498,417	0.412864	14,113,600	in process	in process	9/30/2026

^(a) Excludes penalties and interest.

^(b) As of June 30, 2025.

Source: Denton & Tarrant Appraisal Districts, Denton County Tax Assessor/Collector and The Issuer.

TAX RATE DISTRIBUTION
TABLE 13

	2025-2026	2024-2025	2023-2024	2022-2023	2021-2022
General Fund	\$0.309764	\$0.316042	\$0.315670	\$0.335000	\$0.335000
I & S Fund	<u>0.103100</u>	<u>0.099427</u>	<u>0.099799</u>	<u>0.099799</u>	<u>0.110000</u>
TOTAL	<u>\$0.412864</u>	<u>\$0.415469</u>	<u>\$0.415469</u>	<u>\$0.434799</u>	<u>\$0.445000</u>

Sources: Texas Municipal Report published by the Municipal Advisory Council of Texas

TAXABLE ASSESSED VALUATION FOR TAX YEARS 2016-2025
TABLE 14

Tax Year	Net Taxable Assessed Valuation ^(a)	Change From Preceding Year	
		Amount	Percent
2016	\$ 1,774,008,268	\$ 205,598,190	13.11%
2017	1,963,766,966	189,758,698	10.70%
2018	2,103,729,572	139,962,606	7.13%
2019	2,143,330,485	39,600,913	1.88%
2020	2,276,524,688	133,194,203	6.21%
2021	2,403,189,973	126,665,285	5.56%
2022	2,701,807,939	298,617,966	12.43%
2023	3,033,204,282	331,396,343	12.27%
2024	3,240,529,338	207,325,056	6.84%
2025	3,452,498,417	211,969,079	6.54%

^(a) Excludes freeze.

Source: Denton & Tarrant Appraisal Districts and Denton County Tax Assessor/Collector

DIRECT AND OVERLAPPING DEBT DATA INFORMATION**TABLE 15***(As of November 1, 2025)*

<u>Taxing Body</u>	Gross Debt	%	Amount
	<u>Principal</u>	<u>Overlapping</u>	<u>Overlapping</u>
Carroll ISD	\$ 233,465,000	0.13%	\$ 303,505
Denton County	758,115,000	1.54%	11,674,971
Northwest Independent School District	2,988,390,000	6.84%	204,405,876
Tarrant County	314,050,000	0.05%	157,025
Tarrant Co College District	547,535,000	0.05%	273,768
Tarrant County Hospital District	431,255,000	0.05%	215,628
Trophy Club MUD #1	<u>3,875,000</u>	79.08%	<u>3,064,350</u>
Total Overlapping Debt Principal	\$ 5,276,685,000		\$ 220,095,122
Town of Trophy Club	\$ 27,435,000		<u>27,435,000</u>
Total Gross Direct and Overlapping Debt Principal	\$ 5,304,120,000		\$ 247,530,122

Ratio of Direct and Overlapping Debt Principal to 2025 Freeze Adjusted Net Taxable Assessed Valuation 8.92%

Ratio of Direct and Overlapping Debt Principal to 2025 Actual Market Value 6.34%

Per Capita Gross Direct and Overlapping Debt \$ 17,165.75

Source: Texas Municipal Report published by the Municipal Advisory Council of Texas.

ASSESSED VALUATION AND TAX RATE OF OVERLAPPING ENTITIES**TABLE 16**

<u>Governmental Entity</u>	2025 Net Taxable <u>Assessed Valuation</u>	% of Actual	2025 <u>Tax Rate</u>
Carroll ISD	\$ 13,481,728,719	100%	\$ 0.929
Denton County	207,194,614,856	100%	0.186
Northwest Independent School District	40,340,632,373	100%	1.084
Tarrant County	270,399,494,519	100%	0.186
Tarrant County College District	318,101,850,405	100%	0.112
Tarrant County Hospital District	291,752,752,439	100%	0.183
Trophy Club MUD #1	2,736,501,304	100%	0.063

Source: Most recent Texas Municipal Reports published by The Municipal Advisory Council of Texas.

**AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS OF
DIRECT AND OVERLAPPING GOVERNMENTAL ENTITIES**

TABLE 17

(As of November 1, 2025)

Taxing Body	Date Authorized	Purpose	Amount Authorized	Issued To Date	Unissued ^{(a) (b)}
Carroll ISD	None				
Denton County	05/15/04	Equipment	\$ 2,000,000	\$ -	\$ 2,000,000
	11/08/22	Streets & Roads	650,000,000	327,909,375	322,090,625
			\$ 652,000,000	\$ 327,909,375	\$ 324,090,625
Northwest ISD	05/06/23	School Building	\$ 1,672,193,000	\$ 1,298,445,000	\$ 373,748,000
	05/06/23	Technology	21,752,000	-	21,752,000
			\$ 1,693,945,000	\$ 1,298,445,000	\$ 395,500,000
Tarrant County	08/08/98	Justice Center/Healthcare/Jail	\$ 94,300,000	\$ 78,700,000	\$ 15,600,000
	05/13/06	Road/Buildings/Jail/Detention	433,120,000	418,120,000	15,000,000
	11/02/21	Road	400,000,000	225,000,000	175,000,000
			\$ 927,420,000	\$ 721,820,000	\$ 205,600,000
Tarrant County College District	11/05/19	College Facility	\$ 825,000,000	\$ 700,000,000	\$ 125,000,000
Tarrant County Hospital District	11/06/18	Hospital	\$ 800,000,000	\$ 450,000,000	\$ 350,000,000
Trophy Club MUD #1	None				

^(a) Includes premiums received in connection with these obligations which the County has elected to apply all to the voted authorization, thereby reducing the unissued balance to the amount indicated above.

^(b) Excludes authorizations from election propositions deemed too old or too small.

Source: The most recent Texas Municipal Reports published by The Municipal Advisory Council of Texas.

AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS OF THE ISSUER

TABLE 18

Trophy Club, Town of None

Source: The Municipal Advisory Council of Texas and the Issuer.

**GENERAL FUND COMBINED STATEMENT OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCES**

TABLE 19

	Fiscal Year Ended September 30				
	2024	2023	2022	2021	2020
Revenues:					
Ad Valorem Taxes	\$ 9,004,625	\$ 8,630,785	\$ 7,726,035	\$ 7,396,475	\$ 7,031,351
Sales and Beverage Taxes	1,788,866	1,613,746	1,563,799	1,383,994	1,158,083
Franchise Taxes	1,029,212	1,016,222	908,033	869,212	850,543
Licenses, Permits, Fees and Fines	356,502	253,027	280,222	284,500	479,513
Intergovernmental	1,877,504	1,545,538	1,601,173	1,363,876	2,005,341
Charges for Services	1,653,680	1,519,212	1,466,610	1,424,580	292,490
Fines and Fees	479,580	412,199	604,702	328,220	128,166
Lease revenue	105,010	107,834	83,834	-	-
Interest revenue - leases	15,712	20,188	24,288	-	-
Investment Income	976,294	639,154	86,193	29,353	75,137
Other Revenue	354,916	19,580	5,172	28,680	226,751
Total Revenues	\$ 17,641,901	\$ 15,777,485	\$ 14,350,061	\$ 13,108,890	\$ 12,247,375
Expenditures:					
Current:					
General Government	\$ 121,571	\$ 216,004	\$ 208,687	\$ 153,888	\$ -
Manager's Office	473,438	758,661	620,172	973,427	682,231
Town Secretary	208,835	-	-	-	-
Mayor and Council	7,662	-	-	-	-
Human Resources	351,267	268,107	216,058	287,521	428,851
Finance	608,058	504,727	583,304	528,002	601,249
Information Services	572,452	641,317	492,761	595,432	621,055
Legal	138,548	159,807	189,141	118,756	102,606
Municipal Court	248,929	90,063	253,549	47,930	77,456
Police	3,913,375	3,371,490	3,058,897	2,843,717	2,500,524
Fire	1,834,130	1,571,944	1,446,680	1,357,987	1,256,964
Emergency Medical Services	1,646,247	1,453,750	1,513,238	1,284,482	1,219,728
Facilities Management	1,501,274	1,425,314	1,460,399	450,853	336,161
Parks and recreation	2,421,524	2,302,847	2,129,947	1,918,606	2,041,863
Community Development	510,709	483,392	447,720	526,177	491,941
Tourism	-	256,975	241,108	197,113	-
Streets	328,921	-	-	-	192,608
Sanitation	-	-	-	1,057,653	-
Capital Outlay	248,584	317,822	880,998	336,942	-
Debt Service:					
Principal	6,002	10,165	10,926	-	88,205
Interest and Fiscal Charges	1,696	-	-	-	3,247
Total Expenditures	\$ 15,143,222	13,832,385	\$ 13,753,585	\$ 12,678,486	\$ 10,644,689
Excess (Deficit) of Revenues Over Expenditures	\$ 2,498,679	\$ 1,945,100	\$ 596,476	\$ 430,404	\$ 1,602,686
Other Financing Sources (Uses):					
Operating Transfers In	\$ 151,500	\$ 151,500	\$ 175,316	\$ 156,082	\$ 61,500
Operating Transfers Out	(255,487)	(95,254)	(91,293)	(530,153)	-
Capital Lease Proceeds	-	-	-	-	-
Sale of General Capital Assets	8,274	44,208	60,142	-	32,213
Insurance Recoveries or Issuance of Leases	-	26,383	-	-	27,769
Total Other Financing Sources (Uses)	\$ (95,713)	\$ 126,837	\$ 144,165	\$ (374,071)	\$ 121,482
Excess (Deficit) of Revenues/Other Sources Sources Over Expenditures/Other Uses	2,402,966	2,071,937	740,641	56,333	1,724,168
Beginning Fund Balance	10,416,334	8,344,397	7,603,756	7,547,423 ^(a)	5,823,253
Ending Fund Balance	<u>\$ 12,819,300</u>	<u>\$ 10,416,334</u>	<u>\$ 8,344,397</u>	<u>\$ 7,603,756</u>	<u>\$ 7,547,421</u>
Less: Constraints on Fund Balance					
Reservations of Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	-	-	-	(2,609)
Restricted	-	-	-	-	-
Assigned for capital expenditures	-	-	-	-	-
Committed for Police	-	-	-	-	(169,592)
Total Assigned Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (172,201)</u>
Ending Unreserved Fund Balance	<u>\$ 12,819,300</u>	<u>\$ 10,416,334</u>	<u>\$ 8,344,397</u>	<u>\$ 7,603,756</u>	<u>\$ 7,375,220</u>

2025 Estimated General Fund Balance \$11,000,000.

Note: The expected draw down in fund balance is due to a Council directed transfer of \$3,000,000 into the Capital Improvement Fund.

^(a) Restated (See Note I. RESTATEMENT in the Annual Comprehensive Financial Report)

Source: The Issuer's Audited Financial Statements and additional information from the Issuer.

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APPENDIX B

**GENERAL INFORMATION REGARDING THE TOWN OF TROPHY CLUB
AND DENTON COUNTY, TEXAS**

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GENERAL INFORMATION REGARDING THE TOWN OF TROPHY CLUB AND DENTON COUNTY, TEXAS

General:

The Town of Trophy Club, Texas incorporated in 1985 as Texas' first premier master planned community, is located in the North Central portion of Texas. It is an affluent suburb of the Dallas-Fort Worth metroplex. The Town currently occupies a land area of just over 4 square miles and serves a growing population. The Town is empowered to levy a property tax on real property located within its boundaries. The Town has a median household income of \$193,026 and a median housing value of \$617,000. The Town's current estimated population estimate is 14,420.

Source: North Central Texas Council of Governments and the Annual Comprehensive Financial Report.



Population Trends:

<u>Census Report</u>	<u>Town of Trophy Club</u>	<u>Denton County</u>
Current Estimate	14,420	1,068,355
2020	13,688	906,422
2010	10,500	662,614
2000	6,350	432,976
1990	3,922	273,525
1980	N/A	143,126

Sources: North Central Texas Council of Governments and the Issuer.

Principal Employers in the Town of Trophy Club:

<u>Employer</u>	<u>Product or Type of Business</u>	<u>Number of Employees (2024)</u>
Northwest Independent School District	Public School District	415
Baylor Medical Center at Trophy Club	Healthcare Services	230
Trophy Club Country Club	Country Club and Golf Course	205
Tom Thumb	Retail Grocery	202
Town of Trophy Club*	Municipal Government	108
HG Supply Co.	Restaurant	100
Hutchins	Municipal Government	85
Fellowship United Methodist Church	Church	39
Premier Academy – Trophy Club	Pre School	35
The Church at Trophy Lakes	Church	30

**Includes Full Time, Part Time, and Seasonal*

Source: The Issuer's Annual Comprehensive Financial Report.

Trophy Club Public Improvement District

Trophy Club Public Improvement District No. 1 (the "PID") was created principally to finance certain improvement projects for the remaining portions of the residential component of a master-planned residential community located within the boundaries of the Town known as "The Highlands at Trophy Club" (the "Development"). The PID is located entirely within the Town limits and is not a political subdivision of the State and does not function as an autonomous entity, but rather is a part of the Town. The PID is also located within the boundaries of the Development and contains approximately 610 of the 697 acres of the Development, and is located generally to the north of Oakmont Drive, Oak Hill Drive and the Quorum Condominiums, east of the Lakes Subdivision and Parkview Drive, south of the Corps of Engineer's property and west of the Town's eastern limit. The District contains approximately 129 acres of land for parks and open space. Hiking and biking trails are located within the open spaces, as well as cart path access to the Trophy Club Country Club. Pocket parks surround the hiking and biking trails, which parks include benches, gazebos, picnic tables and activity areas for children, along with other small park amenity items.

DENTON COUNTY

General

The County of Denton, established in 1846, is located in the north central part of the state, which is considered a top growth area in the state, and one of the top growth areas in the country. The County of Denton currently occupies a land area of 911 square miles and serves a estimated population of 1,068,355 according to the North Central Texas Council of Governments. The County of Denton is empowered to levy a property tax on both real and personal property located within its boundaries.

The economic outlook for Denton County remains very positive for the near future. Major industrial investments in the past, which include Alliance Airport, Wal-Mart, Target, Aldi, Winco distribution centers, and the Texas Motor Speedway continue to attract additional development in the County. There also have been major investments in the County by the healthcare profession with several major hospitals undergoing significant expansions. Other business are relocating from other areas in the country to Denton County including the recently opened PGA Headquarters, which is expected to add over \$24 Billion to the tax base once all the development surrounding it is complete. The Omni PGA Frisco Resort recently opened which is adding over 1000 jobs to the area. The southern and western sections of the County continue to add businesses and housing. The retail industry continues to expand throughout Denton County as the population of the County continues to grow steadily. Denton County's two major universities, the University of North Texas and Texas Woman's University, continue to turn out a large number of skilled graduates each year, and enrollment at these schools continues to increase significantly each year. The University of North Texas is the third largest university in Texas in terms of enrollment with 46,940 students combined with over 16 thousand at Texas Woman's University. This labor supply, combined with air, rail and highway transportation centers, adds assurance to the County's continued economic growth.

Source: Texas Municipal Report and information from the Denton County, Texas Annual Comprehensive Financial Report.

Labor Force Statistics:

	Denton County		State of Texas	
	August <u>2025</u>	August <u>2024</u>	August <u>2025</u>	August <u>2024</u>
Civilian Labor Force	603,666	599,081	15,857,279	15,687,839
Total Employed	578,036	574,489	15,213,480	15,033,023
Total Unemployed	25,630	24,592	643,799	654,816
% Unemployed	4.2%	4.1%	4.1%	4.2%
% Unemployed (United States)	4.3%	4.2%	4.3%	4.2%

Source: Texas Workforce Commission, Labor Market Information Department.

APPENDIX C

FORM OF LEGAL OPINION OF BOND COUNSEL

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[Form of Bond Counsel Opinion]

[Date]

\$7,880,000
TOWN OF TROPHY CLUB, TEXAS
COMBINATION TAX AND
REVENUE CERTIFICATES OF OBLIGATION,
SERIES 2025

WE HAVE represented the Town of Trophy Club, Texas (the “Issuer”), as its bond counsel in connection with an issue of certificates of obligation (the “Certificates”) described as follows:

TOWN OF TROPHY CLUB, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2025, dated November 1, 2025, in the principal amount of \$7,880,000.

The Certificates mature, bear interest, are subject to redemption prior to maturity and may be transferred and exchanged as set out in the Certificates and in the ordinance adopted by the Town Council of the Issuer authorizing their issuance (the “Ordinance”).

WE HAVE represented the Issuer as its bond counsel for the purpose of rendering an opinion with respect to the legality and validity of the Certificates under the Constitution and laws of the State of Texas and with respect to the excludability of interest on the Certificates from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Certificates. Our role in connection with the Issuer’s Official Statement prepared for use in connection with the sale of the Certificates has been limited as described therein.

IN OUR CAPACITY as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Certificates, on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the Issuer; customary certificates of officers, agents and representatives of the Issuer and other public officials and other certified showings relating to the authorization and issuance of the Certificates. We also have analyzed

such laws, regulations, guidance, documents and other materials as we have deemed necessary to render the opinions herein. We have also examined executed Certificate No. 1 of this issue.

In providing the opinions set forth herein, we have relied on representations and certifications of the Issuer and other parties involved with the issuance of the Certificates with respect to matters solely within the knowledge of the Issuer and such parties, which we have not independently verified. In addition, we have assumed for purposes of this opinion continuing compliance with the covenants in the Ordinance, including, but not limited to, covenants relating to the tax-exempt status of the Certificates.

BASED ON SUCH EXAMINATION AND IN RELIANCE ON SUCH REPRESENTATIONS, CERTIFICATIONS, AND ASSUMPTIONS, IT IS OUR OPINION THAT:

- (A) The transcript of certified proceedings evidences complete legal authority for the issuance of the Certificates in full compliance with the Constitution and laws of the State of Texas presently effective and, therefore, the Certificates constitute valid and legally binding obligations of the Issuer;
- (B) A continuing ad valorem tax upon all taxable property within the Issuer necessary to pay the principal of and interest on the Certificates, has been levied and pledged irrevocably for such purposes, within the limit prescribed by law, and the total indebtedness of the Issuer, including the Certificates, does not exceed any constitutional, statutory or other limitations. In addition, the Certificates are further secured by a limited pledge of the surplus net revenues of the Issuer's municipal drainage utility system as provided in the Ordinance; and
- (C) Interest on the Certificates is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended. In addition, interest on the Certificates is not an item of tax preference for purposes of the alternative minimum tax on individuals, but we observe that such interest is taken into account in computing the alternative minimum tax on certain corporations.

The rights of the owners of the Certificates are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

We express no opinion as to the amount or timing of interest on the Certificates or, except as stated above, to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or the acquisition, ownership or disposition of, the Certificates. This opinion is specifically

limited to the laws of the State of Texas and, to the extent applicable, the laws of the United States of America. Further, in the event that the representations of the Issuer and other parties upon which we relied are determined to be inaccurate or incomplete or the Issuer fails to comply with the covenants of the Ordinance, interest on the Certificates could become includable in gross income for federal income tax purposes from the date of the original delivery of the Certificates, regardless of the date on which the event causing such inclusion occurs.

Our opinions are based on existing law and our knowledge of facts as of the date hereof and may be affected by certain actions that may be taken or omitted on a later date. We assume no duty to update or supplement our opinions, and this opinion letter may not be relied upon in connection with any changes to the law or facts, or actions taken or omitted, after the date hereof.

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APPENDIX D

FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

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Town of Trophy Club, Texas

Annual Comprehensive Financial Report

For the Fiscal Year Ended September 30, 2024

Prepared by Town of Trophy Club Finance Department



TOWN OF
TROPHY CLUB

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Introductory Section (Unaudited)





Town of Trophy Club
1 Trophy Wood Drive
Trophy Club, TX 76262
Phone (682) 237-2900
Fax (682) 237-2996

February 18, 2025

To the Honorable Mayor,
Members of the Town Council, and
Citizens of the Town of Trophy Club, Texas

The Finance Department of the Town of Trophy Club has prepared a comprehensive set of financial statements in strict compliance with Generally Accepted Accounting Principles (GAAP). These statements have been rigorously audited by an independent firm of certified public accountants, following the standards of Generally Accepted Auditing Standards (GAAS). We are pleased to present the Annual Comprehensive Financial Report (ACFR) for the Town of Trophy Club, Texas, for the fiscal year ended September 30, 2024.

This report reflects the Town's management representations regarding its financial position and activities. Management assumes full responsibility for the accuracy, completeness, and integrity of all information presented within this document. To support these representations, the Town's management has established a comprehensive internal control framework. This framework is designed to both safeguard the Town's assets against loss, theft, or misuse and ensure the accurate and reliable preparation of the Town's financial statements in compliance with Generally Accepted Accounting Principles (GAAP).

It is important to acknowledge that while internal controls are essential, they are intended to provide reasonable, rather than absolute, assurance regarding the prevention and detection of material misstatements. The Town's internal control framework strives to achieve this balance, ensuring that the financial statements are free from material misstatement to the extent possible. Management affirms that, to the best of our knowledge and belief, this financial report is complete, accurate, and reliable in all material respects.

In accordance with the Town Charter, the Town's financial records have been meticulously prepared by the finance department and audited by Forvis Mazars, LLP, Certified Public Accountants. This Annual Comprehensive Financial Report (ACFR) is based on the results of that audit. The primary purpose of the independent audit is to provide reasonable assurance that the Town's financial statements accurately and fairly represent, in all material respects, the financial position and activities for the fiscal year ended September 30, 2024.

The independent audit included a thorough examination, on a sample basis, of evidence supporting the amounts and disclosures in the financial statements. Additionally, it involved an evaluation of the accounting principles used, significant estimates made by management, and the overall presentation of the financial statements. Upon completion of this rigorous process, the independent auditor issued unmodified opinions, affirming that the Town's financial statements for the fiscal year ended September 30, 2024, are presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditor's report is included as the first component of the financial sections of this report.

In compliance with GAAP, management is required to provide a narrative introduction, overview, and analysis of the financial statements, referred to as the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. For ease of reference, the Town's MD&A immediately follows the independent auditor's report in this document.

Profile of the Town

Founded in 1985 as Texas' first master-planned community, the Town of Trophy Club is located in North Central Texas and has emerged as a significant hub of growth both within the state and nationally. Spanning just over 4 square miles, the Town serves a thriving population of approximately 13,666 residents. With the authority to levy property taxes on real estate within its jurisdiction, Trophy Club is characterized by a robust median household income of \$193,026 and a median home value of \$724,500. Since 2004, Trophy Club has operated as a Home Rule municipality under the council-manager form of government. Charter amendments ratified on May 11, 2013, affirm the Town Council's role as the primary policy-making and legislative body, comprising the Mayor and six Council Members. The Council's responsibilities include adopting ordinances, approving budgets, appointing boards and committees, and selecting key Town officials such as the Town Manager, Town Secretary, Municipal Judge, and Town Attorney. The Council functions on a non-partisan basis.

In alignment with charter amendments adopted on May 9, 2009, Council members are elected at-large by place and serve three-year terms or until their successors are elected and qualified. Each member represents a designated Place (e.g., Place 1, Place 2, etc.). Furthermore, the Charter limits the Mayor and Council Members to a maximum of six consecutive years in full elected terms.

The Town Manager is charged with implementing the policies and ordinances established by the Town Council, managing daily governmental operations, and appointing department heads to oversee the Town's various departments.

Trophy Club provides a full range of municipal services, including general government operations, public safety, street maintenance, parks and recreation, planning and zoning, code enforcement, and drainage utilities. Water and wastewater services are managed separately by Trophy Club Municipal Utility District #1, ensuring essential infrastructure support for the community.

Local Economy

Trophy Club is widely recognized for its rapid growth, a hallmark that has earned recognition from both the Dallas Business Journal and the Fort Worth Builders Association. Strategically situated between DFW International Airport and Alliance Airport, Trophy Club's location offers unparalleled convenience for businesses, residents, and commuters traveling to Dallas, Denton, Las Colinas, and Fort Worth. Despite its proximity to major metropolitan areas, the Town maintains a charming small-town atmosphere, nestled in a picturesque setting. Trophy Club is celebrated for its exceptional quality of life, supported by outstanding educational institutions, recreational amenities, and two premier 18-hole golf courses, including the only course designed by the legendary Ben Hogan.

The broader North Texas region thrives with a diverse economy anchored by research institutions, logistics, oil and gas, manufacturing, and industrial sectors, all supported by a robust professional services base. This economic diversity contributes to a relatively stable unemployment rate. As of September 2024, the Dallas/Fort Worth area's unemployment rate stood at 3.9%, compared to the national average of 4.2%, according to the Bureau of Labor Statistics. Approximately half of the local workforce is engaged in management, professional, and related occupations, further reflecting the region's economic vitality.

Trophy Club has taken deliberate and strategic steps to position itself for a prosperous future within the dynamic DFW and Alliance corridor. Over the past decade, the Town has issued more than 452 building permits for high-end residential homes, underscoring its commitment to growth and development. In fiscal year 2024 alone, the Town approved 14 new residential building permits valued at \$13,926,026.03. Additionally, there were 12 commercial projects completed with a total valuation of \$2,778,654, along with 17 residential remodel and update projects valued at \$624,500.

The Town's tax base has consistently strengthened, surpassing \$3.1 billion in net taxable value in 2024. This solid foundation is further bolstered by a thriving business environment along the Highway 114 corridor. Trophy Club continues to benefit from businesses establishing a presence within its borders and professionals relocating to the area, contributing to the local workforce and economy.

Long-Term Financial Planning

As part of its commitment to sound financial stewardship and strategic long-term planning, the Town has undertaken significant initiatives to optimize its debt structure and invest in critical infrastructure. In December 2015, the Town refunded the Trophy Club Public Improvement District #1 (PID) bonds, resulting in over \$16.4 million in savings for PID residents over the life of the debt. Similarly, in August 2020, the Town refunded \$3,550,000 in Certificates of Obligation Bonds, achieving \$500,000 in savings over the remaining 10-year term.

In FY 2023, the Town issued \$7 million in debt to address long-term needs in key areas, including streets, parks, and drainage. This strategic investment reflects the Town's proactive approach to maintaining and enhancing essential infrastructure to support current and future residents.

Building on these efforts, the Town has prioritized the revamp of its Capital Improvement Plan (CIP) in FY 2024. This comprehensive update will serve as a roadmap for future infrastructure projects, ensuring that resources are allocated effectively to meet the Town's evolving needs and sustain its high quality of life. Along with the CIP, the Town Council approved a Debt Financing Plan & Tax Rate Goal policy that anticipates future debt borrowing to address capital needs through FY 2040, all achievable within a maximum tax rate to support debt service of \$0.105.

Budgeting Process

The Town of Trophy Club utilizes a program-based budgeting process to ensure fiscal responsibility and efficient allocation of resources. Each budget unit includes expenditures associated with services and supplies as outlined in the prior year's budget. Personnel-related expenditures are calculated and compiled by the Finance Department.

Any funding requests for new programs or expenditures beyond the base budget must be submitted as separate supplemental requests for evaluation. Capital expenditures are prioritized based on a comprehensive replacement schedule, assessed needs, and available resources, ensuring that the Town's assets are maintained and enhanced in a sustainable manner.

Revenue Projection

The process of projecting revenue for the upcoming fiscal year begins early in the current fiscal year. Departments responsible for generating revenues, in collaboration with the Finance Department, develop these projections. The estimates are based on consultations with state and local agencies, trend analyses, anticipated changes in the local and regional economy, and discussions with staff members directly involved in the revenue streams. While revenue projections are initially prepared early in the budget process, they remain fluid and are refined throughout departmental budget development, with adjustments made as new information becomes available.

Proposed Budget Analysis/Compilation

The Finance Department compiles a preliminary departmental budget to present to the Budget Team, which includes the Town Manager and the Director of Finance. During budget discussions, department directors are required to justify and provide clarity on their budgetary needs.

With revenue projections and baseline funding requirements as guiding factors, budget adjustments are made based on necessity and priority. A total recommended funding level is determined and aligned with available financial resources to ensure fiscal balance and operational efficiency.

Proposed Budget Development

The Town Manager prepares and submits the annual budget to the Town Secretary for the upcoming fiscal year. The proposed budget is designed to ensure that, for each fund, operating revenues and resources are at least equal to or exceed operating expenditures. The Town Manager's budget message provides an overview of funding requirements, significant program changes, and alternative funding solutions, serving as a strategic guide for decision-making.

Town Council Budget Study

From May through budget adoption, the Town Council conducts an in-depth review of each fund, along with supplementary materials, capital replacement schedules, and the five-year Capital Improvement Program. This process allows Council Members to evaluate budget items thoroughly and provide guidance on priorities before the final submission of the proposed budget.

Capital Program

As required by Section 9.08 of the Town Charter, the Town Manager prepares and submits a five-year Capital Improvement Plan (CIP) to the Council annually, no later than August 1. This program is reviewed, updated, and extended each year to reflect pending capital improvements, ongoing projects, and planned acquisitions, ensuring alignment with the Town's long-term goals and priorities.

Public Hearing/Budget Adoption

Public hearings on the proposed budget and, if applicable, the tax rate are held in August and September, allowing citizens to provide formal input. Additionally, residents may attend Town Council budget work sessions from May through the adoption of the budget. Following deliberations and the public hearing(s), the Town Council adopts the budget and sets a tax rate to support approved funding levels in September.

In accordance with the Town Charter, if no action is taken by the Town Council before the fiscal year-end on September 30, the prior years budget continues on a month-to-month basis until a new budget is adopted.

Compilation of Adopted Budget/Budget Maintenance

The adopted budget is compiled and published early in the new fiscal year, with an amended proposed budget made available for public inspection in October. Ledger accounts are prepared for the new fiscal year prior to October 1.

Budget maintenance is an ongoing process carried out by both divisions/departments and the Finance Department. Expenditure reviews are conducted monthly by Finance staff to ensure spending controls. During the budget process, departments provide current-year revenue and expenditure estimates to support accurate planning.

Finally, program goals, objectives, and performance measures are assessed during budget implementation to evaluate the effectiveness of activities and determine appropriate funding levels for future years.

Relevant Financial Policies

The Town's Investment Policy, created by staff, was developed to comply with Chapter 2256 of the Government Code, known as the Public Funds Investment Act. This Act requires the Town of Trophy Club to adopt a written investment policy governing the management of its funds. The policy outlines the methods, procedures, and practices necessary to ensure the effective and prudent fiscal management of the Town's resources. In recognition of its quality, the Town's Investment Policy was awarded the Government Treasurers' of Texas Certificate of Distinction for Investment Policy in June 2011.

In April 2024, the Town Council adopted a Financial Reserves Policy, establishing new fund balance categories in alignment with Governmental Accounting Standards Board (GASB) Statement No. 54. This policy also set a minimum unassigned fund balance goal for the General Fund at 45% of annual operating expenditures, providing a strong foundation for fiscal stability.

Additionally, in September 2016, the Town implemented updated purchasing policies as well as revised travel and training policies, ensuring alignment with best practices and the Town's operational needs.

Major Initiatives

The Town Council remains dedicated to its strategic planning process, which serves as the cornerstone for identifying and achieving long-term goals and objectives. Each year, the Council convenes in strategic planning retreats to review, refine, and align its priorities with the evolving needs of the community.

In FY 2024, the Town launched its new Strategic Plan for 2025–2030, a comprehensive framework designed to advance key priorities over the next five years. This plan emphasizes enhancing community development, ensuring financial sustainability, and improving the delivery of high-quality services. The Strategic Plan is fully integrated into the Town's Business Plan and Department Work Plans, which are utilized in budget planning, resource allocation, and the implementation of services and programs.

As part of its efforts to support local businesses and foster economic growth, the Town, in partnership with the Economic Development Corporation (EDC), introduced the Thrive Business Grant program. This initiative offers targeted funding to local businesses, promoting innovation, resilience, and economic vitality within the community.

In addition, the Town has prioritized future growth and land use planning through the creation of a Small Area Plan for the 114 corridor. This plan will serve as a detailed roadmap for development along this key economic and transportation corridor, focusing on strategic land use, infrastructure enhancements, and opportunities for economic development. By balancing thoughtful planning with community needs, the Small Area Plan aims to ensure sustainable growth while preserving the Town's unique character and quality of life.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) of the United States and Canada awarded the Town of Trophy Club the Certificate of Achievement for Excellence in Financial Reporting for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2023. This marks the 14th consecutive year the Town has received this prestigious recognition.

To earn this award, a government must publish an ACFR that is both easily readable and efficiently organized while meeting generally accepted accounting principles (GAAP) and all applicable legal requirements. The Certificate of Achievement is valid for one year, and we believe our current ACFR continues to meet the program's high standards. We have submitted it to the GFOA for review to determine its eligibility for another certificate.

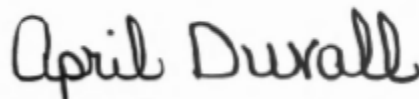
The preparation of this report is a testament to the unwavering dedication of the Finance Department staff. We extend our deepest gratitude to the entire team for their diligence and expertise. We also wish to thank the representatives of Forvis Mazars LLP, Certified Public Accountants, for their invaluable support and professional guidance.

Finally, we offer special recognition to the Mayor and Town Council members for their steadfast commitment to excellence in financial stewardship. Their leadership and unwavering support have been essential in maintaining the highest standards of professionalism in the management of the Town's finances and the successful completion of this report.

Respectfully submitted,

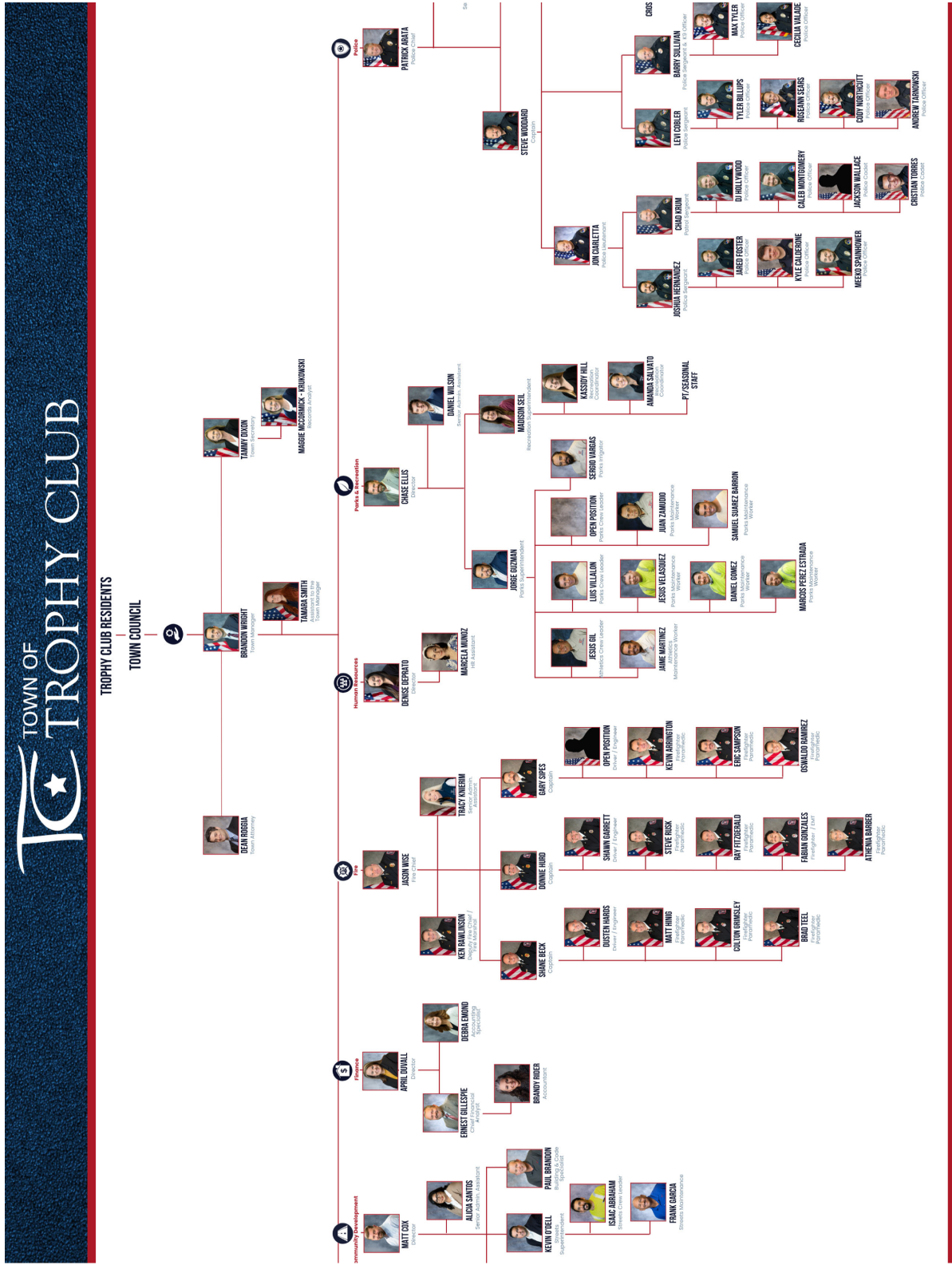


Brandon Wright
Town Manager



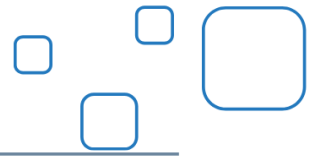
April Duvall
Director of Finance







TOWN COUNCIL



JEANNETTE TIFFANY
Mayor



STACEY BAUER
Place 1



JEFF BEACH
Place 2



DENNIS SHERIDAN
Place 3



RHYLAN ROWE
Place 4



OPEN POSITION
Place 5



STEVE FLYNN
Mayor Pro Tem and
Place 6



TOWN MANAGER'S OFFICE



BRANDON WRIGHT
Town Manager



DEAN ROGGIA
Town Attorney



TAMMY DIXON
Town Secretary



TAMARA SMITH
Assistant to the Town
Manager



MAGGIE MCCORMICK - KRUKOWSKI
Records Analyst

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Trophy Club
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2023

Christopher P. Morill

Executive Director/CEO





Financial Section



Independent Auditor's Report

The Honorable Mayor and Members of the Town Council
Town of Trophy Club, Texas
Trophy Club, Texas

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Trophy Club, Texas (Town), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town as of September 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Town, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 Town's ability to continue as a going concern for 12 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

Our 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 our 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 GAAS 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 GAAS, we:

- 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 Town'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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are 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 we 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, budgetary comparisons, pension, and other postemployment benefit information 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. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Forvis Mazars, LLP

**Dallas, Texas
February 18, 2025**



Town of Trophy Club, Texas
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2024

As management of the Town of Trophy Club, Texas (Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-v of this report.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$69,360,557 (net position). The unrestricted net position, which represents the amounts available to meet the Town's ongoing obligations to citizens and creditors, was \$28,158,082.
- The Town's total net position increased \$2,834,579 primarily because of increases in property tax valuations and increased investment earnings.
- At the close of the current fiscal year, the Town's governmental funds reported combined fund balances of \$32,879,923, an increase of \$3,852,921 in comparison with the prior year. Of this amount, \$12,376,571, or 38%, is available for spending at the government's discretion (unassigned fund balance). The increase in combined fund balance is primarily due to increased property tax valuations and increased investment earnings.
- At the end of the current fiscal year, unrestricted fund balance for the general fund was \$12,376,571, or approximately 82% of total general fund expenditures.
- At the close of the current fiscal year, the Town's enterprise funds reported combined net position balances of \$4,082,865, an increase of \$422,631 in comparison with the prior year. The increase is due primarily to operations and to transfers in from the governmental funds for debt service payments.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. Two statements, the Statement of Net Position and the Statement of Activities, are utilized to provide this financial overview.

The statement of net position presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The difference between the four is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. Other non-financial factors, such as the Town's property tax base and the condition of the Town's infrastructure, need to be considered in order to assess the overall health of the Town.

Town of Trophy Club, Texas
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2024

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, police, emergency medical services, community development, parks and recreation, streets, court, council, and administration. Normally, these operations are financed by property taxes, sales taxes, and franchise fees. The business-type activities of the Town include Trophy Club Park and Storm Drainage Utility operations.

The government-wide financial statements include not only the Town itself (known as the primary government), but also the legally separate component unit, Economic Development Corporation, which the Town is financially accountable. Financial information for the component unit is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, the capital projects fund, and the PID No. 1, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in a separate section of the report.

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

Town of Trophy Club, Texas
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2024

Proprietary Funds

The Town's proprietary funds are all enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its Trophy Club Park and Storm Drainage Utility operations. All activities associated with providing such services are accounted for in these funds, including salaries and benefits, supplies and materials, repairs and maintenance, utilities, and other operating expenses. The Town's intent is that costs of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to a private enterprise.

Proprietary financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Trophy Club Park and Storm Drainage Utility. The Storm Drainage Utility is considered to be a major fund of the Town.

Component Unit

The Town maintains the accounting and financial statements for one discretely presented component unit, the Economic Development Corporation, which is displayed separately on the government-wide financial statements.

Notes to Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The required RSI includes a budgetary comparison schedule for the general fund and Public Improvement District No. 1 fund. In addition, it includes information concerning the Town's progress in funding its obligations to provide pension and OPEB benefits to its employees. Required supplementary information can be found immediately after the notes to the financial statements.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions and OPEB.

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$69,360,557, at the close of the most recent fiscal year.

Town of Trophy Club, Texas
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2024

Statement of Net Position:

The following table reflects the condensed Statement of Net Position.

	Governmental Activities		Business-type Activities		Totals	
	FY2024	FY2023	FY2024	FY2023	FY2024	FY2023
Current and other assets	\$ 52,606,227	\$ 51,194,650	\$ 2,324,511	\$ 2,030,858	\$ 54,930,738	\$ 53,225,508
Capital and lease assets, net	61,110,085	63,709,700	1,781,537	1,853,641	62,891,622	65,563,341
Total assets	113,716,312	114,904,350	4,106,048	3,884,499	117,822,360	118,788,849
Deferred outflows of resources	3,424,636	4,249,963	-	-	3,424,636	4,249,963
Other liabilities	4,665,060	4,755,975	23,183	48,797	4,688,243	4,804,772
Long-term liabilities	46,812,277	51,094,293	-	175,468	46,812,277	51,269,761
Total liabilities	51,477,337	55,850,268	23,183	224,265	51,500,520	56,074,533
Deferred inflows of resources	385,919	438,301	-	-	385,919	438,301
Net investment in capital assets	30,100,766	28,947,808	1,781,537	1,678,173	31,882,303	30,625,981
Restricted	9,320,172	8,185,798	-	-	9,320,172	8,185,798
Unrestricted	25,856,754	25,732,138	2,301,328	1,982,061	28,158,082	27,714,199
Total net position	\$ 65,277,692	\$ 62,865,744	\$ 4,082,865	\$ 3,660,234	\$ 69,360,557	\$ 66,525,978

Current and other assets increased by \$1.7 million from the prior year due primarily to increased cash and investment activity.

Long-term liabilities, which consist of bonds, compensated absences, net pension liability, and other postemployment benefit obligations, decreased by \$4.5 million from the previous year for governmental and business-type activities combined. The decrease is primarily due to the scheduled debt service payments.

A portion of the Town's net position, \$31,882,303, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, lease assets, and infrastructure), net of accumulated depreciation and amortization and less any related outstanding debt that was used to acquire those assets. The Town uses these capital and lease assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital and lease assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, \$9,320,172 represents resources that are subject to external restrictions on how they may be used. As of the end of the current year, the Town's unrestricted net position was a balance of \$28,158,082. The Town's overall net position increased \$2,834,579, from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Town of Trophy Club, Texas
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2024

Statement of Activities:

The following table provides a summary of the Town's changes in net position.

	Governmental Activities		Business-type Activities		Totals	
	FY2024	FY2023	FY2024	FY2023	FY2024	FY2023
Revenues:						
<i>Program revenues:</i>						
Charges for services	\$ 4,255,088	\$ 3,821,273	\$ 614,423	\$ 705,922	\$ 4,869,511	\$ 4,527,195
Operating grants and contributions	159,362	92,029	-	31,750	159,362	123,779
Total program revenues	4,414,450	3,913,302	614,423	737,672	5,028,873	4,650,974
<i>General revenues:</i>						
Property taxes	11,858,764	11,180,838	-	-	11,858,764	11,180,838
Sales and mixed beverage taxes	2,630,932	2,358,255	-	-	2,630,932	2,358,255
Franchise and local taxes	1,029,212	1,016,222	-	-	1,029,212	1,016,222
Occupancy tax	885,378	822,484	-	-	885,378	822,484
Other revenues	721,499	313,150	150	-	721,649	313,150
Investment Income	2,095,412	1,289,627	85,289	64,244	2,180,701	1,353,871
Total general revenues	19,221,197	16,980,576	85,439	64,244	19,306,636	17,044,820
Total revenues	23,635,647	20,893,878	699,862	801,916	24,335,509	21,695,794
Expenses:						
General government	632,029	899,894	-	-	632,029	899,894
Manager's office	486,130	782,210	-	-	486,130	782,210
Town secretary	212,947	-	-	-	212,947	-
Mayor & council	7,662	-	-	-	7,662	-
Human resources	357,993	278,174	-	-	357,993	278,174
Finance	617,969	518,064	-	-	617,969	518,064
Information services	598,600	673,596	-	-	598,600	673,596
Legal	138,548	159,807	-	-	138,548	159,807
Municipal court	250,929	92,313	-	-	250,929	92,313
Police	4,316,645	3,820,517	-	-	4,316,645	3,820,517
Fire	1,901,264	1,657,640	-	-	1,901,264	1,657,640
Emergency medical services	1,769,995	1,598,261	-	-	1,769,995	1,598,261
Facilities management	1,501,274	1,425,387	-	-	1,501,274	1,425,387
Parks and recreation	3,132,835	3,093,727	-	-	3,132,835	3,093,727
Community development	606,080	552,382	-	-	606,080	552,382
Tourism	382,094	653,518	-	-	382,094	653,518
Public works	2,762,037	2,358,623	-	-	2,762,037	2,358,623
Interest and fiscal charges on long-term debt	1,406,043	1,371,710	-	-	1,406,043	1,371,710
Storm Drainage Utility	-	-	284,437	176,590	284,437	176,590
Trophy Club Park	-	-	135,419	127,025	135,419	127,025
Total expenses	21,081,074	19,935,823	419,856	303,615	21,500,930	20,239,438
Increase in net position before transfers	2,554,573	958,055	280,006	498,301	2,834,579	1,456,356
Transfers	(142,625)	(156,342)	142,625	156,342	-	-
Change in net position	2,411,948	801,713	422,631	654,643	2,834,579	1,456,356
Net Position, Beginning	62,865,744	62,064,031	3,660,234	3,005,591	66,525,978	65,069,622
Net Position, Ending	\$ 65,277,692	\$ 62,865,744	\$ 4,082,865	\$ 3,660,234	\$ 69,360,557	\$ 66,525,978

Town of Trophy Club, Texas
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2024

Governmental Activities

For the year ended September 30, 2024, revenues from governmental activities totaled \$23.6 million. Property tax, grants and contributions, special assessments and sales tax are the Town's largest general revenue sources. Overall revenue increased \$2.7 million or 13% from the prior year. Property taxes remain the largest source of revenue at \$11.9 million in the current fiscal year. The rate charged to property tax owners has remained consistent, however, the assessed valuation has risen from approximately \$2.8 billion in 2023 to \$3.1 billion in the current year. Investment income increased by \$806 thousand or 62% due to the impact of the market and realization of higher interest rates. All other revenue sources remained relatively stable when compared to the previous year.

For the year ended September 30, 2024, expenses for governmental activities totaled \$21.1 million. This represents an increase of \$1.1 million or 5.7% from the prior year. The Town's largest expense category is public safety (police, fire, and emergency medical services), which totaled \$8.0 million at year-end and increased \$911 thousand from prior year due primarily to workers compensation adjustments, salary increases, and overtime. General Government decreased by \$268 thousand primarily due to decreased salary expenses. Manager's Office decreased by \$296 thousand primarily due to realignment of departments through the breakout of Town Secretary and Mayor & Council categories, which was previously reported with Manager's Office. All other expenses remained relatively consistent when compared to the previous year.

Business-type Activities

Business-type activities are shown comparing operating costs to revenues generated by related services. For the year ended September 30, 2024, charges for services by business-type activities totaled \$614 thousand and represents a decrease of \$91 thousand from prior. This is mostly due to decreased park activity. Total business-type activity expenses remained relatively consistent when compared to the previous year. The Storm Drainage Utility increased expenses by \$108 thousand for various small equipment purchases and salary increases. The Trophy Club Park increased their expenses by \$8 thousand primarily due to salary increases.

Financial Analysis of the Town's Funds

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds – The focus of the Town's governmental funds is to provide information of near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town's net resources available for discretionary use as it represents the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Town itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Town's Council.

Town of Trophy Club, Texas
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2024

At September 30, 2024, the Town's governmental funds reported combined fund balances of \$32.9 million, an increase of \$3.9 million, in comparison with the prior year. Approximately 38% of this amount, \$12.4 million, constitutes unassigned fund balance, which is available for spending at the Town's discretion. The remainder of the fund balance is either nonspendable, restricted, or committed to indicate that it is: 1) not in spendable form \$443 thousand; 2) restricted for particular purposes \$20.0 million; or 3) committed for a particular purpose \$29 thousand.

Analysis of Individual Funds

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was approximately \$12.4 million, while total fund balance increased to \$12.8 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents 82% of total general fund expenditures, while total fund balance represents 85 % of that same amount.

The fund balance of the Town's general fund increased by \$2.4 million during the current fiscal year. This increase is due to higher property valuations, the impact of the market and realization of higher interest rates and sales tax revenue coming in higher than anticipated.

The debt service fund had an ending fund balance of \$251 thousand at September 30, 2024, an increase of \$45 thousand when compared to the previous year. This increase is due to higher property valuations, the impact of the market and realization of higher interest rates. During the year, the fund recorded total principal and interest payments of \$2.7 million and property tax revenue of \$2.8 million. The fund also recorded \$178 thousand in transfers to other funds related to debt service payments.

The capital projects fund had an ending fund balance of \$10.7 million. The capital projects fund increased by \$90 thousand when compared to the previous year. The increase was due to increased investment income.

The PID No. 1 fund reflected an ending fund balance of \$4.2 million. The fund balance increased \$120 thousand, which is a result of special assessments and investment income exceeding debt service expenditures.

Proprietary Funds – The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position in the Town's major proprietary fund, the Storm Drainage Utility fund, totaled \$3.5 million, an increase of \$390 thousand from prior year. Unrestricted net position at the close of the fiscal year for the Town's storm drainage utility fund amounted to \$1.9 million. Total net investment in capital assets was \$1.6 million.

Town of Trophy Club, Texas
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2024

General Fund Budgetary Highlights

Total budgeted revenues of \$14,658,938 were less than actual revenues of \$17,641,901 resulting in a revenue variance of \$2,982,963. The variance was primarily the result of greater than estimated revenues from sales tax, intergovernmental revenues, and charges for services. Sales tax was over budget as the economy continues to recover from the pandemic. Intergovernmental revenue increased \$682,064, primarily due increases in both the fire assessments related to the Public Improvement District and transfers from the Municipal Utility District. Charges for services were more than estimated due to the inclusion of sanitation charges received during the year, previously netted with expenses. Total budgeted expenditures of \$17,444,903 were more than actual expenditures of \$15,143,222, resulting in a expenditure variance of \$2,301,681. The variance in total expenditures primarily related to facilities management and capital outlay expenditures for unbudgeted expenditures related to emergency repairs/replacement. Additionally, the manager's office department budgeted for capital projects that ultimately did not occur in the current fiscal year.

Capital and Lease Assets

As of the end of the year, the Town's governmental activities funds had invested \$61,110,085 in a variety of capital and lease assets and infrastructure, net of accumulated depreciation and amortization. The Town's business-type activities funds had invested \$1,781,537 in a variety of capital assets and infrastructure, net of accumulated depreciation. This investment in capital assets includes land, buildings, vehicles, machinery and equipment, storm drainage system, and infrastructure.

	Governmental Activities		Business-type Activities		Totals	
	FY2024	FY2023	FY2024	FY2023	FY2024	FY2023
Land	\$ 10,487,119	\$ 10,487,119	\$ -	\$ -	\$ 10,487,119	\$ 10,487,119
Construction in progress	2,197,624	2,197,624	-	-	2,197,624	2,197,624
Buildings	7,693,922	8,080,711	-	-	7,693,922	8,080,711
Improvements other than buildings	29,093,899	30,882,200	161,194	172,480	29,255,093	31,054,680
Machinery and equipment	798,046	712,808	63,554	73,289	861,600	786,097
Vehicles	1,034,858	1,108,397	-	-	1,034,858	1,108,397
Water system	2,985,821	3,161,697	-	-	2,985,821	3,161,697
Infrastructure	6,758,902	6,982,134	1,556,789	1,607,872	8,315,691	8,590,006
Lease Assets - Equipment	59,894	97,010	-	-	59,894	97,010
Totals	<u>\$ 61,110,085</u>	<u>\$ 63,709,700</u>	<u>\$ 1,781,537</u>	<u>\$ 1,853,641</u>	<u>\$ 62,891,622</u>	<u>\$ 65,563,341</u>

Major capital asset events during the current year include the following:

- Purchase of new vehicles for police.
- Improvements related to the Inverness Drive drainage system
- Purchase of new equipment for various departments across the Town

More detailed information about the Town's capital and lease assets is presented in the Note 4 to the financial statements.

Town of Trophy Club, Texas
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2024

Long-Term Debt

The Town's outstanding general obligation bonds, certificate of obligation bonds, and special assessment bonds, net of all premiums and discounts decreased by \$3.9 million for governmental activities and decreased by \$175 thousand for business-type activities, from the prior year.

	Governmental Activities		Business-type Activities		Totals	
	FY2024	FY2023	FY2024	FY2023	FY2024	FY2023
General obligation bonds	\$ 5,165,000	\$ 5,890,000	\$ -	\$ -	\$ 5,165,000	\$ 5,890,000
Certificates of obligation	16,800,000	18,040,000	-	175,000	16,800,000	18,215,000
Special assessment bonds	18,227,000	19,776,000	-	-	18,227,000	19,776,000
Premiums on bonds	3,093,541	3,423,086	-	468	3,093,541	3,423,554
Leases payable	49,294	85,745	-	-	49,294	85,745
Totals	<u>\$ 43,334,835</u>	<u>\$ 47,214,831</u>	<u>\$ -</u>	<u>\$ 175,468</u>	<u>\$ 43,334,835</u>	<u>\$ 47,390,299</u>

More detailed information about the Town's long-term liabilities is presented in Note 5 to the financial statements.

Economic Factors and Next Year's Budget and Rates

The Town of Trophy Club's land use remains predominantly residential, comprising approximately 90% of the area, with a smaller commercial component making up about 10%. Both residential and commercial development within the Town is largely built out. In fiscal year 2024, the Town issued 14 residential construction permits and one new commercial permit. Looking ahead, staff estimates future development will be limited, with projections of 30–50 additional residential permits and 3–4 large commercial permits.

The Town's fiscal year 2025 budget reflects an increase in total property tax revenue of \$904,831, or 8.7%, compared to the fiscal year 2024 budget. Of this amount, \$44,835 is attributed to new property added to the tax roll.

Key budgeted capital expenditures for fiscal year 2025 include:

- Replacement of fleet vehicles
- Inverness storm drainage improvements
- Bobcat traffic improvements
- Dedicated pickleball courts at Harmony Park
- Phase II of the pool remodel project

General Fund revenues for fiscal year 2025 are budgeted to increase by 12.80% over estimated revenues for fiscal year 2024, while expenditures are projected to rise by 14.30% over fiscal year 2024 estimates. Despite these changes, the fiscal year 2025 budget maintains the ad valorem tax rate at \$0.415469 per \$100 of assessed value, ensuring stability for taxpayers while supporting the Town's strategic initiatives and operational needs.

Contacting the Town's Financial Management

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Trophy Club Director of Finance, 1 Trophy Wood Drive, Trophy Club, Texas, 76262. This information can also be accessed on the Town of Trophy Club's website at www.trophyclub.org.



TOWN OF
TROPHY CLUB



TOWN OF
TROPHY CLUB

Basic Financial Statements

Town of Trophy Club, Texas
Statement of Net Position
September 30, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Economic Development Corporation
Assets and Deferred Outflows of Resources				
Assets				
Cash and cash equivalents	\$ 30,499,346	\$ 2,284,095	\$ 32,783,441	\$ 2,190,353
Investments	6,158,244	-	6,158,244	-
Taxes receivable, net	566,207	-	566,207	129,550
Special assessments receivable	15,080,873	-	15,080,873	-
Receivables, net	74,826	38,536	113,362	-
Due from other governments	7,505	-	7,505	-
Due from primary government	-	-	-	35,105
Notes receivable	-	-	-	149,250
Prepaid and other assets	2,950	1,880	4,830	-
Lease receivable	216,276	-	216,276	-
Capital assets not being depreciated	12,684,743	-	12,684,743	2,538,765
Capital and lease assets, net of accumulated depreciation/amortization	48,425,342	1,781,537	50,206,879	236,642
Total assets	113,716,312	4,106,048	117,822,360	5,279,665
Deferred Outflows of Resources				
Pension related	1,756,778	-	1,756,778	-
OPEB related	38,612	-	38,612	-
Deferred charge on refunding	1,629,246	-	1,629,246	-
Total deferred outflows of resources	3,424,636	-	3,424,636	-
Total assets and deferred outflows of resources	\$ 117,140,948	\$ 4,106,048	\$ 121,246,996	\$ 5,279,665

Town of Trophy Club, Texas
Statement of Net Position
September 30, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Economic Development Corporation
Liabilities, Deferred Inflows of Resources and Net Position				
Liabilities				
Accounts payable	\$ 926,916	\$ 21,872	\$ 948,788	\$ 8,221
Accrued liabilities	316,565	1,311	317,876	-
Unearned revenue	3,088,232	-	3,088,232	-
Due to component unit	35,105	-	35,105	-
Accrued interest payable - bonds	298,242	-	298,242	5,700
Noncurrent liabilities:				
Due within one year:				
Bonds payable	3,912,000	-	3,912,000	125,000
Leases payable	37,299	-	37,299	-
Compensated absences	366,899	-	366,899	-
Due in more than one year:				
Bonds payable	39,373,541	-	39,373,541	1,580,456
Leases payable	11,995	-	11,995	-
Compensated absences	40,767	-	40,767	-
Total OPEB liability	307,271	-	307,271	-
Net pension liability	2,762,505	-	2,762,505	-
Total liabilities	51,477,337	23,183	51,500,520	1,719,377
Deferred Inflows of Resources				
Pension related	55,764	-	55,764	-
OPEB related	133,677	-	133,677	-
Lease related	196,478	-	196,478	-
Total deferred inflows of resources	385,919	-	385,919	-
Net Position				
Net investment in capital assets	30,100,766	1,781,537	31,882,303	1,069,951
Restricted:				
Municipal court	84,077	-	84,077	-
Debt service	4,454,115	-	4,454,115	97,127
Economic development	-	-	-	2,393,210
Public safety	322,571	-	322,571	-
Street maintenance	508,672	-	508,672	-
Tourism	3,317,903	-	3,317,903	-
Parks	632,834	-	632,834	-
Unrestricted	25,856,754	2,301,328	28,158,082	-
Total net position	65,277,692	4,082,865	69,360,557	3,560,288
Total liabilities, deferred inflows of resources and net position	\$ 117,140,948	\$ 4,106,048	\$ 121,246,996	\$ 5,279,665

Town of Trophy Club, Texas
Statement of Activities
Year Ended September 30, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 632,029	\$ 321,820	\$ -	\$ -
Manager's office	486,130	-	-	-
Town secretary	212,947	-	-	-
Mayor & council	7,662	-	-	-
Human resources	357,993	-	-	-
Finance	617,969	-	-	-
Information services	598,600	-	-	-
Legal	138,548	-	-	-
Municipal court	250,929	349,697	-	-
Police	4,316,645	161,706	12,700	-
Fire	1,901,264	1,747,461	146,662	-
Emergency medical services	1,769,995	162,587	-	-
Facilities management	1,501,274	-	-	-
Parks and recreation	3,132,835	355,367	-	-
Community development	606,080	10,250	-	-
Tourism	382,094	-	-	-
Sanitation	-	1,141,025	-	-
Public works	2,762,037	5,175	-	-
Interest and fiscal charges	1,406,043	-	-	-
Total governmental activities	21,081,074	4,255,088	159,362	-
Business-type Activities:				
Storm Drainage Utility	284,437	432,307	-	-
Trophy Club Park	135,419	182,116	-	-
Total business-type activities	419,856	614,423	-	-
Total primary government	\$ 21,500,930	\$ 4,869,511	\$ 159,362	\$ -
Component Unit				
Economic Development Corporation	167,937	-	-	-
Total component unit	\$ 167,937	\$ -	\$ -	\$ -
General Revenues				
Taxes:				
Property taxes				
Sales and mixed beverage taxes				
Franchise and local taxes				
Occupancy taxes				
Other revenues				
Investment income				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year				
Net position, end of year				

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Economic Development Corporation
\$ (310,209)	\$ -	\$ (310,209)	\$ -
(486,130)	-	(486,130)	-
(212,947)	-	(212,947)	-
(7,662)	-	(7,662)	-
(357,993)	-	(357,993)	-
(617,969)	-	(617,969)	-
(598,600)	-	(598,600)	-
(138,548)	-	(138,548)	-
98,768	-	98,768	-
(4,142,239)	-	(4,142,239)	-
(7,141)	-	(7,141)	-
(1,607,408)	-	(1,607,408)	-
(1,501,274)	-	(1,501,274)	-
(2,777,468)	-	(2,777,468)	-
(595,830)	-	(595,830)	-
(382,094)	-	(382,094)	-
1,141,025	-	1,141,025	-
(2,756,862)	-	(2,756,862)	-
(1,406,043)	-	(1,406,043)	-
(16,666,624)	-	(16,666,624)	-
-	147,870	147,870	-
-	46,697	46,697	-
-	194,567	194,567	-
\$ (16,666,624)	\$ 194,567	\$ (16,472,057)	\$ -
			(167,937)
			<u>\$ (167,937)</u>
11,858,764	-	11,858,764	-
2,630,932	-	2,630,932	865,900
1,029,212	-	1,029,212	-
885,378	-	885,378	-
721,499	150	721,649	-
2,095,412	85,289	2,180,701	88,512
(142,625)	142,625	-	-
19,078,572	228,064	19,306,636	954,412
2,411,948	422,631	2,834,579	786,475
62,865,744	3,660,234	66,525,978	2,773,813
\$ 65,277,692	\$ 4,082,865	\$ 69,360,557	\$ 3,560,288

Town of Trophy Club, Texas
Balance Sheet
Governmental Funds
September 30, 2024

	General	Debt Service	Capital Projects	PID No 1
Assets				
Cash and cash equivalents	\$ 16,138,061	\$ 251,146	\$ 4,656,683	\$ 4,256,245
Investments	-	-	6,158,244	-
Taxes receivable, net	334,795	13,809	-	-
Special assessment receivable	-	-	-	15,080,873
Accounts receivable, net	74,826	-	-	-
Leases receivable	216,276	-	-	-
Due from other governments	7,505	-	-	-
Prepaid and other assets	2,950	-	-	-
Advances from other funds	439,779	-	-	-
Total assets	<u>\$ 17,214,192</u>	<u>\$ 264,955</u>	<u>\$ 10,814,927</u>	<u>\$ 19,337,118</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 724,344	\$ -	\$ 118,657	\$ -
Accrued liabilities	305,812	-	-	-
Unearned revenue	3,088,232	-	-	-
Due to component unit	11,700	-	-	-
Advances to other funds	-	-	-	53,276
Total liabilities	<u>4,130,088</u>	<u>-</u>	<u>118,657</u>	<u>53,276</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	43,009	13,809	-	-
Unavailable revenue - special assessments	-	-	-	15,080,873
Unavailable revenue - property liens	25,317	-	-	-
Leases related	196,478	-	-	-
Total deferred inflows of resources	<u>264,804</u>	<u>13,809</u>	<u>-</u>	<u>15,080,873</u>
Fund Balances				
Nonspendable:				
Prepaid items	2,950	-	-	-
Long-term interfund advances	439,779	-	-	-
Restricted for:				
Debt service	-	251,146	-	4,202,969
Capital projects	-	-	10,696,270	-
Municipal court	-	-	-	-
Public safety	-	-	-	-
Street maintenance	-	-	-	-
Tourism	-	-	-	-
Parks	-	-	-	-
Committed for:				
Recreation programs	-	-	-	-
Unassigned	12,376,571	-	-	-
Total fund balances	<u>12,819,300</u>	<u>251,146</u>	<u>10,696,270</u>	<u>4,202,969</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 17,214,192</u>	<u>\$ 264,955</u>	<u>\$ 10,814,927</u>	<u>\$ 19,337,118</u>

Nonmajor Governmental Funds		Total Governmental Funds	
\$	5,197,211	\$	30,499,346
	-		6,158,244
	217,603		566,207
	-		15,080,873
	-		74,826
	-		216,276
	-		7,505
	-		2,950
	-		439,779
<u>\$</u>	<u>5,414,814</u>	<u>\$</u>	<u>53,046,006</u>
\$	83,915	\$	926,916
	10,753		316,565
	-		3,088,232
	23,405		35,105
	386,503		439,779
	<u>504,576</u>		<u>4,806,597</u>
	-		56,818
	-		15,080,873
	-		25,317
	-		196,478
	<u>-</u>		<u>15,359,486</u>
	-		2,950
	-		439,779
	-		4,454,115
	15,295		10,711,565
	84,077		84,077
	322,571		322,571
	508,672		508,672
	3,317,903		3,317,903
	632,834		632,834
	28,886		28,886
	-		12,376,571
	<u>4,910,238</u>		<u>32,879,923</u>
<u>\$</u>	<u>5,414,814</u>	<u>\$</u>	<u>53,046,006</u>



Town of Trophy Club, Texas
Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Position
September 30, 2024

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

Total fund balance per balance sheet	\$ 32,879,923
Capital and lease assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.	61,110,085
Other long-term assets less related uncollectibles are not available to pay for current period expenditures and therefore are reported as unavailable revenues in the governmental funds.	15,163,008
Accrued interest payable on long-term debt does not require current financial resources and therefore is not reported as a liability in the balance sheet of governmental funds.	(298,242)
Long-term liabilities, including bonds payable, leases payable, net pension liability, and total OPEB liability (and the related deferred inflows and deferred outflows) are not due and payable in the current period and therefore are not reported as liabilities, deferred outflows or deferred inflows in the governmental funds. Long-term liabilities consist of:	
General obligation bonds payable	\$ (5,165,000)
Certificate of obligation bonds payable	(16,800,000)
Special Assessment Bonds	(18,227,000)
Deferred charge on refunding	1,629,246
Unamortized premiums on bonds	(3,093,541)
Leases payable	(49,294)
Net pension liability	(2,762,505)
Total other postemployment benefit (OPEB) liability	(307,271)
Deferred outflows of resources – pension	1,756,778
Deferred outflows of resources – OPEB	38,612
Deferred inflows of resources – pension	(55,764)
Deferred inflows of resources – OPEB	(133,677)
Accrued compensated absences	(407,666)
	<u>(43,577,082)</u>
Net position of governmental activities	<u><u>\$ 65,277,692</u></u>

Town of Trophy Club, Texas
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2024

	General	Debt Service	Capital Projects	PID No 1
Revenues				
Property tax	\$ 9,004,625	\$ 2,846,453	\$ -	\$ -
Sales and mixed beverage taxes	1,788,866	-	-	-
Franchise and local taxes	1,029,212	-	-	-
Occupancy tax	-	-	-	-
Special assessments	-	-	-	2,275,465
License and permits	356,502	-	-	-
Intergovernmental	1,877,504	-	-	-
Charges for services	1,653,680	-	-	-
Fines and fees	479,580	-	-	-
Lease revenue	105,010	-	-	-
Interest revenue - leases	15,712	-	-	-
Investment income	976,294	81,141	595,834	257,429
Other revenue	354,916	5,227	-	-
Total revenues	17,641,901	2,932,821	595,834	2,532,894
Expenditures				
Current:				
General government	121,571	-	20,125	93,153
Manager's office	473,438	-	-	-
Town secretary	208,835	-	-	-
Mayor & council	7,662	-	-	-
Human resources	351,267	-	-	-
Finance	608,058	-	-	-
Information services	572,452	-	-	-
Legal	138,548	-	-	-
Municipal court	248,929	-	-	-
Police	3,913,375	-	-	-
Fire	1,834,130	-	-	-
Emergency medical services	1,646,247	-	-	-
Facilities management	1,501,274	-	-	-
Parks and recreation	2,421,524	-	-	-
Community development	510,709	-	-	-
Tourism	-	-	-	-
Public works	328,921	-	-	-
Debt service:				
Principal	6,002	1,965,000	-	1,549,000
Interest and fiscal charges	1,696	745,304	-	770,852
Capital Outlay	248,584	-	486,044	-
Total expenditures	15,143,222	2,710,304	506,169	2,413,005
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,498,679	222,517	89,665	119,889
Other Financing Sources (Uses)				
Transfers in	151,500	-	-	-
Transfers out	(255,487)	(177,625)	-	-
Sale of general capital assets	8,274	-	-	-
Total other financing sources (uses)	(95,713)	(177,625)	-	-
Net Change in Fund Balances	2,402,966	44,892	89,665	119,889
Fund Balances, Beginning of Year	10,416,334	206,254	10,606,605	4,083,080
Fund Balances, End of Year	\$ 12,819,300	\$ 251,146	\$ 10,696,270	\$ 4,202,969

Nonmajor Governmental Funds		Total Governmental Funds	
\$	-	\$	11,851,078
	842,066		2,630,932
	-		1,029,212
	885,378		885,378
	-		2,275,465
	-		356,502
	12,700		1,890,204
	8,101		1,661,781
	26,383		505,963
	-		105,010
	-		15,712
	184,714		2,095,412
	243,721		603,864
	<u>2,203,063</u>		<u>25,906,513</u>
	-		234,849
	-		473,438
	-		208,835
	-		7,662
	-		351,267
	-		608,058
	-		572,452
	-		138,548
	2,000		250,929
	138,177		4,051,552
	-		1,834,130
	-		1,646,247
	-		1,501,274
	390		2,421,914
	67,735		578,444
	376,841		376,841
	288,375		617,296
	30,449		3,550,451
	731		1,518,583
	241,843		976,471
	<u>1,146,541</u>		<u>21,919,241</u>
	<u>1,056,522</u>		<u>3,987,272</u>
	255,487		406,987
	(116,500)		(549,612)
	-		8,274
	<u>138,987</u>		<u>(134,351)</u>
	1,195,509		3,852,921
	<u>3,714,729</u>		<u>29,027,002</u>
\$	<u>4,910,238</u>	\$	<u>32,879,923</u>

Town of Trophy Club, Texas
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
Year Ended September 30, 2024

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

Net change in fund balance - total governmental funds		\$ 3,852,921
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 and amortization expense. This is the amount by which capital outlay exceeds depreciation and amortization in the current period.		
Capital outlay expenditures	\$ 976,471	
Depreciation and amortization expense	<u>(3,563,625)</u>	(2,587,154)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(12,461)
Loss on sale of assets		
Certain revenues in the government-wide statement of activities that do/(do not) provide current financial resources and (are)/are not reported as revenues in the governmental funds. This amount is the net change in deferred inflows of resources.		(2,266,678)
The issuance of long-term debt (e.g. bond proceeds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Amortization of bond premium	329,545	
Principal amount of debt paid to bondholders and lessors	3,550,451	
Net change in accrued interest payable	83	
Amortization of deferred charge on refunding	<u>(217,088)</u>	3,662,991
Some expenditures reported in the statement of revenues, expenditures, and changes in fund balances do/(do not) require the use of current financial resources but (are)/are not reported as expenses in the statement of activities. This adjustment is to reflect the net change in accrued compensated absences.		(80,501)
Current year OPEB expenditures are reported on the fiscal year basis in the governmental statement of revenues, expenditures and changes in fund balance and as actuarially determined in the government-wide statement of activities. These differences are reflected in total OPEB liability and related deferred outflows and inflows of resources balances.		(2,151)
Current year pension expenditures are reported on the fiscal year basis in the governmental statement of revenues, expenditures and changes in fund balance and as actuarially determined in the government-wide statement of activities. These differences are reflected in net pension liability and related deferred outflows and inflows of resources balances.		<u>(155,019)</u>
Change in net position of governmental activities		<u>\$ 2,411,948</u>

Town of Trophy Club, Texas
Statement of Net Position
Proprietary Funds
September 30, 2024

	Storm Drainage Utility	Nonmajor Fund Trophy Club Park	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 1,891,667	\$ 392,428	\$ 2,284,095
Accounts receivable, net	38,536	-	38,536
Prepaid items	-	1,880	1,880
Total current assets	1,930,203	394,308	2,324,511
Noncurrent assets			
Capital assets:			
Net depreciable capital assets	1,556,789	224,748	1,781,537
Total noncurrent assets	1,556,789	224,748	1,781,537
Total assets	3,486,992	619,056	4,106,048
Liabilities			
Current liabilities			
Accounts payable	20,880	992	21,872
Accrued liabilities	1,273	38	1,311
Total liabilities	22,153	1,030	23,183
Net Position			
Net investment in capital assets	1,556,789	224,748	1,781,537
Unrestricted	1,908,050	393,278	2,301,328
Total net position	\$ 3,464,839	\$ 618,026	\$ 4,082,865

Town of Trophy Club, Texas
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended September 30, 2024

	Storm Drainage Utility	Nonmajor Fund Trophy Club Park	Total
Operating Revenues			
Charges for services	\$ 432,307	\$ 182,266	\$ 614,573
Total operating revenues	432,307	182,266	614,573
Operating Expenses			
Salaries and benefits	63,793	46,892	110,685
Supplies and materials	-	1,218	1,218
Repairs and maintenance	8,350	8,892	17,242
Utilities	5,545	5,657	11,202
Contractual services	154,337	51,739	206,076
Depreciation	51,083	21,021	72,104
Total operating expenses	283,108	135,419	418,527
Operating Income	149,199	46,847	196,046
Nonoperating Revenues (Expenses)			
Investment income	84,344	945	85,289
Interest expense	(1,329)	-	(1,329)
Total nonoperating revenues (expenses)	83,015	945	83,960
Income Before Transfers	232,214	47,792	280,006
Transfers in	177,625	-	177,625
Transfers out	(20,000)	(15,000)	(35,000)
Change in Net Position	389,839	32,792	422,631
Net Position, Beginning of Year	3,075,000	585,234	3,660,234
Net Position, End of Year	<u>\$ 3,464,839</u>	<u>\$ 618,026</u>	<u>\$ 4,082,865</u>

Town of Trophy Club, Texas
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2024

	Business-type Activities		
		Nonmajor Fund	
	Storm Drainage Utility	Trophy Club Park	Total
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 429,874	\$ 182,266	\$ 612,140
Payments to suppliers and service providers	(175,716)	(87,914)	(263,630)
Payments to employees for salaries and benefits	(62,130)	(46,854)	(108,984)
Net cash provided by operating activities	192,028	47,498	239,526
Cash Flows from Noncapital Financing Activities			
Transfers to other funds	(20,000)	(15,000)	(35,000)
Transfers from other funds	177,625	-	177,625
Net cash provided by (used for) noncapital financing activities	157,625	(15,000)	142,625
Cash Flows from Capital and Related Financing Activities			
Interest paid on capital debt	(2,624)	-	(2,624)
Principal paid on capital debt	(175,000)	-	(175,000)
Net cash used for capital and related financing activities	(177,624)	-	(177,624)
Cash Flows from Investing Activities			
Interest on investments	84,344	945	85,289
Net cash provided by investing activities	84,344	945	85,289
Net Increase in Cash and Cash Equivalents	256,373	33,443	289,816
Cash and Cash Equivalents, Beginning	1,635,294	358,985	1,994,279
Cash and Cash Equivalents, Ending	<u>\$ 1,891,667</u>	<u>\$ 392,428</u>	<u>\$ 2,284,095</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income	\$ 149,199	\$ 46,847	\$ 196,046
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	51,083	21,021	72,104
Changes in operating assets and liabilities:			
(Increase) Decrease in:			
Accounts receivable	(2,433)	-	(2,433)
Prepaid items	-	(1,404)	(1,404)
Increase (Decrease) in:			
Accounts payable	(7,484)	(19,004)	(26,488)
Accrued liabilities	1,663	38	1,701
Net cash provided by operating activities	<u>\$ 192,028</u>	<u>\$ 47,498</u>	<u>\$ 239,526</u>



Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

The Town of Trophy Club (Town) is a “home rule town” incorporated in 1985. The Town operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and emergency medical services), parks, public works (public improvements, streets, planning, and zoning), and general administrative services.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Town’s significant accounting policies are described below.

Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The Town currently has no fiduciary activities. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from a legally separate component unit for which the primary government is financially accountable.

Financial Reporting Entity

The Town of Trophy Club is a municipal corporation governed by an elected mayor and a six- member council. The accompanying financial statements present the government and its component units, entities for which the government is considered financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations. Thus, blended component units are appropriately presented as funds of the primary government. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is both legally and substantively separate from the primary government.

Public Improvement District (PID) No. 1

On May 7, 2007, the Trophy Club Town Council approved Resolution 2007-08 authorizing and providing for the creation of a Public Improvement District. Trophy Club PID No.1 consists of approximately 609.68 acres within the corporate limits of the Town of Trophy Club. This District was created in accordance with Chapter 372 of the Texas Local Government Code. The PID issued refunding bonds in December 2015, with the approval of Town Council. The Town Council must review and update the service plan annually for the purpose of determining the annual budget for the PID No. 1. In addition, the PID No. 1 exclusively or almost exclusively benefits the primary government. The PID No. 1 is reported as a major special revenue fund and does not issue separate financial statements.

Town of Trophy Club, Texas
Notes to the Financial Statements
September 30, 2024

Tax Increment Reinvestment Zone No. 1 (TIRZ No. 1)

The Tax Increment Reinvestment Zone No. 1 is governed by a board appointed by the Town's Council. The Town can impose its will on the TIRZ No. 1 and affect the day-to-day operations of the TIRZ No. 1 by removing appointed board members at will. The TIRZ No. 1 is funded by revenues generated through tax increment financing. Total debt outstanding is to be paid entirely with resources of the Town. Therefore, per GASB 14 paragraph 32, the primary government has an obligation to provide support to the TIRZ No. 1 (a financial burden). The TIRZ No. 1 is reported as a nonmajor special revenue fund and does not issue separate financial statements.

Crime Control and Prevention District

The Crime Control and Prevention District (CCPD) was formed under Chapter 363 of the Texas Local Government Code, the *Crime Control and Prevention Act*. The CCPD is organized exclusively to act on behalf of the Town to finance crime control within the Town. The CCPD is governed by a seven member board appointed by the Town Council. The annual budget and issuance of debt must be approved by the Town Council. The CCPD provides services entirely, or almost entirely to the primary government. The CCPD is reported as a nonmajor special revenue fund and does not issue separate financial statements.

Discretely Presented Component Unit

Economic Development Corporation

The Economic Development Corporation (EDC) serves all citizens of the Town and is governed by a board appointed by the Town's elected council. The Town can impose its will on the EDC and affect the day-to-day operations of the EDC by removing appointed board members at will. The scope of public service of the EDC benefits the Town and its citizens and is operated within the geographic boundaries of the Town. Since the EDC's governing body is not substantively the same as the governing body of the primary government, does not provide services entirely, or almost entirely to the primary government, nor does it maintain debt of any type that are repaid using Town resources, it has been reported as a discretely presented component unit. Separate financial statements for the EDC component unit are not prepared.

Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the Town's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As discussed earlier, the Town has one discretely presented component unit. It is shown in a separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided, and other charges between various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the Town's funds, including its blended component units. Separate statements for each fund category—governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

- **General Fund** – The General Fund is the main operating fund of the Town. 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 funds 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 the accumulation of financial resources for the payment of principal, interest and related costs on long-term debt paid primarily from taxes levied by the Town. The fund balance of the Debt Service Fund is restricted to signify the amounts that are restricted exclusively for debt service expenditures.
- **Capital Projects Fund** – The Capital Projects Fund is used to account for funds received and expended for acquisition and construction of infrastructure and other capital assets.
- **Public Improvement District (PID) No. 1** – This fund accounts for bond proceeds, assessments and related debt associated with the issuance of bonds issued by the Town for the Public Improvement District.

The Town reports the following major enterprise fund:

- **Storm Drainage Utility Fund** – The storm drainage utility fund accounts for the storm drainage utility fee designated for the maintenance of the Town's storm drainage system.

During the course of operations, the Town has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. Further, certain activity occurs during the year involving transfers of resources between funds reported at gross amounts as transfers in/out. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments, and postemployment benefits are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources. Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 1 year of year-end). All other revenue items are considered to be measurable and available only when cash is received by the Town.

Budgetary Information

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP) for the general, PID No. 1, hotel occupancy tax, street maintenance sales tax, court technology, court security, recreation programs, park land dedication, crime control and prevention district, and TIRZ No. 1 funds. The capital projects fund is appropriated on a project-length basis. The grants fund does not have appropriated budgets since other means control the use of these resources (e.g., grant awards) and sometimes span a period of more than one fiscal year.

The original budget is adopted by the Town Council prior to the beginning of the year. The legal level of control as defined by the Town Charter is the fund level. No funds can be transferred or added which affect the total fund expenditures without Town Council approval.

Town of Trophy Club, Texas
Notes to the Financial Statements
September 30, 2024

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances technically lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are reappropriated and become part of the subsequent year's budget pursuant to state regulations, and the encumbrances are automatically reestablished in the next year.

Deposits and Investments

The Town's cash and cash equivalents includes cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Because the Town, at its option, can withdraw funds within a twenty-four hour period from TexPool and Texas Class, these investments are considered to be cash equivalents.

State statutes authorize the Town to invest 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 described by (1) – (4); or, (6) fully collateralized direct repurchase agreements having a defined termination date, secured by obligations described by (1), pledged with third party selected or approved by the Town, and placed through a primary government securities dealer. The Town's investments are governed by the same state statutes.

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

Receivables and Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as "due to/from component unit/primary government." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a nonspendable fund balance account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of any allowance for uncollectible amounts.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital and Lease Assets

Capital and lease assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital and lease assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

As the Town constructs or acquires capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the Town are depreciated/amortized using the straight-line method over the following estimated useful lives or lease term, whichever is shorter:

Buildings	30 Years
Improvements other than buildings	10-30 Years
Improvements other than buildings (streets)	30 Years
Machinery and equipment	7-15 Years
Vehicles	5-10 Years
Water system	25 Years
Infrastructure (storm drainage system)	40 Years

Lease Receivable

The Town is a lessor of its multiple water towers and recognizes a related lease receivable and a deferred inflow of resources. At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

The Town monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has three items that qualify for reporting in this category. The three items are the deferred charge on refunding reported in the government-wide statement of net position, and deferred amounts related to pension and OPEB. The deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate to contributions after the measurement date, changes in actuarial assumptions, the difference in expected and actual economic experience, and difference between projected and actual investment earnings.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has four items that qualify for reporting in this category. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from: property taxes, special assessments, and property liens. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide financial statements the Town reports deferred amounts related to pension relating to the changes in actuarial assumptions and difference in expected and actual economic experience. In both the government-wide financial statements and governmental funds financial statements, the Town reports deferred amounts related to leases which is comprised of the initial value of the lease receivable systematically reduced and recognized as lease revenue over the term of the lease.

Unearned Revenue

Governmental funds report a liability, unearned revenue, in connection with resources that have been received, but not yet earned, which consists primarily of grant dollars received in advance of incurring eligible expenditures.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures.

In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums and discounts are deferred and amortized over the life of the bonds, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are expensed when incurred.

Lease Liability

The Town is a lessee for noncancellable leases. The Town recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. The Town recognizes lease liabilities with an initial, individual value of \$5,000 or more. At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life or the lease term, whichever is shorter.

The Town monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits (OPEB)

The Town has two single-employer defined benefit other postemployment benefit (OPEB) plans (Plans). For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

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- Net investment in capital assets consists of capital and lease assets, net of accumulated depreciation and amortization and reduced by outstanding balances of bonds, notes, leases, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is Town's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance." The Town's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes.

- Nonspendable fund balance represents amounts that are either not in a spendable form or are legally or contractually required to remain intact.
- Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers.
- Committed fund balance represents amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Town's Council prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Council adopts another ordinance to remove or revise the limitation.
- Assigned fund balance represents amounts that are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as committed. The Council has by resolution authorized the finance director and town manager to assign fund balance. The Council may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- Unassigned fund balance represents the residual amount for the general fund that is not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

As previously mentioned, sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be

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used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Minimum Fund Balance Policy

The Council has adopted a financial policy to maintain a level of unassigned fund balance in the general fund. The target level is set at six months of general fund annual expenditures (approximately 45%). This amount is intended to provide a fiscal stability when economic downturns and other unexpected events occur. If fund balance falls below the minimum target level because it has been used, essentially as a "revenue" source, as dictated by current circumstances, the policy provides for actions to replenish the amount to the minimum target level.

Program Revenues

Amounts reported as program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the Town.

Property taxes at the fund level are recorded as receivables and unavailable revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with Generally Accepted Accounting Principles have been recognized as revenue.

Accumulated Vacation, Compensated Time, and Sick Leave

It is the Town's policy to permit employees to accumulate earned, but unused vacation pay benefits. No liability is reported for unpaid accumulated sick leave. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they are expected to be liquidated with expendable available financial resources, for example, as a result of employee resignations and retirements.

Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the storm drainage utility fund is charges to customers for sales and services. The principal operating revenues of the trophy club park fund is charges to customers for access to the park. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Excess of Expenditures over Appropriations

For the year ended September 30, 2024, the Public Improvement District No. 1 exceeded appropriations by \$67,156 due to higher administrative expense than originally estimated.

Future Financial Reporting Requirements

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The requirements of this Statement will take effect for the Town's fiscal year 2025. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this statement is to provide users of governmental financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement will take effect for the Town's fiscal year 2025. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve the financial reporting model by standardizing the presentation for various matters within governmental financial statements. The purpose is to eliminate diversity practice and improve comparability. The requirements of this Statement will take effect for the Town's fiscal year 2026. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to improve disclosures related to certain types of capital assets. The purpose is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement will take effect for the Town's fiscal year 2026. Management has not yet determined the impact of this Statement on its financial statements.

Note 2. Cash and Investments

The Town utilizes a pooled cash and investment concept for all its funds, to maximize its investment program. Investment income from this internal pooling is allocated to the respective funds based upon the sources of funds invested.

Deposits

At September 30, 2024, the carrying amount of the Town's demand deposits, including its component unit, totaled \$18,111,802 and the bank balance was \$17,906,500. Cash on hand for the Town was \$300 and the carrying amount and bank balance of cash for the Public Improvement District No. 1 was \$4,256,245.

Custodial Credit Risk

In the case of deposits, this is the risk that, in the event of a bank's failure, the Town's deposits may not be returned to it. Pursuant to provisions of both the *Texas Public Funds Investment Act* and the Public Funds Investment Policy of the Town, deposits of the Town that exceed the federal depository insurance coverage levels are materially collateralized with securities held by a third party custodian in the Town's name. Investments, other than investments that are obligations of the U.S. government, its agencies, and instrumentalities, are insured or registered in the Town's name and held by a third party custodian.

Investments

The Town's investment policies are governed by state statutes. The Town's investment policies further limit state statutes such that eligible investments include the following:

1. Obligations, including letters of credit, of the United States, its agencies, and instrumentalities, including the Federal Home Loan Banks.
2. Direct obligations of the State of Texas, its agencies and instrumentalities or obligations of agencies, counties, cities, and other political subdivisions of this State rated as to investment quality by a nationally recognized investment rating firm of not less than "A" or its equivalent.
3. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States.
4. Certificates of Deposit and other forms of deposit issued by a depository institution that has its main office or a branch office in Texas. The certificate of deposit must be guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor or secured by obligations in a manner and amount as provided by law. In addition, deposits obtained through a depository institution that has its main office or a branch office in Texas and that contractually agrees to place the funds in federally insured depository institutions in accordance with the conditions prescribed in Section 2256. 01 0(b) of the *Public Funds Investment Act* are authorized investments.

Additionally, funds invested by the Town through a broker that has a main office or branch office in Texas and is selected from a list approved by the Town as required by section 2656.025 of the *Public Funds Investment Act* or a depository institution that has a main office or branch office in Texas and is selected by the Town are authorized investments if the following conditions are met:

- a. the broker or depository institution selected by the Town as specified above arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the Town;

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- b. the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and
 - c. the Town appoints a depository bank, or a clearing broker registered with the Securities and Exchange Commission Rule 15c-3 (17CFR, Section 240 15c3-3) as custodian for the Town with respect to the certificates of deposit issued for account to the Town.
5. Fully collateralized direct repurchase agreements with a defined termination date secured by obligations of the United States or its agencies and instrumentalities. These shall be pledged to the Town of Trophy Club, held in an account in the Town of Trophy Club's name, and deposited at the time the investment is made with the Town of Trophy Club or with a third-party selected and approved by the Town of Trophy Club. Repurchase agreements must be purchased through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in Texas. A Master Repurchase Agreement, or similar agreement, must be signed by the bank/dealer prior to investment in a repurchase agreement. All repurchase agreement transactions will be on a delivery versus payment basis. Securities received for repurchase agreements must have a market value greater than or equal to 102 percent at the time funds are disbursed. (This section pertains to Sweep Accounts and/or Bond Proceeds)
6. No-Load Money Market Mutual funds that: 1) are registered and regulated by the Securities and Exchange Commission and provide a prospectus and other information required by the *Securities and Exchange Act of 1934* (15 U.S.C. Section 78a) or the Investment Company Act of 1940 (15 U.S.C. Section 80a-1), and 2) seek to maintain a stable net asset value of \$1.0000 per share.
7. Local government investment pools, which: 1) meet the requirements of Chapter 2256.016 of the *Public Funds Investment Act*, 2) are rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service, and 3) are authorized by resolution or ordinance by the Town Council. In addition, a local government investment pool created to function as a money market mutual fund must mark its portfolio to the market daily and, to the extent reasonably possible, stabilize at a \$1.0000 net asset value.

Investment Pools

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rate TexPool AAAM. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review. At September 30, 2024, the fair value of the position in TexPool approximates fair value of the shares. There were no limitations or restrictions on withdrawals.

Texas CLASS is a local government investment pool emphasizing safety, liquidity, convenience, and competitive yield. Since 1996, Texas CLASS has provided Texas public entities a safe and competitive investment alternative. Texas CLASS invests only in securities allowed by the Texas *Public Funds Investment Act*. The pool is governed by a board of trustees, elected annually by its participants. Texas CLASS is rated 'AAAM' by Standard and Poor's Ratings Services. The 'AAAM' principal stability fund rating is the highest assigned to principal stability government investment pools and is a direct reflection of Texas CLASS's outstanding credit quality and management. At September 30, 2024, the fair value of the position in Texas CLASS approximates fair value of the shares. There were no limitations or restrictions on withdrawals.

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Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Town manages its exposure to declines in fair values by limiting the maximum maturity length of investments to three years.

As of September 30, 2024, the Town had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years)	Investment Maturities (in Years)
		Less Than 1 Year	More Than 1 Year
Texas CLASS	\$ 3,587,294	\$ 3,587,294	\$ -
TexPool	9,018,153	9,018,153	-
Non-negotiable CDs	6,158,244	-	6,158,244
Total	<u>\$ 18,763,691</u>	<u>\$ 12,605,447</u>	<u>\$ 6,158,244</u>

Credit Risk

The Town's investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than "A" or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAAm, or equivalent, by at least one nationally recognized rating service.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the Town's investment in a single issuer. The Town's investment policy states that the investment portfolio shall be diversified so that potential losses on individual issuers will be minimized. At September 30, 2024, the Town's investments are 67% in investment pools and 33% in non-negotiable CDs.

Fair Value of Investments

The Town measures and records its investments using, as appropriately, fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1** Quoted prices for identical investments in active markets;
- Level 2** Observable inputs other than those in Level 1; and
- Level 3** Unobservable inputs.

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Debt and equity securities classified as Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches: debt securities are normally valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors; equity securities are valued using fair value per share for each fund. Certificates of deposit classified in level 2 are valued using broker quotes that utilize observable market inputs. Securities classified as Level 3 have limited trade information, these securities are priced or using the last trade price or estimated using recent trade prices. At September 30, 2024, the Town had no investments in the fair value hierarchy.

Certain investments that are measured using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included below approximate net asset value for the applicable external investment pool balances. Additionally, the Town has investments in governmental pools and nonnegotiable CDs as listed below, which are recorded at amortized cost, and excluded from the fair value hierarchy.

At September 30, 2024, the Town had the following investments:

Investments measured at net asset value	
Texas CLASS	\$ 3,587,294
Investments measured at amortized cost	
Non-negotiable CDs	6,158,244
TexPool	<u>9,018,153</u>
Total investments	<u><u>\$ 18,763,691</u></u>

Town of Trophy Club, Texas
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Note 3. Receivables

Below is the detail of receivables for the Town's major and nonmajor funds, including the applicable allowances for doubtful accounts:

	General	Debt Service	PID No. 1	Nonmajor Governmental	Storm Drainage Utility	Total
Receivables						
Property taxes	\$ 43,009	\$ 13,809	\$ -	\$ -	\$ -	\$ 56,818
Sales Tax	254,632	-	-	126,058	-	380,690
Franchise taxes	37,154	-	-	-	-	37,154
Hotel occupancy	-	-	-	102,045	-	102,045
Special assessments	-	-	15,080,873	-	-	15,080,873
Due from other governments	7,505	-	-	-	-	7,505
Municipal court	28,047	-	-	-	-	28,047
EMS	176,108	-	-	-	-	176,108
Storm drainage	-	-	-	-	38,536	38,536
Leases	216,276	-	-	-	-	216,276
Other	21,295	-	-	-	-	21,295
Gross receivables	784,026	13,809	15,080,873	228,103	38,536	16,145,347
Less: allowance for doubtful accounts	(150,624)	-	-	(10,500)	-	(161,124)
Net receivables	<u>\$ 633,402</u>	<u>\$ 13,809</u>	<u>\$ 15,080,873</u>	<u>\$ 217,603</u>	<u>\$ 38,536</u>	<u>\$ 15,984,223</u>

Based on the payment schedule for special assessment receivables, approximately \$12,713,000 of the amount reported in the PID No. 1 fund is not expected to be collected within the next year.

Leases Receivable

The Town leases several water towers to third parties, terms of which expire in various years through 2027. The Town recognized approximately \$105,000 in lease revenue and \$16,000 in interest revenue during the current fiscal year related to the leases. As of September 30, 2024, the Town's receivable for lease payments was \$216,276. Also, the Town has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of September 30, 2024, the balance of the deferred inflow of resources was \$196,478.

Town of Trophy Club, Texas
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Note 4. Capital and Lease Assets

Capital and lease assets activity for the year ended September 30, 2024, was as follows:

	Beginning Balance	Additions	Sales/ Disposals	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 10,487,119	\$ -	\$ -	\$ -	\$ 10,487,119
Construction in progress	2,197,624	-	-	-	2,197,624
Total capital assets, not being depreciated	12,684,743	-	-	-	12,684,743
Capital and lease assets, being depreciated/amortized:					
Buildings	10,659,919	-	-	-	10,659,919
Improvements other than buildings	66,011,957	373,948	(12,461)	-	66,373,444
Machinery and equipment	2,966,834	298,727	(140,092)	-	3,125,469
Vehicles	2,385,573	163,796	(94,633)	-	2,454,736
Water system	5,362,005	-	-	-	5,362,005
Lease asset - equipment	151,007	-	-	-	151,007
Infrastructure	14,332,062	140,000	-	-	14,472,062
Total capital and lease assets, being depreciated/amortized	101,869,357	976,471	(247,186)	-	102,598,642
Less accumulated depreciation/amortization for:					
Buildings	2,579,208	386,789	-	-	2,965,997
Improvements other than buildings	35,129,757	2,149,788	-	-	37,279,545
Machinery and equipment	2,254,026	213,489	(140,092)	-	2,327,423
Vehicles	1,277,176	237,335	(94,633)	-	1,419,878
Water system	2,200,308	175,876	-	-	2,376,184
Lease asset - equipment	53,997	37,116	-	-	91,113
Infrastructure	7,349,928	363,232	-	-	7,713,160
Total accumulated depreciation/amortization	50,844,400	3,563,625	(234,725)	-	54,173,300
Total capital and lease assets, being depreciated/amortized	51,024,957	(2,587,154)	(12,461)	-	48,425,342
Governmental activities capital and lease assets, net	\$ 63,709,700	\$ (2,587,154)	\$ (12,461)	\$ -	\$ 61,110,085
Business-Type activities:					
Capital assets, being depreciated:					
Improvements other than Buildings	\$ 158,887	\$ -	\$ -	\$ -	\$ 158,887
Machinery and equipment	97,592	-	-	-	97,592
Improvements	33,365	-	-	-	33,365
Infrastructure	2,039,766	-	-	-	2,039,766
Total capital assets, being depreciated	2,329,610	-	-	-	2,329,610
Less accumulated depreciation for:					
Improvements other than Buildings	8,930	7,950	-	-	16,880
Machinery and equipment	24,303	9,735	-	-	34,038
Improvements	10,842	3,336	-	-	14,178
Infrastructure	431,894	51,083	-	-	482,977
Total accumulated depreciation	475,969	72,104	-	-	548,073
Total capital assets, being depreciated, net	1,853,641	(72,104)	-	-	1,781,537
Business-type activities capital assets, net	\$ 1,853,641	\$ (72,104)	\$ -	\$ -	\$ 1,781,537

Town of Trophy Club, Texas
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Depreciation and amortization expense was charged to the functions/programs of the primary government as follows:

Governmental Activities

General government	\$ 394,188
Emergency medical services	87,503
Information systems	26,148
Police	180,007
Fire	30,889
Parks and recreation	683,874
Community development	20,244
Public works	<u>2,140,772</u>

Total governmental activities depreciation/amortization expense	<u>\$ 3,563,625</u>
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Business-type Activities

Trophy Club Park	\$ 21,021
Storm Drainage Utility	<u>51,083</u>

Total business-type activities	<u>\$ 72,104</u>
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Note 5. Long-term Liabilities

The following is a summary of changes in the Town's total long-term liabilities for the year ended September 30, 2024.

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities					
General Obligation Bonds	\$ 5,890,000	\$ -	\$ 725,000	\$ 5,165,000	\$ 740,000
Certificates of Obligation	18,040,000	-	1,240,000	16,800,000	1,545,000
Special Assessment Bonds	19,776,000	-	1,549,000	18,227,000	1,627,000
Bond Premiums	<u>3,423,086</u>	<u>-</u>	<u>329,545</u>	<u>3,093,541</u>	<u>-</u>
Total bonds payable	<u>47,129,086</u>	<u>-</u>	<u>3,843,545</u>	<u>43,285,541</u>	<u>3,912,000</u>
Leases payable	85,745	-	36,451	49,294	37,299
Compensated absences	<u>327,165</u>	<u>396,146</u>	<u>315,645</u>	<u>407,666</u>	<u>366,899</u>
Total governmental activities	<u>\$ 47,541,996</u>	<u>\$ 396,146</u>	<u>\$ 4,195,641</u>	<u>\$ 43,742,501</u>	<u>\$ 4,316,198</u>
Business-Type Activities:					
Certificates of Obligation	\$ 175,000	\$ -	\$ 175,000	\$ -	\$ -
Bond Premiums	<u>468</u>	<u>-</u>	<u>468</u>	<u>-</u>	<u>-</u>
Total bonds payable	<u>175,468</u>	<u>-</u>	<u>175,468</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>\$ 175,468</u>	<u>\$ -</u>	<u>\$ 175,468</u>	<u>\$ -</u>	<u>\$ -</u>

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The Town intends to retire all of its governmental activities general long-term liabilities, plus accrued interest, from property taxes and other current revenues from the debt service fund as has been done in prior years. The special assessment bonds are expected to be liquidated from the PID No. 1 fund. The general fund has typically been used to liquidate the liability for compensated absences for governmental activities. The proprietary fund type long-term debt will be repaid, plus accrued interest, from operating revenues of the respective fund.

General Obligation Bonds

The Town issues general obligation bonds and certificates of obligations to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the Town. General obligation bonds and certificates of obligation outstanding at September 30, 2024, are as follows:

Governmental Activities	Interest Rate (%)	Final Maturity	Original Borrowing	Outstanding at Year-End
General Obligation Bonds:				
General Obligation Refunding Series 2015	2.18	2025	\$ 2,030,000	\$ 245,000
General Obligation Series 2016	2.00-3.00	2036	5,245,000	3,370,000
General Obligation Refunding Series 2020	1.16	2030	3,550,000	1,550,000
				<u>\$ 5,165,000</u>
Certificate of Obligations:				
Certificates of Obligation Series 2013	2.50-3.25	2028	1,300,000	470,000
Certificates of Obligation Series 2014	2.00-4.00	2034	2,500,000	1,435,000
Certificates of Obligation Series 2016	2.00-4.00	2036	4,210,000	2,820,000
Certificates of Obligation Series 2017	2.50-3.00	2037	4,445,000	2,685,000
Certificates of Obligation Series 2021	2.00-4.00	2041	4,305,000	3,030,000
Certificates of Obligation Series 2023	4.00-5.00	2043	6,925,000	6,360,000
				<u>\$ 16,800,000</u>

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Special Assessment Bonds

The Town also issued special assessment debt in 2015 to provide funds for improvements within Trophy Club PID No. 1 area. These bonds will be repaid from special assessments levied on the property owners benefiting from this construction. Those amounts, including interest, are 100% pledged to pay the scheduled principal and interest payments on the special assessment bonds. The Town is not obligated to pay the bonds from any funds raised from taxation or from any other revenues available to the Town.

Governmental Activities	Interest Rate (%)	Final Maturity	Original Borrowing	Outstanding at Year-End
Special Assessment:				
Special Assessment Revenue Refunding-Series 2015	2.00-4.00	2033	\$ 26,154,979	\$ 18,227,000
				<u>\$ 18,227,000</u>

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

Year Ended September 30	Governmental Activities		
	Principal	Interest	Total Requirements
2025	\$ 3,912,000	\$ 1,347,982	\$ 5,259,982
2026	3,218,000	1,225,121	4,443,121
2027	3,343,000	1,128,935	4,471,935
2028	3,477,000	1,027,618	4,504,618
2029	1,495,000	920,958	2,415,958
2030-2034	18,172,000	2,606,068	20,778,068
2035-2039	4,540,000	681,375	5,221,375
2040-2043	2,035,000	140,350	2,175,350
Total	<u>\$ 40,192,000</u>	<u>\$ 9,078,407</u>	<u>\$ 49,270,407</u>

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Leases Payable

The Town has agreements as lessee for equipment and copiers, the terms of which expire in various years through 2027.

The following is a schedule by year of payments under the leases as of September 30, 2024:

Year Ending September 30,	Principal	Interest	Total
2025	\$ 37,299	\$ 1,579	\$ 38,878
2026	7,010	688	7,698
2027	4,985	147	5,132
Total	<u>\$ 49,294</u>	<u>\$ 2,414</u>	<u>\$ 51,708</u>

Note 6. Interfund Transactions

Due to/from component unit

The composition of amounts due to/from component unit as of September 30, 2024, is as follows:

Receivable	Payable	Amount
Component Unit	General Fund	\$ 11,700
	Nonmajor Governmental Fund	<u>23,405</u>
		<u>\$ 35,105</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Advances from/to other funds:

Receivable Fund	Payable Fund	Amount
General Fund	PID No. 1	\$ 53,276
General Fund	Nonmajor Governmental Fund	<u>386,503</u>
		<u>\$ 439,779</u>

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The amount payable to the general fund from the nonmajor governmental fund relates to a working capital loan made to a nonmajor governmental fund. None of the balance is scheduled to be collected in the subsequent year. The amount payable to the general fund from the Public Improvement District No. 1 fund relates to expenditures paid for by the general fund during prior years. The balance is expected to be paid in future years as the Public Improvement District No. 1 fund increases revenues.

Interfund transfers

The composition of interfund transfers for the year ended September 30, 2024, is as follows:

Transfer Out:	Transfer In			Total
	General	Nonmajor Governmental Funds	Storm Drainage Utility Fund	
General Fund	\$ -	\$ 255,487	\$ -	\$ 255,487
Debt Service Fund	-	-	177,625	177,625
Nonmajor Governmental Funds	116,500	-	-	116,500
Storm Drainage Utility Fund	20,000	-	-	20,000
Nonmajor Enterprise Fund	15,000	-	-	15,000
Total	<u>\$ 151,500</u>	<u>\$ 255,487</u>	<u>\$ 177,625</u>	<u>\$ 584,612</u>

Transfers were primarily used to support debt service, capital expenditures, and to transfer funds to the general fund for budgeted administrative costs.

Note 7. Risk Management

The Town 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 natures. The Town participates in the Texas Municipal League Intergovernmental Risk Pool (Pool) which provides protection for risks of loss. Premiums are paid to the Pool that retains the risk of loss beyond the Town's policy deductibles. Any losses reported but unsettled or incurred and not reported, are believed to be insignificant to the Town's basic financial statements. For the last three years, there have been no significant reductions of insurance coverage or insurance settlements in excess of insurance coverage.

Note 8. Contingencies

Federal Grant Programs

The Town participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the *Single Audit Act* as amended. Accordingly, the Town's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town anticipates such amounts, if any, will be immaterial.

Note 9. Defined Benefit Pension Plan

Plan Description

The Town participates as one of over 900 plans in the defined benefit cash-balance pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (ACFR) that can be obtained at tmrs.com.

All eligible employees of the Town are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS.

At retirement, the Member's benefit is calculated based on the sum of the Member's contributions, with interest, and the Town-financed monetary credits with interest. The retiring Member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total Member contributions and interest. The plan provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

Plan provisions for the Town were as follows:

Member Deposit Rate	7%
Town Matching Ratio	2 to 1
Updated Service Credit	100% Transfers
Annuity Increases to Retirees	30% CPI-U since retirement date
Vesting	5 years
Service Retirement Eligibilities	5 years/age 60, 20 years/any age

Employees Covered by Benefit Terms

At the December 31, 2023, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	63
Inactive employees entitled to but not yet receiving benefits	118
Active employees	<u>72</u>
	<u><u>253</u></u>

Contributions

Member contribution rates in TMRS are either 5%, 6%, or 7% of the Member's total compensation, and the Town matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the Town. Under the state law governing TMRS, the contribution rate for each Town is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The Town's contribution rate is based on the liabilities

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created from the benefit plan options selected by the Town and any changes in benefits or actual experience over time.

Employees for the Town were required to contribute 7% of their annual compensation during the fiscal year. The contribution rates for the Town were 12.68% and 12.90% in calendar years 2023 and 2024, respectively. The Town’s contributions to TMRS for the year ended September 30, 2024, were \$930,909 and were equal to the required contributions.

Net Pension Liability

The Town’s Net Pension Liability was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Total Pension Liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.55% per year, adjusted down for population declines, if any
Investment rate of return	6.75% net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees for Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males a 3-year set-forward for females. In addition a 3.5% and 3.0% minimum mortality rate is applied, for males and females, respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023, actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income to satisfy the short-term and long-term funding needs of TMRS.

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The long-term expected rate of return on pension plan investments was determined by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage.

The target allocation and best estimates of the expected return for each major asset class in fiscal year 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.00%	6.70%
Core Fixed Income	6.00%	4.70%
Non-Core Fixed Income	20.00%	8.00%
Other Public and Private Markets	12.00%	8.00%
Real Estate	12.00%	7.60%
Hedge Funds	5.00%	6.40%
Private Equity	10.00%	11.60%
Total	100.00%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that Member and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive 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.

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Changes in Net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balance, Beginning of Year	\$ 27,144,382	\$ 23,879,770	\$ 3,264,612
Changes for the year:			
Service cost	1,138,934	-	1,138,934
Interest (on the Total Pension Liability)	1,838,912	-	1,838,912
Difference between expected and actual experience	637,486	-	637,486
Changes in assumptions	(91,511)	-	(91,511)
Contributions - member	-	454,276	(454,276)
Contributions - employer	-	822,888	(822,888)
Net investment income	-	2,766,470	(2,766,470)
Benefit payments, including refunds of member contributions	(941,420)	(941,420)	-
Administrative expense	-	(17,583)	17,583
Other	-	(123)	123
Net Changes	2,582,401	3,084,508	(502,107)
Balance, End of Year	\$ 29,726,783	\$ 26,964,278	\$ 2,762,505

Sensitivity of the Net Position Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the Town, calculated using the discount rate of 6.75%, as well as what the Town's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net pension liability (asset) \$	7,210,652 \$	2,762,505 \$	(854,081)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City/Town. That report may be obtained at tmrs.com.

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Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

For the year ended September 30, 2024, the Town recognized pension expense of \$1,085,929.

At September 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual investment earnings	\$ 627,920	\$ -
Difference of assumption changes or inputs	-	55,764
Difference in expected and actual economic experience	396,254	-
Contributions subsequent to the measurement date	732,604	-
	<u>\$ 1,756,778</u>	<u>\$ 55,764</u>

\$732,604 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability for the year ending 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30,	Net Deferred Outflows of Resources
2025	\$ 391,592
2026	324,347
2027	483,388
2028	<u>(230,917)</u>
	<u>\$ 968,410</u>

Allocation of Pension Items

The Town allocates pension items to the governmental activities on the basis of employee payroll funding. The net pension liability/(asset) is liquidated by the General Fund, Street Maintenance Sales Tax Fund, and Hotel Occupancy Tax Fund.

Note 10. Other Postemployment Benefits (OPEB)

A summary of the total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense of each plan is shown below. Detailed discussion of each plan will follow in this note.

	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Governmental Activities				
Supplemental Death Benefits Plan	\$ 255,612	\$ 35,366	\$ 103,676	\$ 7,312
Retiree Health Care Plan	51,659	3,246	30,001	633
Total governmental activities	<u>\$ 307,271</u>	<u>\$ 38,612</u>	<u>\$ 133,677</u>	<u>\$ 7,945</u>

Texas Municipal Retirement System Supplemental Death Benefits Fund

Plan Description

Texas Municipal Retirement System (TMRS) administers an optional death benefit plan, the Supplemental Death Benefits Fund (SDBF), which operates like a group-term life insurance plan. This is a voluntary program in which participating member cities may elect, by ordinance, to provide supplemental death benefits for their active Members with optional coverage for their retirees. The Town has elected to participate in the SDBF for its active members, including retirees. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded single-employer OPEB plan (i.e., no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75).

Benefits Provided

The death benefit for active Members provides a lump-sum payment approximately equal to the Member's annual salary (calculated based on the Member's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered another postemployment benefit (OPEB) and is a fixed amount of \$7,500.

Employees Covered by Benefit Terms

At the December 31, 2023, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	37
Inactive employees entitled to but not yet receiving benefits	31
Active employees	<u>72</u>
	<u>140</u>

Contributions

The Town contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the Town. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. As such, contributions fund the covered active Member and retiree deaths on a pay-as-you-go basis. Due to the SDBF being considered an unfunded OPEB plan, benefit payments are treated as being equal to the Town's yearly contributions for retirees.

The retiree portion of the contribution rates for the Town to the SDBF were 0.08% and 0.08% for calendar year 2023 and 2024, respectively. The Town's contributions to the SDBF for the year ended September 30, 2024, were \$5,192, and were equal to the required contributions.

Total OPEB Liability

The Town's Total OPEB Liability was measured as of December 31, 2023, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total OPEB Liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Salary increases	3.60% to 11.85% including inflation
Discount rate	3.77% (4.05% in prior year)
Retirees' share of benefit- related costs	\$ 0

All administrative expenses are paid through the Town's Pension Trust and accounted for under reporting requirements of GASB Statement No. 68. Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based the gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Mortality rates for disabled annuitants were based on the mortality tables for with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

The actuarial assumptions used in the December 31, 2023, valuation was based on the results of an actuarial experience study for the period ending December 31, 2022. Because the Supplemental Death Benefits Fund is considered an unfunded trust under GASB Statement No. 75, the relevant discount rate for calculating the Total OPEB Liability is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of the measurement date.

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Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance, Beginning of Year	\$ 235,202
Changes for the year	
Service cost	12,979
Interest on Total OPEB Liability	9,683
Differences between expected and actual experience	(10,491)
Changes of assumptions	13,431
Benefit payments	(5,192)
	<u>20,410</u>
Net changes	
	<u>20,410</u>
Balance, End of Year	<u><u>\$ 255,612</u></u>

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

The following presents the total OPEB liability of the Town, calculated using the discount rate of 3.77%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.77%) or 1-percentage-point higher (4.77%) than the current rate:

	1% Decrease in Discount Rate (2.77%)	Discount Rate (3.77%)	1% Increase in Discount Rate (4.77%)
Total OPEB liability	\$ 310,516	\$ 255,612	\$ 213,617

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

For the year ended September 30, 2024, the Town recognized OPEB expense of \$7,312.

At September 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	\$ 1,856	\$ 23,729
Changes in assumptions	28,967	79,947
Contributions made subsequent to measurement date	4,543	-
	<u>\$ 35,366</u>	<u>\$ 103,676</u>

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The Town reported \$4,543 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the Total OPEB Liability for the year ending September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended September 30,</u>	<u>Net Deferred Outflows of Resources</u>
2025	\$ (17,895)
2026	(27,211)
2027	(28,079)
2028	332
	<u>\$ (72,853)</u>

Retiree Health Care Plan

Plan Description

The Town offers retired employees and their dependents the option to retain health, dental, and vision insurance coverage under the Town’s insurance carrier until the age 65 through a single employer defined benefit plan. The Town does not make a direct contribution for retiree medical coverage. The retirees participate in the same plan as active employees. This effect on cost is considered to be an implicit rate subsidy. To be eligible for retiree health plan benefits, retired employees must be at least age 55 and have 10 years of service with the Town. The plan does not issue a separate report. Benefit provisions for retirees are not mandated by any form of employment agreement and the continued provision of these benefits is based entirely on the discretion of the Town Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

Benefits Provided

Retiree medical coverage levels for retirees are the same plans and benefits for all active employees in accordance with the terms and conditions of the Town’s current health plan. Premiums for the retiree health plans are 195% of the current contribution rate for active employees. The plans themselves are the same as well with regard to benefits and structure with no differentiation. The contributions and coverage continue until the retiree reaches age 65.

Employees Covered by Benefit Terms

At September 30, 2024, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	-
Active employees	<u>68</u>
	<u>68</u>

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Total OPEB Liability

The Town’s Total OPEB Liability was measured as of September 30, 2024, and the Total OPEB Liability was determined by an actuarial valuation as of September 30, 2024.

Actuarial Assumptions:

The Total OPEB Liability in the September 30, 2024, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary increases	3.50%, including inflation
Discount rate	4.06% (4.77% in prior year)
Retirees' share of benefit- related costs	Retiree pays a 195% of the active employee monthly contribution rate for medical/ dental/vision coverage
Health-care cost trend rates	Level 4.50%

Mortality rates were based on RPH-2014 Total Table with Projection MP-2021. Because the Retiree Health Care Plan is considered an unfunded trust under GASB Statement No. 75, the relevant discount rate for calculating the Total OPEB Liability is based on the S&P Municipal Bond 20-Year High Grade Rate index as of the measurement date.

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance, Beginning of Year	\$ 52,483
Changes for the year	
Service cost	4,185
Interest on Total OPEB Liability	2,703
Differences between expected and actual experience	(11,470)
Changes of assumptions	3,758
	<u>(824)</u>
Balance, End of Year	<u>\$ 51,659</u>

Rate Sensitivity of the Total OPEB Liability

The following presents the total OPEB liability of the Town, calculated using the discount rate of 4.06%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.06%) or 1-percentage- point higher (5.06%) than the current rate:

	1% Decrease in Discount Rate (3.06%)	Discount Rate (4.06%)	1% Increase in Discount Rate (5.06%)
Total OPEB liability	\$ 57,473	\$ 51,659	\$ 46,451

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The following presents the total OPEB liability of the Town, calculated using the healthcare cost trend rate of 4.5%, as well as what the Town's total OPEB liability would be if it were calculated using a trend rate that is 1-percentage-point lower (3.5%) or 1-percentage-point higher (5.5%) than the current rate:

	1% Decrease in Trend Rate (3.50%)	Healthcare Trend Rate (4.50%)	1% Increase in Trend Rate (5.50%)
Total OPEB liability	\$ 45,016	\$ 51,659	\$ 59,493

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

For the year ended September 30, 2024, the Town recognized OPEB expense of \$633.

At September 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	\$ -	\$ 19,639
Changes in assumptions	3,246	10,362
	<u>\$ 3,246</u>	<u>\$ 30,001</u>

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

Year Ended September 30,	Net Deferred Inflows of Resources
2025	\$ (6,253)
2026	(6,253)
2027	(6,112)
2028	(5,276)
2029	(1,469)
Thereafter	<u>(1,392)</u>
	<u>\$ (26,755)</u>

Allocation of OPEB Items

The Town allocates OPEB items to the governmental activities on the basis of employee payroll funding. The total OPEB liability is liquidated by the General Fund, Street Maintenance Sales Tax Fund, and Hotel Occupancy Tax Fund.

Note 11. Deferred Compensation Plan

The Town has established a single-employer defined contribution, deferred compensation plan (457 Plan) in accordance with Internal Revenue Code, Section 457(b). The 457 Plan is available to all full-time employees of the Town. The 457 Plan is administered by ICMA Retirement Corporation doing business as Mission Square Retirement. Benefit provisions are contained in the plan document and were established and can be amended by action of the Town Council. All 457 Plan assets and income are held in trust for the exclusive benefit of participants and their beneficiaries; therefore, it is not reported in the financial statements of the Town.

The 457 Plan permits employees to defer a portion of their salaries until future years. The benefits of the 457 Plan are not available to employees until termination, retirement, or unforeseeable emergency. Benefits are available to employee's beneficiaries in case of death. The Town does not contribute to the 457 Plan.

Note 12. Tax Abatements

The Town enters into tax abatement agreements with local businesses under Chapter 380 of the Texas Local Government Code. The Town has the authority under both Article III, Section 52-a of the Texas Constitution and Chapter 380 to make public funds available for the purposes of promoting local economic development and stimulating business and commercial activity with the Town. The Town offers individual incentive packages to attract new business to the Town. Abatements may be granted by Town Council resolution to companies or developers agreeing to relocate to the Town or to establish a new business in the Town. As part of the agreements, the Town agrees to refund a portion of incremental Local Sales and Use Tax, Type B Sales and Use Tax, and/or Property Taxes after confirmation of payment. The agreements entered into by the Town include clawback provisions should the recipient of the tax abatement fail to fully meet its commitments, such as annual sales levels or appraised values of real and personal property located on the project site. As a part of these agreements, the Town may also provide Developers financial assistance for Developer's expenditures made towards the Project. In addition to tax abatements, the Town occasionally makes additional commitments in its economic development incentive agreements. The following additional commitments have been made:

- The Town agreed to provide a loan of \$200,000 to fund certain permanent improvements to a building related to a qualified project during fiscal year 2021. The loan was to be paid back with interest of 2% calculated annually within four years of the date the Certificate of Occupancy is issued. During fiscal year 2022, the payee closed operations and was in default of the agreement. The Town is currently developing a revised repayment plan with expectations of full collectability of the original outstanding amount. The current loan amount is the note receivable balance in the Economic Development Corporation.

Town of Trophy Club, Texas
Notes to the Financial Statements
September 30, 2024

For the fiscal year ended September 30, 2024, the Town has two open tax abatement agreements and abated the following amounts under these agreements:

Open Agreements - Type of Tax Abatement	Amount of Taxes Abated During the Fiscal Year
Town of Trophy Club	
Property tax	\$ 27,786
Sales tax	68,600
	<u>\$ 96,386</u>

Note 13. Economic Development Corporation

The Economic Development Corporation (EDC) is financed with a voter approved half-cent Town sales tax, to aid, promote and further the economic development within the Town.

Cash and Investments

Cash and cash equivalents for the EDC as of September 30, 2024, consist of and are classified in the accompanying financial statements as follows:

Cash and cash equivalents	<u>\$ 2,190,353</u>
Total cash and cash equivalents	<u>\$ 2,190,353</u>

Investments

Because the Town provides investment services for the EDC, the Town adheres to its investment policy and all state statutes when investing available cash for the Town. The EDC's investments balances at September 30, 2024, were \$1,846,635 (included in cash and cash equivalents for financial statement purposes) and were held in TexPool.

Town of Trophy Club, Texas
Notes to the Financial Statements
September 30, 2024

Note Receivable

In connection with an economic development incentive agreement, as noted previously, EDC agreed to provide a loan of \$200,000 to fund certain permanent improvements to a building related to a qualified project during fiscal year 2021. The loan was to be paid back with interest of 2% calculated annually within four years of the date the Certificate of Occupancy is issued. During fiscal year 2022, the payee closed operations and was in default of the agreement. The Town is currently developing a revised repayment plan with expectations of full collectability of the original outstanding amount. Scheduled note receivable payments as of year-end are as follows:

Year Ended September 30,	Future Minimum Note Receivable Amounts
2025	\$ 62,500
2026	37,500
2027	<u>49,250</u>
Total	<u>\$ 149,250</u>

Capital Assets

Capital asset activity for the year ended September 30, 2024, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Component Unit Activities				
Capital assets, not being depreciated:				
Land	\$ 2,538,765	\$ -	\$ -	\$ 2,538,765
Total capital assets, not being depreciated	<u>2,538,765</u>	<u>-</u>	<u>-</u>	<u>2,538,765</u>
Capital assets, being depreciated:				
Infrastructure	<u>367,960</u>	<u>-</u>	<u>-</u>	<u>367,960</u>
Total capital assets, being depreciated	<u>367,960</u>	<u>-</u>	<u>-</u>	<u>367,960</u>
Less accumulated depreciation for:				
Infrastructure	<u>106,625</u>	<u>24,693</u>	<u>-</u>	<u>131,318</u>
Total accumulated depreciation	<u>106,625</u>	<u>24,693</u>	<u>-</u>	<u>131,318</u>
Total capital assets, being depreciated, net	<u>261,335</u>	<u>(24,693)</u>	<u>-</u>	<u>236,642</u>
Total capital assets	<u>\$ 2,800,100</u>	<u>\$ (24,693)</u>	<u>\$ -</u>	<u>\$ 2,775,407</u>

Depreciation expense charged to the EDC component unit was \$24,693.

Town of Trophy Club, Texas
Notes to the Financial Statements
September 30, 2024

Long-term Debt

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2024, is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Component Unit Activities					
Sales Tax Revenue Bonds	\$ 1,840,000	\$ -	\$ 120,000	\$ 1,720,000	\$ 125,000
Bond Discounts	(15,877)	-	(1,333)	(14,544)	-
Total bonds payable	1,824,123	-	118,667	1,705,456	125,000
Total component unit activities	<u>\$ 1,824,123</u>	<u>\$ -</u>	<u>\$ 118,667</u>	<u>\$ 1,705,456</u>	<u>\$ 125,000</u>

Sales Tax Revenue Bonds

EDC issued sales tax revenue bonds to provide funds for purchasing land within the Town to be used to promote new or expanded business enterprises including for entertainment, convention, tourist, sports and exhibition facilities, amphitheaters, concert halls, parks, open space, restaurants, retail, parking facilities, public safety facilities and related roads, street and water and sewer facilities and improvements. Sales tax revenue bonds outstanding at September 30, 2024, are as follows:

Component Unit Activities	Interest Rate (%)	Final Maturity	Original Borrowing	Outstanding at Year-End
Sales Tax Revenue Bonds, Taxable Series 2015	1.00-4.75	2035	\$ 2,690,000	\$ 1,720,000
			<u>\$ 2,690,000</u>	<u>\$ 1,720,000</u>

The debt service requirements for the sales tax revenue bonds are as follows:

Year Ended September 30,	Component Unit Activities		
	Principal	Interest	Total Requirements
2025	\$ 125,000	\$ 77,463	\$ 202,463
2026	130,000	72,213	202,213
2027	135,000	66,688	201,688
2028	140,000	60,950	200,950
2029	150,000	55,000	205,000
2030-2034	845,000	169,513	1,014,513
2035	195,000	9,263	204,263
Total	<u>\$ 1,720,000</u>	<u>\$ 511,090</u>	<u>\$ 2,231,090</u>

Town of Trophy Club, Texas
Notes to the Financial Statements
September 30, 2024

The following is a summary of pledged revenues of EDC for the year ended September 30, 2024:

Revenue Pledged	Total Pledged Revenue	Current Year Debt Service Requirements	Percentage Portion of Pledged Revenue Stream	Remaining Principal and Interest	Period Revenue Will Not Be Available For Other Purposes
.5% sales and use tax	\$ 865,900	\$ 203,644	23.5%	\$ 2,231,090	Until 2035



Required Supplementary Information (Unaudited)

Town of Trophy Club, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property taxes	\$ 8,953,445	\$ 8,953,445	\$ 9,004,625	\$ 51,180
Sales and mixed beverage taxes	1,595,000	1,595,000	1,788,866	193,866
Franchise and local taxes	917,500	917,500	1,029,212	111,712
License and permits	255,000	323,000	356,502	33,502
Intergovernmental	1,195,440	1,195,440	1,877,504	682,064
Charges for services	909,154	909,154	1,653,680	744,526
Fines and forfeitures	318,476	318,476	479,580	161,104
Lease revenue	65,000	65,000	105,010	40,010
Interest revenue - leases	-	-	15,712	15,712
Investment income	160,000	160,000	976,294	816,294
Other revenue	96,000	221,923	354,916	132,993
Total revenues	14,465,015	14,658,938	17,641,901	2,982,963
Expenditures				
Current				
General government	217,575	217,575	121,571	(96,004)
Manager's office	2,799,873	2,795,873	473,438	(2,322,435)
Town secretary	262,275	250,275	208,835	(41,440)
Mayor & council	-	16,000	7,662	(8,338)
Human resources	487,281	487,281	351,267	(136,014)
Finance	591,265	591,265	608,058	16,793
Information services	991,297	991,297	572,452	(418,845)
Legal	225,430	225,430	138,548	(86,882)
Municipal court	109,240	109,240	248,929	139,689
Police	3,870,180	3,952,841	3,913,375	(39,466)
Fire	1,767,663	1,868,420	1,834,130	(34,290)
Emergency medical services	1,746,885	1,755,354	1,646,247	(109,107)
Facilities management	308,724	308,724	1,501,274	1,192,550
Parks and recreation	2,887,223	2,930,537	2,421,524	(509,013)
Community development	520,571	639,300	510,709	(128,591)
Sanitation	305,491	305,491	328,921	23,430
Debt service				
Principal	-	-	6,002	6,002
Interest	-	-	1,696	1,696
Capital outlay	-	-	248,584	248,584
Total expenditures	17,090,973	17,444,903	15,143,222	(2,301,681)
Excess of Revenues Over Expenditures	(2,625,958)	(2,785,965)	2,498,679	5,284,644
Other Financing Sources (Uses)				
Transfers in	201,500	201,500	151,500	50,000
Transfers out	-	-	(255,487)	255,487
Sale of general capital assets	-	-	8,274	(8,274)
Total other financing sources (uses)	201,500	201,500	(95,713)	297,213
Net Change in Fund Balances	\$ (2,424,458)	\$ (2,584,465)	2,402,966	\$ 5,581,857
Fund Balances, Beginning			10,416,334	
Fund Balances, Ending			\$ 12,819,300	

Town of Trophy Club, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Public Improvement District No. 1
Year Ended September 30, 2024

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Special assessments	\$ 2,296,418	\$ 2,275,465	\$ (20,953)
Investment income	-	257,429	257,429
Miscellaneous	49,431	-	(49,431)
	<u>2,345,849</u>	<u>2,532,894</u>	<u>187,045</u>
Total revenues			
Expenditures			
General government	49,231	93,153	43,922
Debt Service:			
Principal	1,549,000	1,549,000	-
Interest and fiscal charges	747,618	770,852	23,234
	<u>2,345,849</u>	<u>2,413,005</u>	<u>(67,156)</u>
Total expenditures			
Net Change in Fund Balances	<u>\$ -</u>	119,889	<u>\$ 119,889</u>
Fund Balances, Beginning		<u>4,083,080</u>	
Fund Balances, Ending		<u>\$ 4,202,969</u>	

Town of Trophy Club, Texas

Schedule of Changes in the Town's Net Pension Liability / (Asset) and Related Ratios - Texas Municipal Retirement System

Measurement Date December 31,	2014	2015	2016	2017
Total Pension Liability				
Service cost	\$ 809,057	\$ 804,453	\$ 795,448	\$ 789,530
Interest (on the Total Pension Liability)	970,682	1,053,745	1,113,555	1,173,728
Changes of benefit terms	(1,544,038)	-	-	-
Difference between expected and actual experience	(49,303)	(237,279)	(471,044)	(62,418)
Change in assumptions	-	368,895	-	-
Benefit payments, including refunds of employee contributions	(450,100)	(632,921)	(450,496)	(636,604)
Net Change in Total Pension Liability	(263,702)	1,356,893	987,463	1,264,236
Total Pension Liability - Beginning	15,231,441	14,967,739	16,324,632	17,312,095
Total Pension Liability - Ending	14,967,739	16,324,632	17,312,095	18,576,331
Plan Fiduciary Net Position				
Contributions - employer	660,364	658,543	593,840	606,585
Contributions - employee	316,613	340,458	329,281	323,389
Net investment income	681,774	19,357	912,155	2,061,434
Benefit payments, including refunds of employee contributions	(450,100)	(632,921)	(450,496)	(636,604)
Administrative expense	(7,117)	(11,788)	(10,296)	(10,676)
Other	(585)	(582)	(555)	(541)
Net Change in Plan Fiduciary Net Position	1,200,949	373,067	1,373,929	2,343,587
Plan Fiduciary Net Position - Beginning	11,915,329	13,116,278	13,489,345	14,863,274
Plan Fiduciary Net Position - Ending	13,116,278	13,489,345	14,863,274	17,206,861
Net Pension Liability / (Asset) - Ending	<u>\$ 1,851,461</u>	<u>\$ 2,835,287</u>	<u>\$ 2,448,821</u>	<u>\$ 1,369,470</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	87.63%	82.63%	85.85%	92.63%
Covered Payroll	\$ 4,523,041	\$ 4,863,685	\$ 4,704,011	\$ 4,619,838
Net Pension Liability / (Asset) as a Percentage of Covered Payroll	40.93%	58.30%	52.06%	29.64%

Other Information:

For the 2015 valuation, inflation used was 2.5%, investment rate of return and discount rate used was 6.75% and actuarial studies were updated through December 31, 2014.

For the 2019 valuation, actuarial studies were updated through December 31, 2018.

For the 2023 valuation, actuarial studies were updated through December 31, 2022.

2018	2019	2020	2021	2022	2023
\$ 863,553	\$ 980,663	\$ 1,044,859	\$ 1,059,781	\$ 1,068,025	\$ 1,138,934
1,263,163	1,354,175	1,466,317	1,572,070	1,707,812	1,838,912
-	-	-	-	-	-
(258,925)	(3,497)	(142,491)	191,092	26,108	637,486
-	(802)	-	-	-	(91,511)
<u>(589,161)</u>	<u>(566,895)</u>	<u>(835,638)</u>	<u>(783,233)</u>	<u>(848,925)</u>	<u>(941,420)</u>
1,278,630	1,763,644	1,533,047	2,039,710	1,953,020	2,582,401
<u>18,576,331</u>	<u>19,854,961</u>	<u>21,618,605</u>	<u>23,151,652</u>	<u>25,191,362</u>	<u>27,144,382</u>
<u>19,854,961</u>	<u>21,618,605</u>	<u>23,151,652</u>	<u>25,191,362</u>	<u>27,144,382</u>	<u>29,726,783</u>
633,832	710,975	760,116	808,487	758,653	822,888
347,155	384,574	406,480	420,786	422,144	454,276
(515,889)	2,642,216	1,537,272	2,883,176	(1,856,921)	2,766,470
(589,161)	(566,895)	(835,638)	(783,233)	(848,925)	(941,420)
(9,961)	(14,914)	(9,935)	(13,322)	(16,045)	(17,583)
<u>(520)</u>	<u>(448)</u>	<u>(388)</u>	<u>91</u>	<u>19,147</u>	<u>(123)</u>
(134,544)	3,155,508	1,857,907	3,315,985	(1,521,947)	3,084,508
<u>17,206,861</u>	<u>17,072,317</u>	<u>20,227,825</u>	<u>22,085,732</u>	<u>25,401,717</u>	<u>23,879,770</u>
<u>17,072,317</u>	<u>20,227,825</u>	<u>22,085,732</u>	<u>25,401,717</u>	<u>23,879,770</u>	<u>26,964,278</u>
<u>\$ 2,782,644</u>	<u>\$ 1,390,780</u>	<u>\$ 1,065,920</u>	<u>\$ (210,355)</u>	<u>\$ 3,264,612</u>	<u>\$ 2,762,505</u>
85.99%	93.57%	95.40%	100.84%	87.97%	90.71%
\$ 4,954,406	\$ 5,493,911	\$ 5,722,119	\$ 6,011,235	\$ 6,030,633	\$ 6,489,651
56.17%	25.31%	18.63%	-3.50%	54.13%	42.57%

Town of Trophy Club, Texas
Schedule of Contributions
Texas Municipal Retirement System

Fiscal Year Ended September 30,	2015	2016	2017	2018
Actuarially determined contribution	\$ 642,631	\$ 627,419	\$ 598,176	\$ 638,736
Contribution in relation of the actuarially determined contribution	<u>642,631</u>	<u>627,419</u>	<u>598,176</u>	<u>638,736</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,617,652	\$ 4,822,763	\$ 4,559,463	\$ 4,911,902
Contributions as a percentage of covered payroll	13.92%	13.01%	13.12%	13.00%

Notes to Required Supplementary Information - TMRS

Notes to Schedule of Contributions

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	22 years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed fair value; 12% soft corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85%, including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the Town's plan of benefits. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Other Information:

Notes There were no benefit changes during the year.

2019	2020	2021	2022	2023	2024
\$ 736,208	\$ 728,124	\$ 810,363	\$ 793,562	\$ 808,561	\$ 930,909
736,208	728,124	810,363	793,562	808,561	930,909
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 5,640,011	\$ 5,524,768	\$ 5,985,416	\$ 6,195,743	\$ 6,387,617	\$ 7,072,426
13.05%	13.18%	13.54%	12.81%	12.66%	13.16%

Town of Trophy Club, Texas
Schedule of Changes in the Town's Total OPEB Liability and Related Ratios
Texas Municipal Retirement System
Supplemental Death Benefits Fund

Measurement Date December 31,	2017	2018	2019	2020	2021	2022	2023
Total OPEB Liability							
Service cost	\$ 10,164	\$ 12,386	\$ 15,383	\$ 21,744	\$ 27,652	\$ 26,535	\$ 12,979
Interest (on the Total OPEB Liability)	6,033	6,400	7,252	7,204	6,517	6,863	9,683
Difference between expected and actual experience	-	(887)	(4,443)	(12,515)	4,559	(21,220)	(10,491)
Change in assumptions	17,400	(16,237)	46,233	46,896	12,575	(134,894)	13,431
Benefit payments	<u>(924)</u>	<u>(991)</u>	<u>(1,099)</u>	<u>(1,144)</u>	<u>(3,607)</u>	<u>(3,618)</u>	<u>(5,192)</u>
Net Change in Total OPEB Liability	32,673	671	63,326	62,185	47,696	(126,334)	20,410
Total OPEB Liability - Beginning	<u>154,985</u>	<u>187,658</u>	<u>188,329</u>	<u>251,655</u>	<u>313,840</u>	<u>361,536</u>	<u>235,202</u>
Total OPEB Liability - Ending	<u>\$ 187,658</u>	<u>\$ 188,329</u>	<u>\$ 251,655</u>	<u>\$ 313,840</u>	<u>\$ 361,536</u>	<u>\$ 235,202</u>	<u>\$ 255,612</u>
Covered Employee Payroll	\$ 4,619,838	\$ 4,954,406	\$ 5,493,911	\$ 5,722,119	\$ 6,011,235	\$ 6,030,633	\$ 6,489,651
Total OPEB Liability as a Percentage of Covered-Employee Payroll	4.06%	3.80%	4.58%	5.48%	6.01%	3.90%	3.94%

Notes to Schedule:

Changes of Benefit Terms: None

Changes of Assumptions: 1) Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2016	3.78%
2017	3.00%
2018	4.10%
2019	2.75%
2020	2.00%
2021	1.84%
2022	4.05%
2023	3.77%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for only those years for which information is available.

Town of Trophy Club, Texas
Schedule of Changes in the Town's Total OPEB Liability and Related Ratios
Retiree Health Care Plan

Measurement Date September 30,	2018	2019	2020	2021	2022	2023	2024
Total OPEB Liability							
Service cost	\$ 5,179	\$ 5,389	\$ 5,389	\$ 6,570	\$ 6,570	\$ 4,185	\$ 4,185
Interest (on the Total OPEB Liability)	2,019	2,101	2,624	1,489	1,670	2,389	2,703
Difference between expected and actual experience	-	-	(1,194)	-	(16,109)	-	(11,470)
Change in assumptions	-	-	(6,481)	-	(13,868)	-	3,758
Net Change in Total OPEB Liability	7,198	7,490	338	8,059	(21,737)	6,574	(824)
Total OPEB Liability - Beginning	44,561	51,759	59,249	59,587	67,646	45,909	52,483
Total OPEB Liability - Ending	<u>\$ 51,759</u>	<u>\$ 59,249</u>	<u>\$ 59,587</u>	<u>\$ 67,646</u>	<u>\$ 45,909</u>	<u>\$ 52,483</u>	<u>\$ 51,659</u>
Covered Employee Payroll	\$ 4,911,902	\$ 5,493,911	\$ 5,524,768	\$ 5,985,416	\$ 6,195,743	\$ 6,387,617	\$ 5,853,817
Total OPEB Liability as a Percentage of Covered-Employee Payroll	1.05%	1.08%	1.08%	1.13%	0.74%	0.82%	0.88%

Notes to Schedule:

Changes of Benefit Terms: None

Changes of Assumptions: 1) Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	4.06%
2018	4.06%
2019	2.25%
2020	2.25%
2021	2.25%
2022	4.77%
2023	4.77%
2024	4.06%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for only those years for which information is available.





**Combining and Individual Fund Financial Statements and
Schedules (Unaudited)**

Nonmajor Governmental Funds

Special Revenue Funds

Hotel Occupancy Tax Fund – This fund is used to account for local hotel and motel occupancy tax receipts, as well as expenses (events).

Street Maintenance Sales Tax Fund – Accounts for sales taxes specifically restricted for street improvements.

Court Technology Fund – Accounts for court fees specifically restricted for court technology expenses.

Court Security Fund – Accounts for court fees specifically restricted for court security expenses.

Recreation Programs Fund – Accounts for revenues and expenditures associated with recreational programs.

Park Land Dedication Fund – This fund is used to account for park revenues received by and expended by the Town.

Grant Fund – This fund is used to account for certain grant monies received by and expended by the Town.

Tax Increment Reinvestment Zone No. 1 – Accounts for revenues to be used in the reinvestment zone.

Crime Control and Prevention District – Accounts for the funds received from a one-half one percent sales tax, which can be utilized for public safety.



Town of Trophy Club, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2024

	Hotel Occupancy Tax	Street Maintenance Sales Tax	Court Technology	Court Security	Recreation Programs
Assets					
Cash and cash equivalents	\$ 3,235,580	\$ 481,257	\$ 7,533	\$ 76,544	\$ 29,276
Taxes receivable, net	91,545	62,541	-	-	-
Total assets	<u>\$ 3,327,125</u>	<u>\$ 543,798</u>	<u>\$ 7,533</u>	<u>\$ 76,544</u>	<u>\$ 29,276</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 2,452	\$ 7,738	\$ -	\$ -	\$ 390
Accrued liabilities	6,770	3,983	-	-	-
Due to component unit	-	23,405	-	-	-
Advances to other funds	-	-	-	-	-
Total liabilities	<u>9,222</u>	<u>35,126</u>	<u>-</u>	<u>-</u>	<u>390</u>
Fund Balances					
Restricted:					
Capital projects	-	-	-	-	-
Municipal court	-	-	7,533	76,544	-
Public safety	-	-	-	-	-
Street maintenance	-	508,672	-	-	-
Tourism	3,317,903	-	-	-	-
Parks	-	-	-	-	-
Committed:					
Recreation programs	-	-	-	-	28,886
Total fund balances	<u>3,317,903</u>	<u>508,672</u>	<u>7,533</u>	<u>76,544</u>	<u>28,886</u>
Total liabilities and fund balances	<u>\$ 3,327,125</u>	<u>\$ 543,798</u>	<u>\$ 7,533</u>	<u>\$ 76,544</u>	<u>\$ 29,276</u>

Park Land Dedication	Grant	Tax Increment Reinvestment Zone No. 1	Crime Control and Prevention District	Total Nonmajor Governmental Funds
\$ 632,834	\$ 9,886	\$ 468,532	\$ 255,769	\$ 5,197,211
-	-	-	63,517	217,603
<u>\$ 632,834</u>	<u>\$ 9,886</u>	<u>\$ 468,532</u>	<u>\$ 319,286</u>	<u>\$ 5,414,814</u>
\$ -	\$ -	\$ 66,734	\$ 6,601	\$ 83,915
-	-	-	-	10,753
-	-	-	-	23,405
-	-	386,503	-	386,503
-	-	453,237	6,601	504,576
-	-	15,295	-	15,295
-	-	-	-	84,077
-	9,886	-	312,685	322,571
-	-	-	-	508,672
-	-	-	-	3,317,903
632,834	-	-	-	632,834
-	-	-	-	28,886
<u>632,834</u>	<u>9,886</u>	<u>15,295</u>	<u>312,685</u>	<u>4,910,238</u>
<u>\$ 632,834</u>	<u>\$ 9,886</u>	<u>\$ 468,532</u>	<u>\$ 319,286</u>	<u>\$ 5,414,814</u>

Town of Trophy Club, Texas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended September 30, 2024

	Hotel Occupancy Tax	Street Maintenance Sales Tax	Court Technology	Court Security	Recreation Programs
Revenues					
Sales and mixed beverage taxes	\$ -	\$ 418,021	\$ -	\$ -	\$ -
Occupancy tax	885,378	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	8,101
Fines and fees	-	-	67	26,316	-
Investment income	159,312	1,036	-	-	-
Other revenue	22,716	-	-	-	-
Total revenues	1,067,406	419,057	67	26,316	8,101
Expenditures					
Current:					
Municipal court	-	-	-	2,000	-
Police	-	-	-	-	-
Parks and recreation	-	-	-	-	390
Community development	-	-	-	-	-
Tourism	376,841	-	-	-	-
Public works	-	288,375	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital Outlay	-	28,999	-	-	-
Total expenditures	376,841	317,374	-	2,000	390
Excess (Deficiency) of Revenues Over (Under) Expenditures	690,565	101,683	67	24,316	7,711
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	(95,000)	(20,000)	-	(1,500)	-
Total other financing sources (uses)	(95,000)	(20,000)	-	(1,500)	-
Net Change in Fund Balances	595,565	81,683	67	22,816	7,711
Fund Balances (Deficit), Beginning of Year	2,722,338	426,989	7,466	53,728	21,175
Fund Balances, End of Year	<u>\$ 3,317,903</u>	<u>\$ 508,672</u>	<u>\$ 7,533</u>	<u>\$ 76,544</u>	<u>\$ 28,886</u>

Park Land Dedication	Grant	Tax Increment Reinvestment Zone No. 1	Crime Control and Prevention District	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 424,045	\$ 842,066
-	-	-	-	885,378
-	-	-	12,700	12,700
-	-	-	-	8,101
-	-	-	-	26,383
23,796	-	-	570	184,714
201,103	-	19,902	-	243,721
224,899	-	19,902	437,315	2,203,063
-	-	-	-	2,000
-	-	-	138,177	138,177
-	-	-	-	390
-	-	67,735	-	67,735
-	-	-	-	376,841
-	-	-	-	288,375
-	-	-	30,449	30,449
-	-	-	731	731
-	-	-	212,844	241,843
-	-	67,735	382,201	1,146,541
224,899	-	(47,833)	55,114	1,056,522
-	-	255,487	-	255,487
-	-	-	-	(116,500)
-	-	255,487	-	138,987
224,899	-	207,654	55,114	1,195,509
407,935	9,886	(192,359)	257,571	3,714,729
\$ 632,834	\$ 9,886	\$ 15,295	\$ 312,685	\$ 4,910,238

Town of Trophy Club, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget
and Actual - Hotel Occupancy Tax Fund
Year Ended September 30, 2024

	Original and Final Budget	Hotel Occupancy Tax	Variance with Final Budget
Revenues			
Taxes	\$ 600,000	\$ 885,378	\$ 285,378
Investment income	5,000	159,312	154,312
Other revenue	7,500	22,716	15,216
Total revenues	612,500	1,067,406	454,906
Expenditures			
Tourism	378,309	376,841	(1,468)
Capital outlay	100,000	-	(100,000)
Total expenditures	478,309	376,841	(101,468)
Excess of Revenues Over Expenditures	134,191	690,565	353,438
Other Financing Sources (Uses)			
Transfers out	(95,000)	(95,000)	-
Total other financing sources (uses)	(95,000)	(95,000)	-
Net Change in Fund Balance	<u>\$ 39,191</u>	595,565	<u>\$ 353,438</u>
Fund Balance, Beginning		<u>2,722,338</u>	
Fund Balance, Ending		<u>\$ 3,317,903</u>	

Town of Trophy Club, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget
and Actual - Street Maintenance Tax Fund
Year Ended September 30, 2024

	Original and Final Budget	Street Maintenance Sales Tax	Variance with Final Budget
Revenues			
Taxes	\$ 350,000	\$ 418,021	\$ 68,021
Investment income	1,500	1,036	(464)
Total revenues	<u>351,500</u>	<u>419,057</u>	<u>67,557</u>
Expenditures			
Public works	345,318	288,375	(56,943)
Capital outlay	-	28,999	28,999
Total expenditures	<u>345,318</u>	<u>317,374</u>	<u>(27,944)</u>
Excess of Revenues Over Expenditures	<u>6,182</u>	<u>101,683</u>	<u>(95,501)</u>
Other Financing Sources (Uses)			
Transfers out	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (13,818)</u>	81,683	<u>\$ (95,501)</u>
Fund Balance, Beginning		<u>426,989</u>	
Fund Balance, Ending		<u>\$ 508,672</u>	

Town of Trophy Club, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget
and Actual - Court Technology Fund
Year Ended September 30, 2024

	<u>Original and Final Budget</u>	<u>Court Technology</u>	<u>Variance with Final Budget</u>
Revenues			
Fines and Fees	\$ 1,000	\$ 67	\$ (933)
Total revenues	<u>1,000</u>	<u>67</u>	<u>(933)</u>
Expenditures			
Court	<u>2,755</u>	<u>-</u>	<u>(2,755)</u>
Total expenditures	<u>2,755</u>	<u>-</u>	<u>(2,755)</u>
Net Change in Fund Balance	<u>\$ (1,755)</u>	67	<u>\$ 1,822</u>
Fund Balance, Beginning		<u>7,466</u>	
Fund Balance, Ending		<u>\$ 7,533</u>	

Town of Trophy Club, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget
and Actual - Court Security Fund
Year Ended September 30, 2024

	<u>Original and Final Budget</u>	<u>Court Security</u>	<u>Variance with Final Budget</u>
Revenues			
Fines and fees	<u>\$ 5,000</u>	<u>\$ 26,316</u>	<u>\$ 21,316</u>
Total revenues	<u> 5,000</u>	<u> 26,316</u>	<u> 21,316</u>
Expenditures			
Court	<u> 2,500</u>	<u> 2,000</u>	<u> (500)</u>
Total expenditures	<u> 2,500</u>	<u> 2,000</u>	<u> (500)</u>
Excess of Revenues Over Expenditures	<u> 2,500</u>	<u> 24,316</u>	<u> (21,816)</u>
Other Financing Sources (Uses)			
Transfers out	<u> (1,500)</u>	<u> (1,500)</u>	<u> -</u>
Total other financing sources (uses)	<u> (1,500)</u>	<u> (1,500)</u>	<u> -</u>
Net Change in Fund Balance	<u><u> 1,000</u></u>	<u> 22,816</u>	<u><u> 21,816</u></u>
Fund Balance, Beginning		<u> 53,728</u>	
Fund Balance, Ending		<u><u> \$ 76,544</u></u>	

Town of Trophy Club, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget
and Actual - Recreation Programs Fund
Year Ended September 30, 2024

	<u>Original and Final Budget</u>	<u>Recreation Programs</u>	<u>Variance with Final Budget</u>
Revenues			
Charges for services	\$ 6,000	\$ 8,101	\$ 2,101
Total revenues	<u>6,000</u>	<u>8,101</u>	<u>2,101</u>
Expenditures			
Parks and recreation	<u>6,000</u>	<u>390</u>	<u>(5,610)</u>
Total expenditures	<u>6,000</u>	<u>390</u>	<u>(5,610)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>7,711</u>	<u>\$ 7,711</u>
Fund Balance, Beginning		<u>21,175</u>	
Fund Balance, Ending		<u>\$ 28,886</u>	

Town of Trophy Club, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget
and Actual - Park Land Dedication Fund
Year Ended September 30, 2024

	<u>Original and Final Budget</u>	<u>Park Land Dedication</u>	<u>Variance with Final Budget</u>
Revenues			
Investment income	\$ 1,750	\$ 23,796	\$ 22,046
Other revenue	<u>-</u>	<u>201,103</u>	<u>201,103</u>
Total revenues	<u>1,750</u>	<u>224,899</u>	<u>223,149</u>
Expenditures			
Capital outlay	<u>97,000</u>	<u>-</u>	<u>(97,000)</u>
Total expenditures	<u>97,000</u>	<u>-</u>	<u>(97,000)</u>
Net Change in Fund Balance	<u><u>\$ (95,250)</u></u>	<u>224,899</u>	<u><u>\$ 320,149</u></u>
Fund Balance, Beginning		<u>407,935</u>	
Fund Balance, Ending		<u><u>\$ 632,834</u></u>	

Town of Trophy Club, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget
and Actual - Tax Increment Reinvestment Zone No. 1 Fund
Year Ended September 30, 2024

	Original and Final Budget	Tax Increment Reinvestment Zone No. 1	Variance with Final Budget
Revenues			
Taxes	\$ 161,083	\$ -	\$ (161,083)
Other revenue	-	19,902	19,902
Total revenues	161,083	19,902	(141,181)
Expenditures			
Community development	59,379	67,735	8,356
Total expenditures	59,379	67,735	8,356
Excess (Deficiency) of Revenues Over (Under) Expenditures	101,704	(47,833)	149,537
Other Financing Sources (Uses)			
Transfers in	-	255,487	255,487
Total other financing sources (uses)	-	255,487	255,487
Net Change in Fund Balance	<u>\$ 101,704</u>	207,654	<u>\$ 105,950</u>
Fund Balance/(Deficit), Beginning		(192,359)	
Fund Balance/(Deficit), Ending		<u>\$ 15,295</u>	

Town of Trophy Club, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget
and Actual - Crime Control and Prevention District Fund
Year Ended September 30, 2024

	Original and Final Budget	Crime Control and Prevention District	Variance with Final Budget
Revenues			
Taxes	\$ 350,000	\$ 424,045	\$ 74,045
Intergovernmental	-	12,700	12,700
Investment income	1,000	570	(430)
Total revenues	351,000	437,315	86,315
Expenditures			
Police	449,436	138,177	(311,259)
Debt Service - Principal	-	30,449	30,449
Debt Service - Interest and Fiscal Charges	-	731	731
Capital outlay	-	212,844	212,844
Total expenditures	449,436	382,201	(67,235)
Net Change in Fund Balance	<u>\$ (98,436)</u>	<u>\$ 55,114</u>	<u>\$ 153,550</u>
Fund Balance, Beginning		<u>257,571</u>	
Fund Balance, Ending		<u>\$ 312,685</u>	

Discretely Presented Component Unit

Economic Development Corporation – to aid, promote and further economic development within the Town.

Town of Trophy Club, Texas
Balance Sheet
Component Unit
September 30, 2024

	<u>Economic Development Corporation</u>
Assets	
Cash and cash equivalents	\$ 2,190,353
Taxes receivable, net	129,550
Due from primary government	35,105
Notes receivable	<u>149,250</u>
Total assets	<u><u>2,504,258</u></u>
Liabilities	
Accounts payable	<u>8,221</u>
Total liabilities	<u>8,221</u>
Fund Balance	
Restricted:	
Debt service	227,827
Economic development	<u>2,268,210</u>
Total fund balance	<u>2,496,037</u>
Total liabilities and fund balance	<u><u>\$ 2,504,258</u></u>

Town of Trophy Club, Texas
Reconciliation of the Balance Sheet to the Statement of Net Position
Economic Development Corporation
September 30, 2024

Amounts reported in the statement of net position are different because:

Total fund balance	\$ 2,496,037
Capital assets, net of accumulated depreciation, are not financial resources and, therefore, are not reported in the fund financial statements.	2,775,407
Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the fund financial statements.	(5,700)
Long-term liabilities, including bonds payable and related discount, are not due and payable in the current period and, therefore are not reported in the fund financial statements.	<u>(1,705,456)</u>
Total Net Position	<u>\$ 3,560,288</u>

Town of Trophy Club, Texas
Statement of Revenues, Expenditures and Changes in Fund Balance
Component Unit
Year Ended September 30, 2024

	<u>Economic Development Corporation</u>
Revenues	
Sales and mixed beverage taxes	\$ 865,900
Investment income	<u>88,512</u>
Total revenues	<u>954,412</u>
Expenditures	
Current:	
Economic Development	59,022
Debt Service:	
Principal	120,000
Interest and fiscal charges	<u>83,644</u>
Total expenditures	<u>262,666</u>
Change in Fund Balance	691,746
Fund Balance, Beginning of Year	<u>1,804,291</u>
Fund Balance, End of Year	<u><u>\$ 2,496,037</u></u>

Town of Trophy Club, Texas
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balance to the Statement of Activities
Economic Development Corporation
Year Ended September 30, 2024

Amounts reported in the statement of activities are different because:

Net change in fund balances	\$ 691,746
The fund reports 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 of depreciation expense recorded in the current period.	(24,693)
The repayment of the principal of long-term debt consumes the current financial resources of the fund, but has no effect on net position.	120,000
Some expenses reported in the statement of activities do/(do not) require the use of current financial resources and, therefore, (are)/are not reported as expenditures in the fund.	
Amortization of bond discount	(1,333)
Current year changes in accrued interest on long-term debt	755
Change in net position of governmental activities	<u>\$ 786,475</u>



Statistical Section



Statistical Section (Unaudited)

This part of the Town's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

Contents	<u>Pages</u>
Financial Trends	102-111
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	112-116
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity.	117-120
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	121-123
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information	124-125
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

Town of Trophy Club, Texas
Net Position by Component
Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)

Fiscal Year	2015*	2016	2017	2018**
Governmental Activities				
Net investment in capital assets	\$ 27,620,857	\$ 26,940,643	\$ 27,125,337	\$ 51,825,867
Restricted	4,035,428	4,433,649	4,676,837	5,478,991
Unrestricted	<u>2,279,194</u>	<u>1,995,960</u>	<u>3,414,190</u>	<u>3,594,662</u>
Total governmental activities	<u>\$ 33,935,479</u>	<u>\$ 33,370,252</u>	<u>\$ 35,216,364</u>	<u>\$ 60,899,520</u>
Business-type Activities				
Net investment in capital assets	\$ 513,930	\$ 680,146	\$ 776,097	\$ 877,048
Unrestricted	<u>163,047</u>	<u>171,755</u>	<u>350,752</u>	<u>633,294</u>
Total business-type activities	<u>\$ 676,977</u>	<u>\$ 851,901</u>	<u>\$ 1,126,849</u>	<u>\$ 1,510,342</u>
Primary Government				
Net investment in capital assets	\$ 28,134,787	\$ 27,620,789	\$ 27,901,434	\$ 52,702,915
Restricted	4,035,428	4,433,649	4,676,837	5,478,991
Unrestricted	<u>2,442,241</u>	<u>2,167,715</u>	<u>3,764,942</u>	<u>4,227,956</u>
Total primary government	<u>\$ 34,612,456</u>	<u>\$ 34,222,153</u>	<u>\$ 36,343,213</u>	<u>\$ 62,409,862</u>

*The Town implemented GASB Statement No. 68 for the year ended September 30, 2015.

** The Town implemented GASB Statement No. 75 for the year ended September 30, 2018.

Table 1

2019	2020	2021	2022	2023	2024
\$ 52,718,444	\$ 51,061,357	\$ 27,008,067	\$ 28,391,158	\$ 28,947,808	\$ 30,100,766
6,112,682	6,821,486	29,052,071	27,278,448	8,185,798	9,320,172
4,107,003	5,321,576	5,265,710	6,394,425	25,732,138	25,856,754
<u>\$ 62,938,129</u>	<u>\$ 63,204,419</u>	<u>\$ 61,325,848</u>	<u>\$ 62,064,031</u>	<u>\$ 62,865,744</u>	<u>\$ 65,277,692</u>
\$ 982,997	\$ 1,121,475	\$ 1,240,768	\$ 1,497,757	\$ 1,678,173	\$ 1,781,537
741,325	706,200	1,077,789	1,507,834	1,982,061	2,301,328
<u>\$ 1,724,322</u>	<u>\$ 1,827,675</u>	<u>\$ 2,318,557</u>	<u>\$ 3,005,591</u>	<u>\$ 3,660,234</u>	<u>\$ 4,082,865</u>
\$ 53,701,441	\$ 52,182,832	\$ 28,248,835	\$ 29,888,915	\$ 30,625,981	\$ 31,882,303
6,112,682	6,821,486	29,052,071	27,278,448	8,185,798	9,320,172
4,848,328	6,027,776	6,343,499	7,902,259	27,714,199	28,158,082
<u>\$ 64,662,451</u>	<u>\$ 65,032,094</u>	<u>\$ 63,644,405</u>	<u>\$ 65,069,622</u>	<u>\$ 66,525,978</u>	<u>\$ 69,360,557</u>

Town of Trophy Club, Texas
Changes in Net Position
Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)

Fiscal Year	2015*	2016	2017	2018**
Expenses				
Governmental activities				
General government	\$ 1,955,949	\$ 2,728,642	\$ 2,533,298	\$ 3,398,500
Manager's office	-	-	-	-
Town secretary	-	-	-	-
Mayor & council	-	-	-	-
Human resources	-	-	-	-
Finance	-	-	-	-
Information services	-	-	-	-
Legal	-	-	-	-
Court	-	-	-	-
Public safety	2,306,609	3,540,703	4,607,380	4,429,744
Facilities management	-	-	-	-
Streets	-	-	-	-
Sanitation	-	-	-	-
PID activities	2,736,000	2,122,901	48,520	2,850
Parks and recreation	2,253,982	2,652,384	2,761,053	2,644,329
Pools	-	-	-	-
Community development	436,090	640,404	738,659	695,637
Public works (Streets and infrastructure)	1,716,531	1,878,119	1,728,809	1,671,692
Water and sewer	319,054	319,054	-	-
Storm drainage	234,339	234,287	-	-
Interest on long-term debt	469,923	496,019	2,365,059	2,771,762
Total governmental activities expenses	<u>12,428,477</u>	<u>14,612,513</u>	<u>14,782,778</u>	<u>15,614,514</u>
Business-type activities				
Storm Drainage	205,331	174,499	120,295	129,722
Trophy Club Park	123,445	109,325	116,477	93,677
Total business-type activities expenses	<u>328,776</u>	<u>283,824</u>	<u>236,772</u>	<u>223,399</u>
Total primary government expenses	<u>\$ 12,757,253</u>	<u>\$ 14,896,337</u>	<u>\$ 15,019,550</u>	<u>\$ 15,837,913</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ -	\$ -	\$ -	\$ -
Court	-	-	-	-
Police	-	-	-	-
Fire	-	-	-	-
Emergency medical services	-	-	-	-
Parks and recreation	-	-	-	-
Community Development	702,578	605,558	-	-
Sanitation	-	-	-	-
Public works	-	-	-	-
Other	2,669,738	2,593,969	3,705,774	3,982,406
Operating grants and contributions	550,495	141,071	581,633	443,752
Capital grants and contributions	1,254,997	-	-	-
Total governmental activities program revenues	<u>5,177,808</u>	<u>3,340,598</u>	<u>4,287,407</u>	<u>4,426,158</u>
Business-type activities				
Charges for services				
Storm Drainage	484,874	466,934	596,520	592,322
Trophy Club Park	-	-	-	-
Operating grants and contributions	-	61,106	-	94,521
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>484,874</u>	<u>528,040</u>	<u>596,520</u>	<u>686,843</u>
Total primary government program revenues	<u>\$ 5,662,682</u>	<u>\$ 3,868,638</u>	<u>\$ 4,883,927</u>	<u>\$ 5,113,001</u>

*The Town implemented GASB Statement No. 68 for the year ended September 30, 2015.

** The Town Implemented GASB Statement No. 75 for the year ended September 30, 2018.

Table 2

2019	2020	2021	2022	2023	2024
\$ 3,650,893	\$ 3,561,521	\$ 1,381,483	\$ 663,394	\$ 899,894	\$ 632,029
-	-	936,032	567,704	782,210	486,130
-	-	-	-	-	212,947
-	-	-	-	-	7,662
-	-	280,147	205,246	278,174	357,993
-	-	512,144	549,792	518,064	617,969
-	-	647,888	543,189	673,596	598,600
-	-	118,756	189,141	159,807	138,548
-	-	49,837	258,489	92,313	250,929
5,109,461	5,139,151	5,616,921	6,008,021	7,076,418	7,987,904
-	-	448,538	1,455,292	1,425,387	1,501,274
-	-	317,005	396,974	653,518	382,094
-	-	1,057,653	-	-	-
26,875	50,152	-	-	-	-
2,871,283	2,593,588	2,674,646	2,864,327	3,093,727	3,132,835
-	-	-	-	-	-
717,215	563,312	639,321	471,539	552,382	606,080
2,371,290	2,052,018	2,308,861	2,315,082	2,358,623	2,762,037
-	-	-	-	-	-
-	-	-	-	-	-
2,663,286	1,639,671	1,535,312	1,278,873	1,371,710	1,406,043
17,410,303	15,599,413	18,524,544	17,767,063	19,935,823	21,081,074
131,370	93,912	126,163	144,131	176,590	284,437
122,186	229,670	125,692	169,456	127,025	135,419
253,556	323,582	251,855	313,587	303,615	419,856
\$ 17,663,859	\$ 15,922,995	\$ 18,776,399	\$ 18,080,650	\$ 20,239,438	\$ 21,500,930
\$ -	\$ -	\$ 286,695	\$ 321,725	\$ 269,132	\$ 321,820
-	-	110,550	380,427	219,645	349,697
-	-	123,942	101,556	142,470	161,706
-	-	1,344,545	1,444,477	1,492,123	1,747,461
-	-	95,775	130,805	193,982	162,587
-	-	301,668	342,996	397,773	355,367
-	-	1,775	6,340	5,805	10,250
-	-	1,058,213	1,059,841	1,091,668	1,141,025
-	-	9,670	7,485	8,675	5,175
3,266,108	1,797,916	-	-	-	-
1,392,787	2,056,622	37,851	173,599	92,029	159,362
2,127,040	-	150,000	-	-	-
6,785,935	3,854,538	3,520,684	3,969,251	3,913,302	4,414,450
539,295	430,303	435,798	435,559	437,219	432,307
-	188,708	185,981	289,336	268,703	182,116
-	-	4,170	125,468	31,750	-
3,360	68,146	-	-	-	-
542,655	687,157	625,949	850,363	737,672	614,423
\$ 7,328,590	\$ 4,541,695	\$ 4,146,633	\$ 4,819,614	\$ 4,650,974	\$ 5,028,873

Town of Trophy Club, Texas
Changes in Net Position (Continued)
Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)

Fiscal Year	2015*	2016	2017	2018**
Net (Expense) Revenue				
Governmental activities	\$ (7,250,669)	\$ (11,271,915)	\$ (10,495,371)	\$ (11,188,356)
Business-type activities	<u>156,098</u>	<u>244,216</u>	<u>359,748</u>	<u>463,444</u>
Total primary government net (expense) revenue	<u>\$ (7,094,571)</u>	<u>\$ (11,027,699)</u>	<u>\$ (10,135,623)</u>	<u>\$ (10,724,912)</u>
General Revenues And Other				
Changes In Net Position				
Governmental activities				
Taxes				
Property taxes	\$ 7,447,069	\$ 7,714,564	\$ 8,269,141	\$ 8,412,231
Sales and mixed beverage taxes	1,104,298	1,217,693	1,306,243	1,150,073
Other taxes	1,027,407	1,255,995	1,376,352	1,486,952
Investment income	11,331	65,709	146,015	259,220
Miscellaneous revenues	100,202	382,521	908,540	197,567
Special items	-	-	-	-
Gain on disposal of assets	-	-	-	-
Transfers	<u>35,350</u>	<u>70,206</u>	<u>86,887</u>	<u>87,209</u>
Total governmental activities	<u>9,725,657</u>	<u>10,706,688</u>	<u>12,093,178</u>	<u>11,593,252</u>
Business-type activities				
Investment income	143	914	2,087	7,258
Special items	-	-	-	-
Transfers	<u>35,350</u>	<u>70,206</u>	<u>86,887</u>	<u>87,209</u>
Total business-type activities	<u>35,493</u>	<u>71,120</u>	<u>88,974</u>	<u>94,467</u>
Total primary government	<u>\$ 9,761,150</u>	<u>\$ 10,777,808</u>	<u>\$ 12,182,152</u>	<u>\$ 11,687,719</u>
Change In Net Position				
Governmental activities	\$ 2,474,988	\$ (565,227)	\$ 1,597,807	\$ 404,896
Business-type activities	<u>191,591</u>	<u>315,336</u>	<u>448,722</u>	<u>557,911</u>
Total primary government change in net position	<u>\$ 2,666,579</u>	<u>\$ (249,891)</u>	<u>\$ 2,046,529</u>	<u>\$ 962,807</u>

*The Town implemented GASB Statement No. 68 for the year ended September 30, 2015.

**The Town implemented GASB Statement No. 75 for the year ended September 30, 2018.

Table 2

2019	2020	2021	2022	2023	2024
\$ (10,624,368)	\$ (11,744,875)	\$ (15,003,860)	\$ (13,797,812)	\$ (16,022,521)	\$ (16,666,624)
289,099	363,575	374,094	536,776	434,057	194,567
<u>\$ (10,335,269)</u>	<u>\$ (11,381,300)</u>	<u>\$ (14,629,766)</u>	<u>\$ (13,261,036)</u>	<u>\$ (15,588,464)</u>	<u>\$ (16,472,057)</u>
\$ 8,974,426	\$ 9,347,776	\$ 9,940,633	\$ 10,255,223	\$ 11,180,838	\$ 11,858,764
1,271,864	1,445,994	2,035,404	2,290,748	2,358,255	2,630,932
1,581,721	1,238,302	1,261,872	1,689,864	1,838,706	1,914,590
512,922	183,858	72,940	244,451	1,289,627	2,095,412
235,107	414,384	62,904	197,903	313,150	721,499
-	882,082	-	-	-	-
-	-	-	-	-	-
86,937	262,933	(116,463)	(142,194)	(156,342)	(142,625)
<u>12,662,977</u>	<u>13,775,329</u>	<u>13,257,290</u>	<u>14,535,995</u>	<u>16,824,234</u>	<u>19,078,572</u>
11,818	2,711	325	8,264	64,244	85,289
-	-	-	-	-	150
86,937	262,933	116,463	142,194	156,342	142,625
<u>98,755</u>	<u>265,644</u>	<u>116,788</u>	<u>150,458</u>	<u>220,586</u>	<u>228,064</u>
<u>\$ 12,761,732</u>	<u>\$ 14,040,973</u>	<u>\$ 13,374,078</u>	<u>\$ 14,686,453</u>	<u>\$ 17,044,820</u>	<u>\$ 19,306,636</u>
\$ 2,038,609	\$ 2,030,454	\$ (1,746,570)	\$ 738,183	\$ 801,713	\$ 2,411,948
387,854	629,219	490,882	687,234	654,643	422,631
<u>\$ 2,426,463</u>	<u>\$ 2,659,673</u>	<u>\$ (1,255,688)</u>	<u>\$ 1,425,417</u>	<u>\$ 1,456,356</u>	<u>\$ 2,834,579</u>

Town of Trophy Club, Texas
Fund Balances of Governmental Funds
Last Ten Fiscal Years (Unaudited)
(modified accrual basis of accounting)

Fiscal Year	2015	2016	2017	2018
General Fund				
Nonspendable	\$ 1,816	\$ 54,397	\$ 91,278	\$ 430,977
Committed	228,138	-	-	-
Assigned	200,000	189,475	183,858	182,718
Unassigned	3,261,235	3,950,290	4,335,983	4,826,823
Total general fund	<u>\$ 3,691,189</u>	<u>\$ 4,194,162</u>	<u>\$ 4,611,119</u>	<u>\$ 5,440,518</u>
All Other Governmental Funds				
Restricted:				
Debt Service	\$ 118,542	\$ 143,174	\$ 309,043	\$ 262,277
Capital Projects	1,694,546	8,764,936	6,285,515	5,764,419
Municipal court	43,422	39,668	37,819	37,155
Public Safety	134,265	210,189	71,259	9,886
Street Maintenance	65,306	-	92,856	29,337
Tourism	475,748	564,363	399,883	790,686
Parks	-	-	-	467,425
PID No. 1	4,229,068	3,869,425	3,832,851	3,882,225
Town Anniversary	3,497	-	-	-
Committed:				
Recreation programs	3,395	2,269	7,307	3,655
Unassigned	6,327	5,017	-	-
Total all other governmental funds	<u>\$ 6,774,116</u>	<u>\$ 13,599,041</u>	<u>\$ 11,036,533</u>	<u>\$ 11,247,065</u>

Table 3

2019	2020	2021	2022	2023	2024
\$ 389,687	\$ 389,112	\$ 727,449	\$ 427,772	\$ 435,113	\$ 442,729
-	-	-	-	-	-
177,130	169,592	-	-	-	-
5,256,436	6,988,719	6,876,307	7,916,625	9,981,221	12,376,571
<u>\$ 5,823,253</u>	<u>\$ 7,547,423</u>	<u>\$ 7,603,756</u>	<u>\$ 8,344,397</u>	<u>\$ 10,416,334</u>	<u>\$ 12,819,300</u>
\$ 473,670	\$ 706,640	\$ 4,357,220	\$ 4,078,885	\$ 4,289,334	\$ 4,454,115
3,568,072	1,984,646	6,199,646	4,952,458	10,606,605	10,711,565
30,036	32,838	36,824	44,638	61,194	84,077
9,886	9,886	284,013	290,366	267,457	322,571
92,457	184,556	302,901	436,702	426,989	508,672
1,313,981	1,530,643	1,726,744	2,275,553	2,722,338	3,317,903
220,464	385,727	536,001	350,554	407,935	632,834
3,972,188	3,971,196	-	-	-	-
-	-	-	-	-	-
3,028	5,062	7,710	21,550	21,175	28,886
-	-	(327,716)	(226,168)	(192,359)	-
<u>\$ 9,683,782</u>	<u>\$ 8,811,194</u>	<u>\$ 13,123,343</u>	<u>\$ 12,224,538</u>	<u>\$ 18,610,668</u>	<u>\$ 20,060,623</u>

Town of Trophy Club, Texas
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years (Unaudited)
(modified accrual basis of accounting)

Fiscal Year	2015	2016	2017	2018
Revenues				
Taxes				
Ad valorem taxes	\$ 7,469,912	\$ 7,724,244	\$ 8,132,670	\$ 8,600,999
Sales and mixed beverage taxes	1,104,298	1,217,694	1,306,243	1,150,073
Franchise taxes	811,052	953,622	888,863	867,446
Occupancy	264,708	302,374	487,489	619,506
Special assessments	1,917,636	1,986,516	2,129,321	2,166,167
Licenses, permits & fees	697,378	598,586	333,780	614,931
Intergovernmental	326,195	26,237	581,633	608,910
Charges for services	293,011	310,735	820,530	767,237
Fines & Fees	580,648	362,409	355,504	497,078
Lease revenue	-	-	-	-
Interest revenue - leases	-	-	-	-
Investment Income	11,330	65,708	146,015	259,213
Grant revenue	147,691	7,942	-	-
Miscellaneous	100,202	407,418	158,540	715,535
Total revenues	13,724,061	13,963,485	15,340,588	16,867,095
Expenditures				
Current				
General government	2,273,447	2,349,120	2,191,140	2,404,704
Manager's office	-	-	-	-
Town secretary	-	-	-	-
Mayor & council	-	-	-	-
Human resources	-	-	-	-
Finance	-	-	-	-
Information services	-	-	-	-
Legal	-	-	-	-
Court	-	-	-	-
PID activities	314,344	81,793	44,984	2,850
Public safety	2,896,632	3,187,064	4,117,992	4,441,873
Facilities management	-	-	-	-
Streets	-	-	-	-
Sanitation	-	-	-	-
Public works	516,035	566,927	179,448	340,910
Community development	479,477	576,508	582,259	449,178
Pool	-	-	-	-
Culture & recreation	1,799,204	1,892,065	1,991,571	2,708,827
Debt service				
Principal	1,438,000	2,153,974	1,567,004	1,675,350
Interest and fiscal changes	2,546,971	3,396,480	2,630,171	2,796,835
Capital outlay	3,466,307	3,395,509	9,146,919	1,239,065
Total expenditures	15,730,417	17,599,440	22,451,488	16,059,592
Excess (Deficiency) of Revenues Over Expenditures	(2,006,356)	(3,635,955)	(7,110,900)	807,503
Other Financing Sources (Uses)				
Proceeds from lease obligation	-	-	-	264,732
Proceeds from contractual obligations	-	4,210,000	-	-
Sale of general capital assets	-	-	-	-
Insurance recoveries	-	-	-	-
Proceeds from bonds	2,030,000	31,399,979	4,445,000	-
Premium on bonds	-	5,020,788	128,317	-
Payment to refunded bond escrow agent	2,026,710	29,734,500	-	-
Lease financing	-	-	-	-
Transfers in	63,350	493,947	993,250	298,457
Transfers out	28,000	423,741	906,363	63,817
Total other financing sources (uses)	4,148,060	71,282,955	6,472,930	627,006
Net Change in Fund Balances	\$ 2,141,704	\$ 67,647,000	\$ (637,970)	\$ 1,434,509
Debt Service as a Percentage of Noncapital Expenditures	32.49%	39.08%	31.55%	30.18%

Table 4

2019	2020	2021	2022	2023	2024
\$ 8,967,795	\$ 9,359,847	\$ 9,941,321	\$ 10,262,914	\$ 11,207,851	\$ 11,851,078
1,271,864	1,445,994	2,035,404	2,290,748	2,358,255	2,630,932
911,738	850,543	869,212	908,033	1,016,222	1,029,212
669,983	387,759	392,660	781,831	822,484	885,378
2,176,400	2,187,165	2,195,144	2,263,090	2,267,110	2,275,465
499,302	479,513	284,500	280,222	253,027	356,502
724,333	2,056,622	1,365,324	1,601,656	1,567,063	1,890,204
769,962	296,947	1,431,343	1,484,550	1,524,037	1,661,781
312,267	132,877	337,123	618,956	432,505	505,963
-	-	-	83,834	107,834	105,010
-	-	-	24,288	20,188	15,712
512,922	183,858	72,940	244,451	1,289,627	2,095,412
-	-	-	-	-	-
402,894	386,615	212,904	66,440	216,732	603,864
17,219,460	17,767,740	19,137,875	20,911,013	23,082,935	25,906,513
3,164,364	2,584,454	973,869	270,272	383,218	234,849
-	-	973,427	620,172	758,661	473,438
-	-	-	-	-	208,835
-	-	-	-	-	7,662
-	-	287,521	216,058	268,107	351,267
-	-	528,002	583,304	504,727	608,058
-	-	595,432	492,761	641,317	572,452
-	-	118,756	189,141	159,807	138,548
-	-	51,347	258,489	92,313	250,929
26,875	50,152	-	-	-	-
4,872,242	4,977,216	5,616,394	6,162,615	6,547,801	7,531,929
-	-	450,853	1,460,399	1,425,314	1,501,274
-	-	319,943	402,212	644,687	376,841
-	-	1,057,653	-	-	-
414,938	388,419	204,633	207,684	231,437	617,296
568,239	491,941	654,107	490,655	524,674	578,444
-	-	-	-	-	-
2,250,599	2,380,448	1,922,721	2,138,251	2,308,047	2,421,914
1,723,652	3,081,206	3,408,000	3,582,199	3,397,255	3,550,451
2,811,664	1,614,385	1,452,214	1,396,045	1,479,107	1,518,583
2,860,040	1,735,016	508,748	2,647,445	2,325,253	976,471
18,692,613	17,303,237	19,123,620	21,117,702	21,691,725	21,919,241
(1,473,153)	464,503	14,255	(206,689)	1,391,210	3,987,272
-	-	-	-	-	-
-	-	-	-	-	-
-	32,213	-	60,142	54,208	8,274
-	27,769	-	-	-	-
-	3,550,000	4,305,000	-	6,925,000	-
-	-	297,691	-	257,608	-
-	3,485,838	-	-	-	-
-	-	-	90,577	26,383	-
89,937	264,433	686,235	266,609	246,754	406,987
3,000	1,500	(802,698)	(408,803)	(403,096)	(549,612)
92,937	7,361,753	4,486,228	8,525	7,106,857	(134,351)
\$ (1,380,216)	\$ 7,826,256	\$ 4,500,483	\$ (198,164)	\$ 8,498,067	\$ 3,852,921
28.65%	30.16%	26.11%	26.95%	25.18%	24.20%

Town of Trophy Club, Texas
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years (Unaudited)

Table 5

Fiscal Year	Estimated Market Value		Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property	Non Real Property			
2015	\$ 1,426,754,517	\$ 20,304,259	\$ 64,382,412	\$ 1,382,676,364	\$ 0.49000
2016	1,618,577,881	28,301,916	68,622,814	1,578,256,983	0.48400
2017	1,816,191,857	29,805,970	73,301,474	1,772,696,353	0.47300
2018	1,986,456,291	32,335,529	83,492,349	1,935,299,471	0.45144
2019	2,146,374,412	34,488,137	79,947,523	2,100,915,026	0.44644
2020	2,245,060,094	34,337,805	173,637,626	2,105,760,273	0.44644
2021	2,571,479,079	41,659,656	210,421,213	2,402,717,522	0.44644
2022	2,732,597,188	30,337,600	213,411,764	2,549,523,024	0.44500
2023	3,069,209,272	29,159,280	220,375,646	2,877,992,906	0.41547
2024	3,275,722,564	32,074,104	230,181,814	3,077,614,854	0.41547

Source: Denton & Tarrant County Central Appraisal District Certified Roll

Note: Total Taxable Assessed Value is not adjusted for tax ceilings.

Town of Trophy Club, Texas
Direct and Overlapping Property Tax Rates (Per \$100 of Assessed Value)
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Town of Trophy Club			Overlapping Rates			
	Operating Mileage	Debt Service Mileage	Total Town Mileage	Northwest ISD	Trophy Club MUD #1	Trophy Club MUD #2	Denton County
2015	\$ 0.380000	\$ 0.110000	\$ 0.490000	\$ 1.452500	\$ 0.133390	\$ -	\$ 0.272200
2016	0.374000	0.110000	0.484000	1.452500	0.131140	-	0.262000
2017	0.363000	0.110000	0.473000	1.452500	0.127220	-	0.248409
2018	0.341442	0.110000	0.451442	1.490000	0.120210	-	0.237181
2019	0.336442	0.110000	0.446442	1.490000	0.116180	-	0.225574
2020	0.336442	0.110000	0.446442	1.420000	0.112730	-	0.225278
2021	0.336442	0.110000	0.446442	1.420000	0.105880	-	0.224985
2022	0.335000	0.099799	0.434799	1.292000	0.091340	-	0.233086
2023	0.315670	0.099799	0.415469	1.274600	0.063810	-	0.189485
2024	0.315670	0.099799	0.415469	1.087900	0.062500	-	0.187869

Source: Denton & Tarrant County Appraisal Districts

Table 6

Overlapping Rates							Total Direct & Overlapping Rates
Trophy Club PID #1 ESD	Tarrant County	Tarrant County College	Tarrant County Hospital	Total MUD #1 Mileage	Total MUD #2 Mileage	Total PID #1 ESD Mileage	
\$ 0.077270	\$ 0.264000	\$ 0.149500	\$ 0.227897	\$ 2.948860	N/A	\$ 2.401970	\$ 3.066757
0.072220	0.264000	0.149500	0.227897	2.925360	N/A	2.380720	3.043257
0.074450	0.254000	0.144730	0.227897	2.884309	N/A	2.358359	3.002206
0.068700	0.244000	0.140060	0.224429	2.861593	N/A	2.357323	2.976022
0.067190	0.234000	0.136070	0.224429	2.825456	N/A	2.339206	2.939885
0.067380	0.234000	0.130170	0.224429	2.204450	N/A	2.269100	2.860429
0.064760	0.229000	0.130170	0.224429	2.197307	N/A	2.266187	2.845666
0.064180	0.224000	0.130170	0.229000	2.051225	N/A	2.123864	2.698575
0.056250	0.194500	0.112170	0.194500	1.943364	N/A	2.035603	2.500784
0.051360	0.187500	0.112280	0.182500	1.753738	N/A	1.842397	2.287378

Town of Trophy Club, Texas
Principal Property Taxpayers
Current Year and Ten Years Ago (Unaudited)

Table 7

Taxpayer	2024			2015		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
NAP Trophy Club LP	\$ 67,769,295	1	2.35%	\$ -	n/a	-%
Armored Trophy Club LLC	19,400,000	2	0.67%	8,950,000	3	0.74%
TC Town Center 1 LP	18,724,300	3	0.65%	-	n/a	-%
Trophy Club 18 LLC	18,391,053	4	0.64%	-	n/a	-%
KAGR Trophy Club 2800 LLC	17,400,000	5	0.60%	-	n/a	-%
Trophy Lodging LTD	9,500,000	6	0.33%	-	n/a	-%
Quasar Hotels LLC	9,060,000	7	0.31%	-	n/a	-%
4663 Okeechobee Blvd. & Palm Beach Holdings	8,812,000	8	0.31%	5,352,159	7	0.44%
Hydra Hotels LLC	8,519,000	9	0.30%	6,520,997	4	0.54%
Armored II - Quorum LLC	8,500,000	10	0.30%	-	n/a	-%
Clubcorp Golf Tex LP P/S	-	n/a	-%	5,080,864	8	0.42%
Cnl Retmt CRSI Trophy Cl Tx LP	-	n/a	-%	18,000,000	1	1.48%
Trophy Club 12 LLC	-	n/a	-%	14,481,513	2	1.19%
Trophy Club Medical Center LP	-	n/a	-%	5,563,287	5	0.46%
First Texas Homes INC	-	n/a	-%	5,009,276	9	0.41%
Lennar Homes of Texas Land & Construction LTD	-	n/a	-%	5,497,526	6	0.45%
Trophy Club Equities	-	n/a	-%	4,250,000	10	0.35%
Totals	<u>\$ 186,075,648</u>		<u>6.46%</u>	<u>\$ 78,705,622</u>		<u>6.48%</u>

Source: Denton and Tarrant County Central Appraisal District

Town of Trophy Club, Texas
Property Tax Levies and Collections
Last Ten Fiscal Years (Unaudited)

Table 8

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2015	\$ 6,665,433	\$ 6,642,558	99.66%	\$ 14,249	\$ 6,656,807	99.87%
2016	7,477,394	7,456,542	99.72%	13,166	7,469,708	99.90%
2017	8,188,616	8,153,915	99.58%	10,781	8,164,696	99.71%
2018	8,627,946	8,614,737	99.85%	2,511	8,617,248	99.88%
2019	9,027,118	8,992,174	99.61%	35,723	9,027,897	100.01%
2020	9,504,473	9,400,652	98.91%	22,868	9,423,520	99.15%
2021	9,835,286	9,785,993	99.50%	26,729	9,812,722	99.77%
2022	10,263,591	10,247,041	99.84%	(8,278)	10,238,763	99.76%
2023	11,139,198	11,121,834	99.84%	14,267	11,136,101	99.97%
2024	11,879,516	11,863,572	99.87%	-	11,863,572	99.87%

Source: Denton County Tax Assessor Collector

Town of Trophy Club, Texas
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years (Unaudited)

Table 9

Fiscal Year	Governmental Activities					Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita
	General Obligation Bonds	Certificates of Obligation	Special Assessment Bonds	Premium	Leases	Certificates of Obligation	Premium			
2015	\$ 8,344,695	\$ 4,029,431	\$ 26,481,000	\$ -	\$ -	\$ 1,454,619	\$ -	\$ 40,309,745	7.62%	3,348
2016	12,375,000	7,961,000	25,710,479	4,916,763	-	1,275,000	30,200	52,268,442	9.35%	4,200
2017	11,450,000	12,068,000	25,406,475	4,754,458	-	1,130,000	25,779	54,834,712	9.26%	4,234
2018	10,640,000	11,415,000	25,285,577	4,457,420	173,280	980,000	21,358	52,972,635	8.06%	3,828
2019	9,805,000	10,637,000	25,260,000	4,160,382	88,205	825,000	16,939	50,792,526	7.94%	4,106
2020	9,005,000	9,789,000	23,985,000	3,872,927	-	670,000	12,522	47,334,449	6.98%	3,802
2021	7,500,000	13,206,000	22,800,000	3,798,808	-	-	8,504	47,313,312	7.04%	3,557
2022	6,595,000	12,298,000	21,245,000	3,482,143	99,617	345,000	4,486	44,069,246	6.10%	3,206
2023	5,890,000	18,040,000	19,776,000	3,423,086	85,745	175,000	468	47,390,299	5.60%	3,423
2024	5,165,000	16,800,000	18,227,000	3,093,541	49,294	-	-	43,334,835	4.62%	2,941

(1) Personal Income and population found on Table 15 of the Statistical Section

Town of Trophy Club, Texas
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years (Unaudited)

Table 10

Fiscal Year	General Obligation Bonds	Certificates of Obligation	Special Assessment Bonds	Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
2015	\$ 8,344,695	\$ 4,029,431	\$ -	0.89%	\$ 1,028
2016	12,375,000	7,961,000	25,710,479	1.29%	1,634
2017	11,450,000	12,068,000	25,406,475	1.33%	1,890
2018	10,640,000	11,415,000	25,285,577	1.14%	1,594
2019	9,805,000	10,637,000	25,260,000	0.97%	1,653
2020	9,005,000	9,789,000	23,985,000	0.89%	1,509
2021	7,500,000	13,206,000	22,800,000	0.86%	1,557
2022	6,595,000	12,298,000	21,245,000	0.74%	1,375
2023	5,890,000	18,040,000	19,776,000	0.83%	1,729
2024	5,165,000	16,800,000	18,227,000	0.71%	1,607

(1) Property values are from Table 5 .

(2) Populations are from Table 12.

Town of Trophy Club, Texas
Direct and Overlapping Governmental Activities Debt
As of September 30, 2024 (Unaudited)

Table 11

Governmental Unit	Debt Principal Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Denton County	\$ 673,670,000	1.62%	\$ 10,940,917
Northwest Independent School District	2,280,247,569	7.70276%	175,641,993
Tarrant County	345,130,000	0.01%	19,696
Tarrant County College District	569,915,000	0.07%	398,941
Tarrant County Hospital District	440,020,000	0.01%	25,111
Trophy Club MUD #1	<u>4,290,000</u>	0.56%	<u>23,902</u>
Subtotal, overlapping debt	4,313,272,569		187,050,560
Town of Trophy Club, direct debt	<u>43,285,541</u>	100.00%	<u>43,285,541</u>
Total direct and overlapping debt principal	<u>\$ 4,356,558,110</u>		<u>\$ 230,336,101</u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Town of Trophy Club. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: Most recent Texas Municipal Reports (TMR) published by the Municipal Advisory Council of Texas.

Town of Trophy Club, Texas
Pledged Revenue Coverage
Last Ten Fiscal Years (Unaudited)

Table 12

Fiscal Year	Special Assessment Bonds		Times Coverage
	Special Assessment Collections	Annual Requirement (1)	
2020	\$ 2,187,165	\$ 2,180,573	1.00
2021	2,195,144	2,220,073	0.99
2022	2,263,090	2,249,922	1.01
2023	2,267,110	2,283,923	0.99
2024	2,275,465	2,319,852	0.98

Note: (1) Includes Principal and Interest

Special assessment bonds pledged-revenue coverage presented starting with fiscal year 2020.

Town of Trophy Club, Texas
Demographic and Economic Statistics
Last Ten Fiscal Years (Unaudited)

Table 13

Year	Estimated Population (1)	Total Households (1)	Median Household Income (2)	Total Personal Income	Unemployment Rate (3)
2015	12,040	4,153	\$ 127,391	\$ 529,054,823	3.88%
2016	12,446	4,342	128,750	559,032,500	3.66
2017	12,950	4,435	133,457	591,881,795	3.38
2018	13,838	4,723	139,156	657,233,788	3.40
2019	12,369	4,490	142,483	639,748,670	3.10
2020	12,451	4,600	147,477	678,394,200	3.10
2021	13,301	4,555	147,477	671,757,735	6.60
2022	13,745	4,234	170,679	722,654,886	3.80
2023	13,843	4,625	183,125	846,953,125	5.60
2024	13,666	4,864	193,026	938,878,464	3.90

Sources: (1) Estimated population using residential water connections

(2) United States Census Bureau

(3) Federal Bank of St. Louis Economic Research; Denton and Tarrant Counties' data averaged 2018.

Town of Trophy Club, Texas
Principal Employers
Current Year and Ten Years Ago (Unaudited)

2024		
Employer	Employees	Percentage of Total Town Employment
Northwest Independent School District	415	5.92%
Baylor Medical Center at Trophy Club	230	2.92%
Trophy Club Country Club	205	3.28%
Tom Thumb	202	2.88%
Town of Trophy Club*	108	1.54%
HG Sply Co.	100	1.43%
Hutchins	85	1.21%
Fellowship United Methodist Church	39	0.56%
Premier Academy - Trophy Club	35	0.50%
The Church at Trophy Lakes	30	0.43%
Total	1,449	20.67%

(*) Includes Full Time, Part Time, and Seasonal

Table 14

2015		
Employer	Employees	Percentage of Total Town Employment
Northwest Independent School District	472	31.47%
Baylor Medical Center at Trophy Club	215	14.33%
Trophy Club Country Club	220	14.67%
Town of Trophy Club	198	13.20%
Tom Thumb	75	5.00%
Bread Winners Cafe	72	4.80%
Cristina's Mexican Restaurant	55	3.67%
Fellowship United Methodist Church	43	2.87%
Premier Academy - Trophy Club	39	2.60%
Trophy Lake Academy	30	2.00%
Total	1,419	94.61%

Town of Trophy Club, Texas
Full-time Equivalent Town Government Employees
By Function/Program
Last Ten Fiscal Years (Unaudited)

Table 15

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Government and Administration	13	14	13	14	14	13	12	12	14	12
Public Safety	32	33	33	34	41	41	38	42	43	46
Streets	4	4	4	2	3	3	3	3	3	3
Parks and Recreation	17	17	16	17	14	14	16	14	17	19
Community Development	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>5</u>	<u>4</u>	<u>4</u>	<u>3</u>	<u>4</u>	<u>4</u>
Total	<u><u>72</u></u>	<u><u>74</u></u>	<u><u>72</u></u>	<u><u>73</u></u>	<u><u>77</u></u>	<u><u>75</u></u>	<u><u>73</u></u>	<u><u>74</u></u>	<u><u>81</u></u>	<u><u>84</u></u>

Source: Departmental records

Town of Trophy Club, Texas
Operating Indicators by Function/Program
Last Ten Fiscal Years (Unaudited)

Table 16

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Public Safety										
Police										
Number of stations	1	1	1	2	2	1	1	1	1	1
Number of police personnel	25	25	26	26	24	25	23	26	26	27
Number of arrests	125	145	148	130	275	157	158	47	141	144
Number of traffic stops	2,912	3,635	2,922	4,262	5,397	3,106	3,206	2,987	5,312	7,033
Fire										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of fire personnel	15	16	17	18	17	17	18	19	19	18
Number of calls answered	868	898	868	858	871	965	981	1,061	944	953
Developmental										
Miles of streets	43	43	43	43	52	52	52	52	52	52
Parks/Recreational Changes										
Parks	6	6	6	6	6	6	6	6	6	6
Park acreage	1,039	1,039	1,039	1,039	1,039	1,039	1,039	1,039	1,039	929

Source: Departmental records



Financial Advisory Services
Provided By:

