TOWN OF TROPHY CLUB

1 Trophy Wood Drive
Trophy Club, Texas 76262

MEETING AGENDA

TOWN COUNCIL

March 25, 2024 | **7:00 PM** | **Council Chambers**

CALL TO ORDER AND ANNOUNCE A QUORUM

INVOCATION led by Pastor Jeff Brooks, Lake Cities Church of Christ

God Bless America, performed by Brian Hall

PLEDGES

Pledge of Allegiance to the American Flag

Pledge of Allegiance to the Texas Flag

PUBLIC COMMENT(S)

This is an opportunity for citizens to address the Council on any matter. The Council is not permitted to discuss or take action on any presentations made. Presentations are limited to matters over which the Council has authority. Speakers have up to four (4) minutes or the time limit determined by the Presiding Officer. Each speaker must have submitted their request to speak by completing the Speaker's Form or may email mayorandcouncil@trophyclub.org

COMMUNITY SPOTLIGHT

1. Presentation from Animal Shelter Advisory Board

2. Working for You... Trophy Club

- **a)** Update from Town Council Members
- **b)** Update from Town Manager (Brandon Wright, Town Manager)
- **c)** Quick Civic Tip (Dean Roggia, Town Attorney)

CONSENT AGENDA

3. Consider approval of the February 26, 2024, Town Council regular meeting minutes. (Tammy Dixon, Town Secretary)

4. Consider a resolution amending the Trophy Club Economic Development Corporation's Articles of Incorporation. (Tammy Dixon, Town Secretary)

5. Consider a resolution amending the Trophy Club Economic Development Corporation's Bylaws. (Tammy Dixon, Town Secretary)

6. Consider an Interlocal Cooperation Contract between the Department of Public Safety of the State of Texas and the Municipal Court of the Town of Trophy Club, Texas; and authorize the Town Manager to negotiate and execute the contract on behalf of the Town. (April Duvall, Director of Finance)

INDIVIDUAL ITEMS

7. Consider accepting the Annual Comprehensive Financial Report for the Town of Trophy Club Fiscal Year 2023. (April Duvall, Director of Finance)

8. Consider a resolution adopting the Town of Trophy Club Investment Policy for Fiscal Year 2023-2024. (April Duvall, Director of Finance)

9. Consider a meritorious exception application request for special purpose banners/signs for the 2024 Trophy Club Women's Club Mother's Day Art and Garden Festival, to include a request to waive the meritorious exception fee, to be located at the Trophy Club Town Center, PD-30. (Matt Cox, Commuity Development Director)

ADJOURN

The Town Council may convene into executive session to discuss posted items as allowed by Texas Government Code Sections 551.071 through 551.076 and Section 551.087.

CERTIFICATION

I do hereby certify that the Notice of Meeting was posted on the bulletin board at the Town Hall for the Town of Trophy Club, Texas, in a place convenient and readily accessible to the general public at all times on the following date and time: March 20, 2024, at 5:10 p.m., and said Notice of Meeting was also posted concurrently on the Town's website in accordance with Texas Government Code Ch. 551 at least 72 hours prior to the scheduled time of said meeting.

/s/ Tammy Dixon

Tammy Dixon, Town Secretary

If you plan to attend this public meeting and have a disability that requires special needs, please contact the Town Secretary's Office at 6822372900, 48 hours in advance, and reasonable accommodations will be made to assist you.

TROPHY CLUB

TOWN COUNCIL COMMUNICATION

MEETING DATE: March 25, 2024
FROM: Tammy Dixon, Town Secretary
AGENDA ITEM: Consider approval of the February 26, 2024, Town Council regular meeting minutes. (Tammy Dixon, Town Secretary)

BACKGROUND/SUMMARY: The Town Council held a regular meeting on February 26, 2024.

BOARD REVIEW/CITIZEN FEEDBACK: N/A

FISCAL IMPACT: N/A

LEGAL REVIEW: N/A

ATTACHMENTS:
1. 02.26.2024 draft minutes

ACTIONS/OPTIONS:
Move to approve the February 26, 2024, Town Council regular meeting minutes.

Town of Trophy Club Town Council Meeting Minutes
February 26, 2024, 7:00 p.m., Regular Meeting
1 Trophy Wood Drive, Trophy Club, Texas 76262

CALL REGULAR MEETING TO ORDER

Mayor Tiffany called the regular meeting to order at 7:00 p.m.

COUNCILMEMBERS PRESENT

Jeannette Tiffany, Mayor
Dennis Sheridan, Mayor Pro Tem
Stacey Bauer, Councilmember Place 1
Steve Flynn, Councilmember Place 6
LuAnne Oldham, Councilmember Place 5
Jeff Beach, Councilmember Place 2
Karl Monger, Councilmember Place 4

STAFF MEMBERS PRESENT

Brandon Wright, Town Manager
Tammy Dixon, Town Secretary
Dean Roggia, Town Attorney
Jason Wise, Fire Chief
Patrick Arata, Police Chief
April Duvall, Finance Director
Denise Deprato, Human Resources Director
Jill Lind, Communications and Marketing Director
Chase Ellis, Parks and Recreation Director
Tamara Smith, Assistant to the Town Manager

INVOCATION

Rev. Bill Eason, Fellowship United Church, led the invocation.

NATIONAL ANTHEM AND PLEDGES

The Byron Nelson High School Choir performed the National Anthem.

Councilmember Beach led the Pledge of Allegiances to the American and Texas Flags.

PUBLIC COMMENTS

There were none.

COMMUNITY SPOTLIGHT

1. Working for You . . . Trophy Club

a) Update from Town Council Members

Mayor Pro Tem Sheridan thanked Town Manager Brandon Wright and Town Attorney Dean Roggia for attending and speaking at the Boards and Commissions meetings regarding their roles and responsibilities.

Councilmember Oldham expressed her appreciation to the group of residents that attended the Trophy Club Municipal Utility District (MUD) No. 1 meeting last week requesting possible use of the former annex building as a community center.

Councilmember Flynn recognized the Trophy Club Police Department for their recent Identity Theft educational workshop. He stated the workshop provided great information and was extremely helpful. He encouraged citizens to attend one of two additional upcoming workshops.

Councilman Monger recognized Trophy Club Animal Hospital after losing two of his family pets recently. He stated the care, concern, and time the team provided to his family was deeply appreciated.

Mayor Tiffany reminded everyone of their right to vote and to vote in the Primary Election.

b) Update from Town Manager

Town Manager Wright provided the following updates:

- Movie Night in the Park, Friday, March 8th, at Harmony Park featuring the movie Barbie in celebration of *International Women's Day*.
- February 27, 2024, Economic Development Board meeting.
- March 7, 2024, Planning & Zoning Commission meeting.
- March 18, 2024, Parks and Recreation Board meeting.
- Spring Break week of March 11th. No Town Council meeting scheduled or Town Weekly to be distributed.
- March 25, 2025, Town Council Meeting

Town Manager Wright asked Chief Wise to speak on the Annual Fire Department Report.

Chief Wise provided an overview of the annual report noting it provides achievements, goals, equipment and highlights department staff. He stated the report is available on the Town's website.

c) Quick Civic Tip from Town Attorney

Town Attorney Roggia spoke about political advertising in conjunction with an election stating that the Texas Election Code prohibits the use of political subdivision resources to produce or distribute political advertising in connection with an election.

CONSENT AGENDA

This part of the agenda consists of non-controversial, or "housekeeping" items required by law. Items may be removed from Consent by any council member by making such request prior to a motion and vote.

2. Consider approval of the February 12, 2024, Town Council Work Session and Regular Meeting Minutes. (Tammy Dixon, Town Secretary)

3. Consider authorizing the Town Manager to negotiate and execute an Interlocal Agreement with the City of Southlake, Texas for the use of the Southlake Police Department firing range. (Patrick Arata, Police Chief)

4. Consider authorizing the Town Manager to negotiate and execute an agreement with Fort Worth Cleaning Services for janitorial services for Trophy Club Town Hall, Police Department, and Fire Station in an annual amount of $43,200 including three one-year renewal options. (Matt Cox, Community Development Director)

5. Consider authorizing the Town Manager to negotiate and execute a contract with EnTech Displays for the rebuild of the purchase and installation of outdoor LED message boards at the median of the intersection of Trophy Club Dr and TX 114 frontage road, in front of First Financial Bank, in the not-to-exceed amount of $32,000. (Matt Cox, Community Development Director)

Councilmember Flynn moved to approve Consent Items 2-5. Councilmember Beach seconded the motion.

VOTE ON THE MOTION
AYES: Bauer, Flynn, Sheridan, Tiffany, Beach, Monger, Oldham
NAYES: None
VOTE: 7-0

6. Consider accepting the Trophy Club Police Department's 2023 Racial Profiling Report. (Patrick Arata, Police Chief)

Chief Arata gave a presentation on the 2023 Racial Profiling Report and answered questions from the Town Council

Councilmember Beach moved to accept the Trophy Club Police Department's 2023 Racial Profiling Report. Councilmember Monger seconded the motion.

VOTE ON THE MOTION
AYES: Bauer, Flynn, Sheridan, Tiffany, Beach, Monger, Oldham
NAYES: None
VOTE: 7-0

Mayor Tiffany adjourned the Town Council meeting at 7:33 p.m.

____
Jeannette Tiffany, Mayor

Attest:

____
Tammy Dixon, Town Secretary

TROPHY CLUB

TOWN COUNCIL COMMUNICATION

MEETING DATE: March 25, 2024
FROM: Tammy Dixon, Town Secretary
AGENDA ITEM: Consider a resolution amending the Trophy Club Economic Development Corporation's Articles of Incorporation. (Tammy Dixon, Town Secretary)

BACKGROUND/SUMMARY: The Trophy Club Economic Development Board (EDC) was created in 1996 after citizen approval to establish a 1/2 cent sales tax to be used for the purposes set forth in and in accordance with Section 4B of article 5190.6, V.T.C.S., the Development Corporation Act of 1979 (the ACT).

The initial Articles provided that no more than two board of directors shall be members of the Town Council. This provision is in conflict with Section 4.16 of the Town's Charter, which prohibits an elected position to serve on a board, commission, or corporation.

Additionally, in 2009, the ACT was recodified to Local Government Code Chapters 501 through 505. With the recodification, EDCs formerly known as 4A and 4B corporations are now referred to as Type A and Type B corporations, respectively.

The proposed amendments remove any reference to Town Council members being appointed to the board and reflect the changes made in 2009 when the ACT was recodified to the Local Government Code.

BOARD REVIEW/CITIZEN FEEDBACK: At its February 27, 2024, meeting, the Economic Development Corporation Board approved Resolution EDC 2024-01 adopting the proposed amendments to the Articles of Incorporation.

FISCAL IMPACT: N/A

LEGAL REVIEW: Town Attorney, Dean Roggia, prepared the draft resolution and proposed amendments.

ATTACHMENTS:
1. Articles of Incorporation Redline
2. EDC Articles of Incorporation

ACTIONS/OPTIONS:
Staff recommends that the Town Council move to approve the resolution amending the Trophy Club Economic Development Corporation's Articles of Incorporation.

ARTICLES OF INCORPORATION

OF

TROPHY CLUB ECONOMIC DEVELOPMENT CORPORATION

WE, THE UNDERSIGNED natural persons, not less than three in number, each of whom is at least 18 years of age and is qualified elector of the Town of Trophy Club, Texas (the "Town"), acting as incorporators of a public instrumentality and non-profit industrial development corporation (the "Corporation") under the Development Corporation Act~~ of 1979~~, the Local Government Code, Title 12, Subtitle C1~~Tex. Rev. Civ. Stat. Ann. art. 5190.6~~, as amended (the "Act"), with the approval of the Town Council (the "Town Council") of the Town, do hereby adopt the following Articles of Incorporation of the Corporation:

ARTICLE ONE
NAME

The name of the Corporation is “Trophy Club Economic Development Corporation.”

ARTICLE TWO
NON-PROFIT CORPORATION

The Corporation is a non-profit industrial development corporation under the Act and is ~~governed by Section 4 B of~~ a Type B corporation under the Act.

ARTICLE THREE
DURATION

Subject to the provisions of Article Eleven of these Articles, the period of duration of the Corporation is perpetual.

ARTICLE FOUR
PURPOSE

A. The purpose of the Corporation is to promote economic development within the Town and the State of Texas in order to eliminate unemployment and underemployment, and to promote and encourage employment and the public welfare of, for, and on behalf of the Town by undertaking, developing, implementing, providing, and financing projects under the Act. ~~and as defined in Section 4B of for Type 4B corporations in the Act.~~

B. In the fulfillment of its corporate purpose, the Corporation shall have the power to provide financing to pay the costs of the projects through the issuance or execution of bonds, notes, and other forms of debt instruments, and to acquire, maintain, operate and lease and sell property, and interests therein, all to be done and accomplished on behalf of the Town and for its benefit and to accomplish its public and governmental purposes as its duly constituted authority and public instrumentality pursuant to the Act and under. and within the meaning of, the Internal Revenue Code of 1986, as amended, and the applicable regulations of the United States Treasury Department and the rulings of the Internal Revenue Service of the United States prescribed and promulgated thereunder.

C. In the fulfillment of its corporate purpose, the Corporation shall have and may exercise the powers described in paragraph B of this Article, together with all of the other powers granted to Type B corporations that are incorporated under the Act~~ and that are governed by Section 4B thereof~~, and, to the extent not in conflict with the Act,~~,~~ the Corporation shall additionally have and may exercise all of the rights, powers, privileges, authorities, and functions given by the general laws of the State of Texas to nonprofit corporations under the ~~Texas Non-Profit Corporation Act, Tex. Rev. Civ. Stat. Ann., article 1396-1.01, et seq.,~~Business Organizations Code, as amended.

D. The Corporation is a corporation having the purposes and powers permitted by the Act pursuant to the authority granted in Article m, Section 52-a of the Texas Constitution, but the Corporation does not have, and shall not exercise the powers of sovereignty of the Town, including the power to tax (except for the power to receive and use the sales and use and other taxes specified in Chapter 505~~Section 4B of~~ the Act) and the police power, except that the Corporation shall have any may exercise the power of eminent domain when the exercise thereof is approved by the Town Council. However, for the purposes of the Texas Tort Claims Act (Subchapter A, Chapter 101, Texas Civil Practice and Remedies Code), the Corporation is a governmental unit and its actions are governmental functions.

E. No bonds, notes, or other debt instruments or other obligations, contracts, or agreements of the Corporation are or shall ever be deemed to be or constitute the contracts, agreements, bonds, notes, or other debt instruments or other obligations, or the lending of credit, or a grant of the public money or things of value, of, belonging to, or by the State of Texas, the Town, or any other political corporation, subdivision or agency of the State of Texas, or a pledge of the faith and credit of any of them. Any and all of such contracts, agreements, bonds, notes, and other debt instruments and other obligations, contracts and agreements shall be payable solely and exclusively from the revenues and funds received by the Corporation from the sources authorized by Chapter 505~~Section 4B of~~ the Act and from such other sources as may be otherwise lawfully available and belonging to the Corporation from time to time.

ARTICLE FIVE
MEMBERSHIP/STOCK

The Corporation has no members and is a non-stock corporation.

ARTICLE SIX
AMENDMENT OF ARTICLES

These Articles of Incorporation may be amended in either one of the methods prescribed in this Article.

A. Pursuant to the powers of the Town contained in ~~Section 17 (b) of~~ the Act, the Town Council, by resolution, may amend these Articles of Incorporation by filing amendments hereto with the Secretary of State as provided by the Act.

B. The board of directors of the Corporation may file a written application with the Town Council requesting approval of proposed amendments to these Articles of Incorporation, specifying in such application the proposed amendments. If the Town Council, by appropriate resolution, finds and determines that it is advisable that the proposed amendments be made, authorizes the same be made, and approves the form of the proposed amendments, the board of directors of the Corporation may proceed to amend these Articles of Incorporation in the manner provided by the Act.

C. The board of directors of the Corporation shall not have any power to amend these Articles of Incorporation except in accordance with the procedures established in paragraph B of this Article.

ARTICLE SEVEN
INITIAL REGISTERED AGENT

The street address of the initial registered office of the Corporation is 100 Municipal Drive, Trophy Club, Texas 76262, and the initial registered agent at such address is Donna Welsh.

ARTICLE EIGHT
BOARD OF DIRECTORS

The affairs of the Corporation shall be managed by a board of directors which shall be composed of seven (7) persons appointed by the Town Council, all of who are residents of the Town and in compliance with the Bylaws. ~~At least three (3) members of the board of directors shall be persons who are not members of the Town Council and who are not employees or officers of the Town (the "Citizenmember Class"). No more than two (2) members of the board of directors shall be members of the Town Council (the 11Councilmember Class").~~ The names and street addresses and date of expiration of their initial terms as directors, are as follows:

NAMES	ADDRESSES	DATE OF EXPIRATION OF TERM	CLASS OF DIRECTOR
Marshall Engelbeck	111 Forest Hill, Trophy Club, Texas	05/21/98	Council Member

John Carter	2 Round Rock Ct., Trophy Club, Texas	05/21/98	Citizenmember
Robert Burns	3 Meadow Creek Ct., Trophy Club, Texas	05/21/98	Citizenmember
David Garlitz	1 Round Rock Ct., Trophy Club, Texas	05/21/98	Citizenmember
Pam Cutes	4 Salida Drive, Trophy Club, Texas	09/17/98	Citizenmember
Dan Heath	19 Meadowbrook, Trophy Club, Texas	09/17/98	Citizenmember
Terry Christleb	43 Cimmaron Dr., Trophy Club, Texas	09/17/98	Citizenmember

Each director shall hold office for the term for which the director is appointed unless sooner removed or resigned. Each director, including the initial directors, shall be eligible for reappointment. Directors are removable by the Town Council at will and may be removed by the Town Council at any time without cause, and must be appointed for a term of two (2) years. ~~If a director of the Councilmember Class shall cease to be a member of the Town Council, such event shall constitute an automatic resignation as a director and such vacancy shall be filled in the same manner as for other vacancies of the same class.~~ Any vacancy occurring on the board of directors through death, resignation or otherwise shall be filled by appointment by the Town Council to hold office until the expiration of the vacating member's ter~~n~~m.

ARTICLE NINE
INCORPORATOR

The name and street address of each incorporator is:

Amy Skinner 17 Monterey Drive Trophy Club, Texas 76262 Pearl 0. Ford 2 Spring Creek Court Trophy Club, Texas 76262 P. 0. Box 381 Roanoke, Texas 76262	William Pollick 2 Crooked Creek Court Trophy Club, Texas 76262

ARTICLE TEN
BYLAWS

A. The initial bylaws of the Corporation shall be in the form and substance approved by the Town Council. Such bylaws shall be adopted by the Corporation's board of directors and shall, together with these Articles of Incorporation, govern the internal affairs of the Corporation until and unless amended in accordance with this Article and the Bylaws.

B. Neither the initial bylaws nor any subsequently effective bylaws of the Corporation may be amended without the consent and approval of the Town Council. The board of directors of the Corporation shall make application to the Town Council for the approval of any proposed amendments, but the same shall not become effective unless the same shall be approved by resolution adopted by the Town Council.

ARTICLE ELEVEN
ALTERING FORM OF CORPORATION; DISSOLUTION

A. The Town Council may, in its sole discretion, and at any time, alter or change the structure, organization, programs or activities of the Corporation, and it may terminate or dissolve the Corporation, subject to the provisions of paragraphs Band C of this Article.

B. The Corporation shall not be dissolved, and its business shall not be terminated, by act of the Town Council or otherwise, so long as the Corporation shall be obligated to pay any bonds, notes, or other obligations and unless the collection of the sales and use tax authorized by ~~Section 4B~~ of the Act is eligible for termination in accordance with the provisions of ~~Section 4B(i) of~~ the Act.

C. No action shall be taken pursuant to paragraphs A and B of this Article or pursuant to paragraph B of Article Twelve of these Articles, in any manner or at any time that would impair any contract, lease, right, or other obligation theretofore executed, granted, or incurred by the Corporation.

ARTICLE TWELVE
DIVIDENDS

A. No dividends shall ever be paid by the Corporation and no part of its net earnings remaining after payment of its expenses and other obligations shall be distributed to or inure to the benefit of its directors or officers, or any individual, private firm, or private corporation or association, except in reasonable amounts for services rendered.

B. If, after the close of any fiscal year, the board of directors shall determine that sufficient provision has been made for the full payment of all current expenses, together with all amounts payable on the contracts, agreements, bonds, notes, and other obligations of the Corporation, and that all of the terms, provisions, and covenants therein have been met, then any net earnings of the Corporation derived from sources other than the sales and use taxes collected for the account of the Corporation pursuant to Section 4B of the Act thereafter accruing and lease payments received in connection with projects financed pursuant to ~~Section 4B of~~ the Act shall be paid to the Town. All sales and use taxes collected for the account of the Corporation pursuant to ~~Section 4B of~~ the Act, and lease payments and other revenues received in connection with projects financed pursuant to ~~Section 4B of~~ the Act shall be used solely for the purposes permitted by ~~Section 4B of~~ the Act.

C. If the Corporation ever should be dissolved when it has, or is entitled to, any interest in any funds or property of any kind, real, personal or mixed, such funds or property rights thereto shall not be transferred to private ownership, but shall be transferred and delivered to the Town after satisfaction or provision for satisfaction of all debts, claims, and contractual obligations, including any contractual obligations granting rights of purchase of property of the Corporation.

D. No part of the Corporation's activities shall consist of the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in any political campaign of or in opposition to any candidate for public office.

ARTICLE THIRTEEN
INDEMNIFICATION

The Corporation may indemnify a person who was, is, or is threatened to be made a named defendant or respondent in litigation or other proceedings because the person is or was a director or officer of the Corporation for expenses and costs (including attorneys' fees) actually and necessarily incurred by him in connection with any claim asserted against him by action in court or otherwise by reason of his being or having been such director or officer, except in relation to matters as to which he shall have been guilty of negligence or misconduct in respect of the matter in which indemnity is sought. As provided in the bylaws, the Board of Directors shall have the power to define the requirements and limitations for the Corporation to indemnify directors and officers, whether present or former, of the Corporation.

ARTICLE FOURTEEN
ACTION BY UNANIMOUS WRITTEN CONSENT

Action may be taken by the board of directors without a meeting if a consent in writing, setting forth the action to be taken, shall be signed by all of the directors, and such written consent shall have the same force and effect as a unanimous vote of the directors. Each written consent must bear the date of signature of each person signing it. A consent signed by less than all of the directors or committee members is not effective to take the intended action. Delivery must be made by hand, or by certified or registered mail, return receipt requested. The delivery may be made to the Corporation's registered office, and addressed to the president or principal executive officer.

ARTICLE FIFTEEN
AUTHORIZATION BY TOWN

The Town has specifically authorized the Corporation by resolution to act on its behalf to further the public purposes stated in said resolution and in these Articles of Incorporation and the

Town has by said resolution approved these Articles of Incorporation. A copy of said resolution is on file among the permanent public records of the Town and the Corporation.

____
PRESIDENT
ECONOMIC DEVELOPMENT CORPORATION

STATE OF TEXAS §
§
COUNTY OF TARRANT §

Before me, (insert the name of the officer), on this day personally appeared ________________________, known to me (or proved to me on the oath of or through (description of identity card or other document) to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this ________day of~~,~~ 2024.

____
Notary Public's Signature

TROPHY CLUB ECONOMIC DEVELOPMENT CORPORATION
RESOLUTION NO. EDC 2024-01

A RESOLUTION OF THE TROPHY CLUB ECONOMIC DEVELOPMENT CORPORATION AMENDING THE ARTICLES OF INCORPORATION; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Trophy Club Economic Development Corporation ("Corporation") is a Texas non-profit corporation operating under the Development Corporation Act, codified in Subtitle C1 of Title 12 of the Texas Local Government Code, Chapters 501 through 505 (the "Act"), the Texas Business Organizations Code, as amended, and other applicable laws; and

WHEREAS, the Corporation promotes economic development within the Town of Trophy Club (the "Town") to eliminate unemployment and underemployment, and to promote and encourage employment and the public welfare of, for and on behalf of the Town by developing, implementing, providing, and financing projects under the Act; and

WHEREAS, the Corporation desires to amend the Articles of Incorporation to address amendments to the Develop Corporation Act since their adoption; and

WHEREAS, the amendments to the Articles of Incorporation are consistent with state law.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TROPHY CLUB ECONOMIC DEVELOPMENT CORPORATION THAT:

SECTION 1. The Articles of Incorporation, attached hereto as Exhibit "A" are hereby adopted, and shall supersede and amend all previously adopted Articles of Incorporation.

SECTION 3. This Resolution shall become effective from and after its date of passage.

PASSED AND APPROVED THIS THE 27th**, DAY OF** February**, 2024.**

Board President

ATTEST:

Board Secretary

Exhibit A

ARTICLES OF INCORPORATION
OF
TROPHY CLUB ECONOMIC DEVELOPMENT CORPORATION

WE, THE UNDERSIGNED natural persons, not less than three in number, each of whom is at least 18 years of age and is qualified elector of the Town of Trophy Club, Texas (the "Town"), acting as incorporators of a public instrumentality and non-profit industrial development corporation (the "Corporation") under the Development Corporation Act, the Local Government Code, Title 12, Subtitle C1, as amended (the "Act"), with the approval of the Town Council (the "Town Council") of the Town, do hereby adopt the following Articles of Incorporation of the Corporation:

ARTICLE ONE
NAME

The name of the Corporation is "Trophy Club Economic Development Corporation."

ARTICLE TWO
NON-PROFIT CORPORATION

The Corporation is a non-profit industrial development corporation under the Act and is a Type B corporation under the Act.

ARTICLE THREE
DURATION

Subject to the provisions of Article Eleven of these Articles, the period of duration of the Corporation is perpetual.

ARTICLE FOUR
PURPOSE

A. The purpose of the Corporation is to promote economic development within the Town and the State of Texas in order to eliminate unemployment and underemployment, and to promote and encourage employment and the public welfare of, for, and on behalf of the Town by undertaking, developing, implementing, providing, and financing projects under the Act.

B. In the fulfillment of its corporate purpose, the Corporation shall have the power to provide financing to pay the costs of the projects through the issuance or execution of bonds, notes, and other forms of debt instruments, and to acquire, maintain, operate and lease and sell property, and interests therein, all to be done and accomplished on behalf of the Town and for its benefit and to accomplish its public and governmental purposes as its duly constituted authority and public instrumentality pursuant to the Act and under. and within the meaning of, the Internal Revenue Code of 1986, as amended, and the applicable regulations of the United States Treasury Department and the rulings of the Internal Revenue Service of the United States prescribed and promulgated thereunder.

C. In the fulfillment of its corporate purpose, the Corporation shall have and may exercise the powers described in paragraph B of this Article, together with all of the other powers granted to Type B corporations that are incorporated under the Act, and, to the extent not in conflict with the Act, the Corporation shall additionally have and may exercise all of the rights, powers, privileges, authorities, and functions given by the general laws of the State of Texas to nonprofit corporations under the Business Organizations Code, as amended.

D. The Corporation is a corporation having the purposes and powers permitted by the Act pursuant to the authority granted in Article m, Section 52-a of the Texas Constitution, but the Corporation does not have, and shall not exercise the powers of sovereignty of the Town, including the power to tax (except for the power to receive and use the sales and use and other taxes specified in Chapter 505the Act) and the police power, except that the Corporation shall have any may exercise the power of eminent domain when the exercise thereof is approved by the Town Council. However, for the purposes of the Texas Tort Claims Act (Subchapter A, Chapter 101, Texas Civil Practice and Remedies Code), the Corporation is a governmental unit and its actions are governmental functions.

E. No bonds, notes, or other debt instruments or other obligations, contracts, or agreements of the Corporation are or shall ever be deemed to be or constitute the contracts, agreements, bonds, notes, or other debt instruments or other obligations, or the lending of credit, or a grant of the public money or things of value, of, belonging to, or by the State of Texas, the Town, or any other political corporation, subdivision or agency of the State of Texas, or a pledge of the faith and credit of any of them. Any and all of such contracts, agreements, bonds, notes, and other debt instruments and other obligations, contracts and agreements shall be payable solely and exclusively from the revenues and funds received by the Corporation from the sources authorized by Chapter 505the Act and from such other sources as may be otherwise lawfully available and belonging to the Corporation from time to time.

ARTICLE FIVE
MEMBERSHIP/STOCK

The Corporation has no members and is a non-stock corporation.

ARTICLE SIX
AMENDMENT OF ARTICLES

These Articles of Incorporation may be amended in either one of the methods prescribed in this Article.

A. Pursuant to the powers of the Town contained in the Act, the Town Council, by resolution, may amend these Articles of Incorporation by filing amendments hereto with the Secretary of State as provided by the Act.

B. The board of directors of the Corporation may file a written application with the Town Council requesting approval of proposed amendments to these Articles of Incorporation, specifying in such application the proposed amendments. If the Town Council, by appropriate resolution, finds and determines that it is advisable that the proposed amendments be made, authorizes the same be made, and approves the form of the proposed amendments, the board of directors of the Corporation may proceed to amend these Articles of Incorporation in the manner provided by the Act.

C. The board of directors of the Corporation shall not have any power to amend these Articles of Incorporation except in accordance with the procedures established in paragraph B of this Article.

ARTICLE SEVEN
INITIAL REGISTERED AGENT

The street address of the initial registered office of the Corporation is 100 Municipal Drive, Trophy Club, Texas 76262, and the initial registered agent at such address is Donna Welsh.

ARTICLE EIGHT
BOARD OF DIRECTORS

The affairs of the Corporation shall be managed by a board of directors which shall be composed of seven (7) persons appointed by the Town Council, all of who are residents of the Town and in compliance with the Bylaws. The names and street addresses and date of expiration of their initial terms as directors, are as follows:

NAMES	ADDRESSES	DATE OF EXPIRATION OF TERM	CLASS OF DIRECTOR
Marshall Engelbeck	111 Forest Hill, Trophy Club, Texas	05/21/98	Council Member
John Carter	2 Round Rock Ct., Trophy Club, Texas	05/21/98	Citizen Member
Robert Burns	3 Meadow Creek Ct., Trophy Club, Texas	05/21/98	Citizen Member
David Garlitz	1 Round Rock Ct., Trophy Club, Texas	05/21/98	Citizen Member
Pam Cutes	4 Salida Drive, Trophy Club, Texas	09/17/98	Citizen Member
Dan Heath	19 Meadowbrook, Trophy Club, Texas	09/17/98	Citizen Member
Terry Christleb	43 Cimmaron Dr., Trophy Club, Texas	09/17/98	Citizen Member

Each director shall hold office for the term for which the director is appointed unless sooner removed or resigned. Each director, including the initial directors, shall be eligible for reappointment. Directors are removable by the Town Council at will and may be removed by the Town Council at any time without cause, and must be appointed for a term of two (2) years. Any vacancy occurring on the board of directors through death, resignation or otherwise shall be filled by appointment by the Town Council to hold office until the expiration of the vacating member's term.

ARTICLE NINE
INCORPORATOR

The name and street address of each incorporator is:

Amy Skinner 17 Monterey Drive Trophy Club, Texas 76262 Pearl 0. Ford 2 Spring Creek Court Trophy Club, Texas 76262 P. 0. Box 381 Roanoke, Texas 76262	William Pollick 2 Crooked Creek Court Trophy Club, Texas 76262

ARTICLE TEN
BYLAWS

A. The initial bylaws of the Corporation shall be in the form and substance approved by the Town Council. Such bylaws shall be adopted by the Corporation's board of directors and shall, together with these Articles of Incorporation, govern the internal affairs of the Corporation until and unless amended in accordance with this Article and the Bylaws.

B. Neither the initial bylaws nor any subsequently effective bylaws of the Corporation may be amended without the consent and approval of the Town Council. The board of directors of the Corporation shall make application to the Town Council for the approval of any proposed amendments, but the same shall not become effective unless the same shall be approved by resolution adopted by the Town Council.

ARTICLE ELEVEN
ALTERING FORM OF CORPORATION; DISSOLUTION

A. The Town Council may, in its sole discretion, and at any time, alter or change the structure, organization, programs or activities of the Corporation, and it may terminate or dissolve the Corporation, subject to the provisions of paragraphs Band C of this Article.

B. The Corporation shall not be dissolved, and its business shall not be terminated, by act of the Town Council or otherwise, so long as the Corporation shall be obligated to pay any bonds, notes, or other obligations and unless the collection of the sales and use tax authorized by of the Act is eligible for termination in accordance with the provisions of the Act.

C. No action shall be taken pursuant to paragraphs A and B of this Article or pursuant to paragraph B of Article Twelve of these Articles, in any manner or at any time that would impair any contract, lease, right, or other obligation theretofore executed, granted, or incurred by the Corporation.

ARTICLE TWELVE
DIVIDENDS

A. No dividends shall ever be paid by the Corporation and no part of its net earnings remaining after payment of its expenses and other obligations shall be distributed to or inure to the benefit of its directors or officers, or any individual, private firm, or private corporation or association, except in reasonable amounts for services rendered.

B. If, after the close of any fiscal year, the board of directors shall determine that sufficient provision has been made for the full payment of all current expenses, together with all amounts payable on the contracts, agreements, bonds, notes, and other obligations of the Corporation, and that all of the terms, provisions, and covenants therein have been met, then any net earnings of the Corporation derived from sources other than the sales and use taxes collected for the account of the Corporation pursuant to Section 4B of the Act thereafter accruing and lease payments received in connection with projects financed pursuant to the Act shall be paid to the Town. All sales and use taxes collected for the account of the Corporation pursuant to the Act, and lease payments and other revenues received in connection with projects financed pursuant to the Act shall be used solely for the purposes permitted by the Act.

C. If the Corporation ever should be dissolved when it has, or is entitled to, any interest in any funds or property of any kind, real, personal or mixed, such funds or property rights thereto shall not be transferred to private ownership, but shall be transferred and delivered to the Town after satisfaction or provision for satisfaction of all debts, claims, and contractual obligations, including any contractual obligations granting rights of purchase of property of the Corporation.

D. No part of the Corporation's activities shall consist of the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in any political campaign of or in opposition to any candidate for public office.

ARTICLE THIRTEEN
INDEMNIFICATION

The Corporation may indemnify a person who was, is, or is threatened to be made a named defendant or respondent in litigation or other proceedings because the person is or was a director or officer of the Corporation for expenses and costs (including attorneys' fees) actually and necessarily incurred by him in connection with any claim asserted against him by action in court or otherwise by reason of his being or having been such director or officer, except in relation to matters as to which he shall have been guilty of negligence or misconduct in respect of the matter in which indemnity is sought. As provided in the bylaws, the Board of Directors shall have the power to define the requirements and limitations for the Corporation to indemnify directors and officers, whether present or former, of the Corporation.

ARTICLE FOURTEEN
ACTION BY UNANIMOUS WRITTEN CONSENT

Action may be taken by the board of directors without a meeting if a consent in writing, setting forth the action to be taken, shall be signed by all of the directors, and such written consent shall have the same force and effect as a unanimous vote of the directors. Each written consent must bear the date of signature of each person signing it. A consent signed by less than all of the directors or committee members is not effective to take the intended action. Delivery must be made by hand, or by certified or registered mail, return receipt requested. The delivery may be made to the Corporation's registered office, and addressed to the president or principal executive officer.

ARTICLE FIFTEEN
AUTHORIZATION BY TOWN

The Town has specifically authorized the Corporation by resolution to act on its behalf to further the public purposes stated in said resolution and in these Articles of Incorporation and the Town has by said resolution approved these Articles of Incorporation. A copy of said resolution is on file among the permanent public records of the Town and the Corporation.

____

PRESIDENT
ECONOMIC DEVELOPMENT CORPORATION

STATE OF TEXAS §
§
COUNTY OF TARRANT §

Before me, (insert the name of the officer), on this day personally appeared _________________________, known to me (or proved to me on the oath of or through (description of identity card or other document) to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this ________day of 2024.

____

Notary Public's Signature

TOWN COUNCIL COMMUNICATION

MEETING DATE: March 25, 2024
FROM: Tammy Dixon, Town Secretary
AGENDA ITEM: Consider a resolution amending the Trophy Club Economic Development Corporation's Bylaws. (Tammy Dixon, Town Secretary)

BACKGROUND/SUMMARY: The Economic Development Corporation (EDC) Bylaws were reviewed by the Town Attorney's Office in conjunction with the Articles of Incorporation.

As with the Articles of Incorporation, the proposed amendments reflect the changes made in 2009, when the Development Corporation Act (ACT) was recodified to Local Government Code Chapters 501 through 505. With the recodification, EDC's formerly known as 4A and 4B corporations are now referred to as Type A and Type B corporations, respectively. Additionally, proposed grammatical amendments were made.

BOARD REVIEW/CITIZEN FEEDBACK: At its February 27, 2024, meeting, the Economic Development Corporation Board approved Resolution EDC 2024-02 adopting the proposed amendments to the Bylaws.

FISCAL IMPACT: N/A

LEGAL REVIEW: Town Attorney, Dean Roggia, has prepared the draft resolution and amendments to the Bylaws.

ATTACHMENTS:
1. EDC Bylaws Redline
2. EDC Bylaws

ACTIONS/OPTIONS:
Staff recommends that the Town Council move to approve the resolution amending the Trophy Club Economic Development Corporation's Bylaws.

BYLAWS OF THE

TROPHY CLUB MUNICI~~I~~PAL ECONOMIC DEVELOPMENT CORPORATION

ARTICLE I

PURPOSE AND POWERS

Section 1. Purpose. The Trophy Club Economic Development Corporation (the “Corporation”) is incorporated for the purposes set forth in Article Four of its Articles of Incorporation, the same to be accomplished on behalf of the Town of Trophy Club, Texas (the "Town") as its duly constituted authority and instrumentality in accordance with the Local Government Code, Title 12, Subtitle C1, the “Development Corporation Act” ~~of 1979, as amended, Tex. Rev. Civ. Stat. Ann. Art. 5190.6,~~ as amended (the "Act"), and other applicable laws.

Section 2. Powers. In the fulfillment of its corporate purpose, the Corporation shall be a Type B Corporation governed by ~~Section 4B~~Chapter 505 of the Act, and shall have all of the powers set forth and conferred in its Articles of Incorporation, in the Act, and in other applicable law, subject to the limitations prescribed therein and herein and to the provisions thereof and hereof.

ARTICLE II

BOARD OF DIRECTORS

Section 1. Powers, Number, and Term of Office.

(a) The property and affairs of the Corporation shall be managed and controlled by a Board of Directors (the "Board") and, subject to the restrictions imposed by law, by the Articles of Incorporation, and by these Bylaws.~~,~~ T~~t~~he Board shall exercise all of the powers of the Corporation subject to the Town Council’s approval of the Corporation’s annual budget.

(b) The Board shall consist of seven (7) directors, each of whom shall be appointed by the Town Council (the “Council") of the Town, as provided in the Articles of Incorporation.

(c) The directors constituting the first Board shall be those directors named in the Articles of Incorporation. ~~Successor directors~~All subsequent Boards shall have the qualifications, shall be of the classes of directors, and shall be appointed to the terms set forth in the Articles of Incorporation.

(d) Any director may be removed ~~from the office~~ by the Town Council at will.

Section 2. Meetings of Directors. The directors may hold their meetings at such place or places in the Town as the Board may from time to time determine; provided, however, in the absence of any such determination by the Board, the meetings shall be held at the principal office of the Corporation as specified in Article V of these Bylaws.

Section 3. Notice of Meetings.

(a) Regular meetings of the Board shall be held without the necessity of written notice to the Directors at such times and places as shall be designated from time to time by the Board. Special meetings of the Board shall be held whenever called by the president, by the secretary, by a majority of the directors, by the Mayor of the Town, or by a majority of the Town Council. Emergency meetings shall be held in accordance with the Open Meetings Act.

(b) The secretary shall give notice to each director of the s~~S~~pecial m~~M~~eeting in person or by mail, telephone or telegraph, at least two (2) hours before the meeting. Unless otherwise indicated in the notice thereof, any and all matters pertaining to the purposes of the Corporation may be considered and acted upon at a s~~S~~pecial m~~M~~eeting. At any meeting at which every director shall be present, even though without any notice, any matter pertaining to the purpose of the Corporation may be considered and acted upon consistent with applicable law.

(c) Whenever any notice is required to be given to the Board, said notice shall be deemed to be sufficient if given by depositing the same in a post office box in a sealed postpaid wrapper addressed to the person entitled thereto at his or her post office address as it appears on the books of the Corporation, and such notice shall be deemed to have been given on the day of such mailing. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called or convened. Neither the business to be transacted at nor the purpose of any Regular or Special Meeting of the Board need to specified in the notice or waiver of notice of such meeting, unless required by the Board. A waiver of notice in writing, signed by the persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

Section 4. Open Meetings Act. All meetings and deliberations of the Board shall be called, convened, held, and conducted, and notice shall be given to the public, in accordance with the Texas Open Meetings Act, Chapter 551, Tex. Gov. Code, as amended.

Section 5. Quorum. A majority of the entire membership of the Board of Directors shall constitute a quorum for the conduct of official business of the Corporation. The act of a majority of the directors present at a meeting at which a quorum is in attendance shall constitute the act of the Board of the Corporation, unless the act of a greater number is required by law.

Section 6. Conduct of Business.

(a) At the meetings of the Board, matters pertaining to the business of the Corporation shall be considered in accordance with rules of procedure as from time to time prescribed by the Board.

(b) At all meetings of the Board, the president shall preside, and in the absence of the president, the vice president shall exercise the powers of the president.

(c) The secretary of the Corporation shall act as secretary of all meetings of the Board, but in the absence of the secretary, the presiding officer may appoint any person to act as secretary of the meeting.

Section 7. Committees of the Board. The Board may designate two or more directors to constitute an official committee of the Board to exercise such authority of the Board as may be specified in~~.~~ the resolution. It is provided, however, that all final, official actions of the Corporation may be exercised only by the Board. Each committee so designated shall keep regular minutes of the transactions of its meetings and shall cause such minutes to be recorded in books kept for that purpose in the principal office of the Corporation.

Section 8. Compensation of Directors. Directors shall not receive any salary or compensation for their services as directors. However, they shall be reimbursed for their actual expenses incurred in the performance of their duties hereunder.

ARTICLE III

OFFICERS

Section 1. Titles and Term of Office.

(a) The officers of the Corporation shall be a president, ~~a~~ vice president, ~~a~~ secretary, and ~~a~~ treasurer, and such other officers as the Board may from time to time elect or appoint. One person may hold more than one office, except that the president shall not hold the office of secretary. Terms of the office shall be one (1) year~~s~~ with the right of an officer to be re-elected.

(b) All officers shall be subject to removal from ~~al).~~ office at any time by a vote of the majority of the entire Board.

(c) A vacancy in the office of any officer shall be filled by a vote of a majority of the directors.

Section 2. Powers and Duties of the President.

The president shall be the chief executive officer of the Corporation, and, subject to the paramount authority of the Board, the president shall be in general charge of the properties and affairs of the Corporation, shall preside at all meetings of the Board, and may sign and execute all contracts, conveyances, franchises, deeds, assignments, and other instruments in the name of the Corporation.

Section 3. Powers and Duties of the Vice President.

The vice president shall have such powers and duties as may be prescribed by the Board and shall exercise the powers of the president during that officer's absence or inability to act. Any action taken by the vice president in the performance of the duties of the president shall be conclusive evidence of the absence or inability to act of the president at the time such action was taken.

Section 4. Treasurer.

The treasurer shall have the responsibility to see to the handling, custody, and security of all funds and securities of the Corporation in accordance with these Bylaws. When necessary or proper, the treasurer may endorse and sign, on behalf of the Corporation, for collection or issuance, checks, and other obligations in or drawn upon such bank or banks or depositories as shall be designated by the Board consistent with these Bylaws. The treasurer shall see to the entry in the books of the Corporation full and accurate accounts of all monies received and paid out on account of the Corporation. The treasurer shall, at the expense of the Corporation, give such bond for the faithful discharge of his duties in such form and amount as the Board or the Council may require.

Section 5. Secretary.

The secretary shall keep the minutes of all meetings of the Board in books provided for that purpose, shall give and serve all notices, may sign with the president in the name of the Corporation, and/or attest the signature thereto, all contracts, conveyances, franchises, deeds, assignments, and other instruments of the Corporation, shall have charge of the corporate books, records, documents and instruments, except the papers as the' Board may direct, all of which shall at all reasonable times be open to public inspection upon application at the office of the Corporation during business hours, and shall in general perform all duties incident to the office of secretary subject to the control of the Board.

Section 6. Naming Board Members. The president, each vice president, and the secretary shall be named from among the members of the Board. The treasurer and any assistant secretaries may, at the option of the Board, be persons other than members of the Board, but they ~~may~~ must be employees of the Town.

Section 7. Compensation. Officers who are members of the Board shall not receive any salary or compensation for their services, except that they shall be reimbursed for their actual expenses incurred in the performance of their duties hereunder. Other officers may be compensated as directed by the Board.

ARTICLE IV

FUNCTIONAL CORPORATE DUTIES AND REQUIREMENTS

Section 1. General Corporate Duties and Authority.

(a) The Board shall, if directed by the Town, research, develop, prepare, finance, and implement a recreational facilities development plan.

(b) In carrying out its obligations under subsection (a), the Corporation shall be authorized to exercise all rights and powers granted under the Act, including, but not limited to

~~Section 4B~~Chapter 505 of the Act thereof, ~~and~~ with the objective and for the purpose of developing and diversifying the economy of the State of Texas and the Town, and the elimination of unemployment and underemployment in the State and the Town, and the expansion of commerce within the State.

(c) The Board shall periodically submit reports to the Town Council as to the status of its activities in carrying out its obligations under this Section, and, with respect to each project undertaken by the Corporation, shall submit quarterly annual reports on the status and finances of such project.

(d) Any and all agreements between the Corporation and other parties shall be authorized, executed, approved, and delivered in accordance with applicable law, provided, that, prior to the authorization or execution of any such agreement a copy thereof shall be provided to the Town.

(e) All construction and other contracts let or entered into by the Corporation shall be let or entered into in accordance with the laws applicable to the letting or entering into of contracts by the Town, unless applicable law and the Town permit otherwise.

Section 2. Annual Corporate Budget.

At least ninety (90) days prior to the commencement of each fiscal year of the Corporation, the Board shall adopt a proposed budget of expected revenues and proposed expenditures of the next ensuing fiscal year. The budget shall contain such classifications and shall be in such form as may be prescribed from time to time by the Town Council. The budget shall not be effective until the same has been approved by the Town Council.

Section 3. Books, Records, Audits.

(a) The Corporation shall keep and properly maintain, in accordance with generally accepted accounting principles, complete books, records, accounts, and financial statements pertaining to its corporate fund activities and affairs. The Town shall at all times have access to the books and records of the Corporation.

(b) At the direction of the Town Council, the books, records, accounts, and financial statements of the Corporation may be maintained for the Corporation by the accountants, staff and personnel of the Town.

(c) The Corporation, or the Town if the option described in subsection (b) of this Section is selected, shall cause its books, records, accounts, and financial statements to be audited at least once each fiscal year by an outside, independent auditing and accounting firm selected by the Corporation and approved by the Town Council. Such audit shall be at the expense of the Corporation.

Section 4. Deposit and Investment of Corporate funds.

(a) All proceeds from loans or from the issuance of bonds, notes, or other debt instruments ("Obligations") issued by the Corporation shall be deposited and invested as provided in the resolution, order, indenture, or other documents authorizing or relating to their execution or issuance.

(b) Subject to the requirements of contracts, loan agreements, indentures or other agreements securing Obligations, all other monies of the Corporation, if any, shall be deposited, secured, and/or invested in the manner provided for the deposit, security, and/or investment of the public funds of the Town. The Board shall designate the accounts and depositories to be created and designated for such purposes, and the methods of withdrawal of funds therefrom for use by and for the purposes of the Corporation upon the signature of its treasure and such other persons as the Board shall designate. The accounts, reconciliation, and investment of such funds and accounts shall be performed by the finance director/treasurer of the Town.

Section 5. Expenditures of Corporate Money.

(a) The monies of the Corporation, including sales and use taxes collected pursuant to ~~Section 4B~~Chapter 505 of the Act, monies derived from the rents received from the lease or use of property, the proceeds from the investment of funds of the Corporation, the proceeds from the sale of property, and the proceeds derived from the sale of Obligations, may be expended by the Corporation for any of the purposes authorized by the Act, subject to the following limitations:

(i) Expenditures from the proceeds of Obligations shall be identified and described in the orders, resolutions, indentures, or other agreements submitted to and approved by the Town Council prior to the execution of loan or financing agreements or the sale and delivery of Obligations to the purchasers thereof required by Section 6 of this Article;

(ii) Expenditures that may be made from a fund created with the proceeds of Obligations, and expenditures of monies derived from sources other than the proceeds of Obligations may be used for the purposes of financing or otherwise providing one or more "Projects",~~ 11~~ as defined in ~~Section 4B~~Chapter 501 and other Sections of the Act. The specific expenditures shall be described in a resolution or order of the Board and shall be made only after the approval thereof by the Council;

(iii) All other proposed expenditures shall be made in accordance with and shall be set forth in the annual budget required by Section 2 of this Article or in contracts meeting the requirements of Section 1 ~~(d~~(d) of this Article.

Section 6. Issuance of Obligations. No Obligations, including refunding Obligations, shall be authorized or sold and delivered by the Corporation unless the Town Council shall approve such Obligations by action taken no more than sixty (60) days prior to the date of delivery of such Obligations or refunding Obligations.

ARTICLE V
MISCELLANEOUS PROVISIONS

Section 1. Principal Office.

(a) The principal office of the Corporation shall be the registered office of the Corporation specified in the Articles of Incorporation.

(b) The Corporation shall have and shall continually designate a registered agent at its registered office, as required by the Act.

Section 2. Fiscal Year. The fiscal year of the Corporation shall be the same as the fiscal year of the Town.

Section 3. Seal. The seal of the Corporation shall be as determined by the Board.

Section 4. Resignations. Any director or officer may resign at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or, if no time is specified, at the time of its receipt by the president or secretary. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

Section 5. Approval or Advice and Consent of the Council. To the extent that these Bylaws refer to any approval by the Town or the Council or refer to advice and consent by the Council, such approval, or advice and consent, shall be evidenced by a certified copy of a resolution, order, or motion duly adopted by the Council.

Section 6. Indemnification of Directors, Officers and Employees.

(a) As provided in the Act, the Corporation is, for the purposes of the Texas Tort Claims Act (Subchapter A, Chapter 101, Texas Civil Practices and Remedies Code), a governmental unit and its actions are governmental functions.

(b) The Corporation shall indemnify each and every member of the Board, its officers, and its employees, and each member of the Council and each employee of the Town, to the fullest extent permitted by law, against any and all liability or expense, including ~~attorneys~~attorney's fees, incurred by any of such persons by reason of any actions or omissions that may arise out of the functions and activities of the Corporation.

ARTICLE VI
EFFECTIVE DATE, AMENDMENTS

Section 1. Effective Date. These Bylaws shall become effective upon the occurrence of the following events:

(a) the adoption of these Bylaws by the Board; and
(b) the approval of the Bylaws by the Town Council.

Section 2. Amendments to the Articles of Incorporation and Bylaws. The Articles of Incorporation of the Corporation and these Bylaws may be amended only in the manner provided in the Articles of Incorporation and the Act.

EXECUTED this ___________ day of _____________________

TROPHY CLUB ECONOMIC DEVELOPMENT CORPORATION
RESOLUTION NO. EDC 2024-02

A RESOLUTION OF THE TROPHY CLUB ECONOMIC DEVELOPMENT CORPORATION APPROVING PROPOSED AMENDMENTS TO THE CORPORATION'S BYLAWS; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Trophy Club Economic Development Corporation ("Corporation") is a Texas non-profit corporation operating under the Development Corporation Act, codified in Subtitle C1 of Title 12 of the Texas Local Government Code, Chapters 501 through 505 (the "Act"), the Texas Business Organizations Code, as amended, and other applicable laws; and

WHEREAS, the Corporation desires to amend the Bylaws to address amendments to the Development Corporation Act since their adoption; and

WHEREAS, the amendments to the Bylaws are consistent with state law and with the Articles of Incorporation of the Corporation.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TROPHY CLUB ECONOMIC DEVELOPMENT CORPORATION THAT:

SECTION 1. The Bylaws, attached hereto as Exhibit "A," are hereby adopted and shall supersede and amend all previously adopted Bylaws.

SECTION 2. This Resolution shall become effective from and after its date of passage.

PASSED AND APPROVED THIS THE 27th**, DAY OF** February**, 2024.**

Board President

ATTEST:

Board Secretary

Exhibit A

BYLAWS OF THE
TROPHY CLUB MUNICIPAL ECONOMIC DEVELOPMENT CORPORATION

ARTICLE I
PURPOSE AND POWERS

Section 1. Purpose. The Trophy Club Economic Development Corporation (the "Corporation") is incorporated for the purposes set forth in Article Four of its Articles of Incorporation, the same to be accomplished on behalf of the Town of Trophy Club, Texas (the "Town") as its duly constituted authority and instrumentality in accordance with the Local Government Code, Title 12, Subtitle C1, the "Development Corporation Act" as amended (the "Act"), and other applicable laws.

Section 2. Powers. In the fulfillment of its corporate purpose, the Corporation shall be a Type B Corporation governed by Chapter 505 of the Act, and shall have all of the powers set forth and conferred in its Articles of Incorporation, in the Act, and in other applicable law, subject to the limitations prescribed therein and herein and to the provisions thereof and hereof.

ARTICLE II
BOARD OF DIRECTORS

Section 1. Powers, Number, and Term of Office.

(a) The property and affairs of the Corporation shall be managed and controlled by a Board of Directors (the "Board") and, subject to the restrictions imposed by law, by the Articles of Incorporation, and by these Bylaws. The Board shall exercise all of the powers of the Corporation subject to the Town Council's approval of the Corporation's annual budget.

(b) The Board shall consist of seven (7) directors, each of whom shall be appointed by the Town Council (the "Council") of the Town, as provided in the Articles of Incorporation.

(c) The directors constituting the first Board shall be those directors named in the Articles of Incorporation. All subsequent Boards shall have the qualifications, shall be of the classes of directors, and shall be appointed to the terms set forth in the Articles of Incorporation.

(d) Any director may be removed by the Town Council at will.

Section 2. Meetings of Directors. The directors may hold their meetings at such place or places in the Town as the Board may from time to time determine; provided, however, in the absence of any such determination by the Board, the meetings shall be held at the principal office of the Corporation as specified in Article V of these Bylaws.

Section 3. Notice of Meetings.

(a) Regular meetings of the Board shall be held without the necessity of written notice to the Directors at such times and places as shall be designated from time to time by the Board.

Special meetings of the Board shall be held whenever called by the president, by the secretary, by a majority of the directors, by the Mayor of the Town, or by a majority of the Town Council. Emergency meetings shall be held in accordance with the Open Meetings Act.

(b) The secretary shall give notice to each director of the special meeting in person or by mail, telephone or telegraph, at least two (2) hours before the meeting. Unless otherwise indicated in the notice thereof, any and all matters pertaining to the purposes of the Corporation may be considered and acted upon at a special meeting. At any meeting at which every director shall be present, even though without any notice, any matter pertaining to the purpose of the Corporation may be considered and acted upon consistent with applicable law.

(c) Whenever any notice is required to be given to the Board, said notice shall be deemed to be sufficient if given by depositing the same in a post office box in a sealed postpaid wrapper addressed to the person entitled thereto at his or her post office address as it appears on the books of the Corporation, and such notice shall be deemed to have been given on the day of such mailing. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called or convened. Neither the business to be transacted at nor the purpose of any Regular or Special Meeting of the Board need to specified in the notice or waiver of notice of such meeting, unless required by the Board. A waiver of notice in writing, signed by the persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

Section 4. Open Meetings Act. All meetings and deliberations of the Board shall be called, convened, held, and conducted, and notice shall be given to the public, in accordance with the Texas Open Meetings Act, Chapter 551, Tex. Gov. Code, as amended.

Section 5. Quorum. A majority of the entire membership of the Board of Directors shall constitute a quorum for the conduct of official business of the Corporation. The act of a majority of the directors present at a meeting at which a quorum is in attendance shall constitute the act of the Board of the Corporation, unless the act of a greater number is required by law.

Section 6. Conduct of Business.

(a) At the meetings of the Board, matters pertaining to the business of the Corporation shall be considered in accordance with rules of procedure as from time to time prescribed by the Board.

(b) At all meetings of the Board, the president shall preside, and in the absence of the president, the vice president shall exercise the powers of the president.

(c) The secretary of the Corporation shall act as secretary of all meetings of the Board, but in the absence of the secretary, the presiding officer may appoint any person to act as secretary of the meeting.

Section 7. Committees of the Board. The Board may designate two or more directors to constitute an official committee of the Board to exercise such authority of the Board as may be specified in the resolution. It is provided, however, that all final, official actions of the Corporation may be exercised only by the Board. Each committee so designated shall keep regular minutes of the transactions of its meetings and shall cause such minutes to be recorded in books kept for that purpose in the principal office of the Corporation.

Section 8. Compensation of Directors. Directors shall not receive any salary or compensation for their services as directors. However, they shall be reimbursed for their actual expenses incurred in the performance of their duties hereunder.

ARTICLE III
OFFICERS

Section 1. Titles and Term of Office.

(a) The officers of the Corporation shall be a president, vice president, secretary, and treasurer, and such other officers as the Board may from time to time elect or appoint. One person may hold more than one office, except that the president shall not hold the office of secretary. Terms of the office shall be one (1) year with the right of an officer to be re-elected.

(b) All officers shall be subject to removal from office at any time by a vote of the majority of the entire Board.

(c) A vacancy in the office of any officer shall be filled by a vote of a majority of the directors.

Section 2. Powers and Duties of the President. The president shall be the chief executive officer of the Corporation, and, subject to the paramount authority of the Board, the president shall be in general charge of the properties and affairs of the Corporation, shall preside at all meetings of the Board, and may sign and execute all contracts, conveyances, franchises, deeds, assignments, and other instruments in the name of the Corporation.

Section 3. Powers and Duties of the Vice President. The vice president shall have such powers and duties as may be prescribed by the Board and shall exercise the powers of the president during that officer's absence or inability to act. Any action taken by the vice president in the performance of the duties of the president shall be conclusive evidence of the absence or inability to act of the president at the time such action was taken.

Section 4. Treasurer. The treasurer shall have the responsibility to see to the handling, custody, and security of all funds and securities of the Corporation in accordance with these Bylaws. When necessary or proper, the treasurer may endorse and sign, on behalf of the Corporation, for collection or issuance, checks, and other obligations in or drawn upon such bank or banks or depositories as shall be designated by the Board consistent with these Bylaws. The treasurer shall see to the entry in the books of the Corporation full and accurate accounts of all monies received and paid out on account of the Corporation. The treasurer shall, at the expense of the Corporation, give such bond for the faithful discharge of his duties in such form and amount as the Board or the Council may require.

Section 5. Secretary. The secretary shall keep the minutes of all meetings of the Board in books provided for that purpose, shall give and serve all notices, may sign with the president in the name of the Corporation, and/or attest the signature thereto, all contracts, conveyances, franchises, deeds, assignments, and other instruments of the Corporation, shall have charge of the corporate books, records, documents and instruments, except the papers as the Board may direct, all of which shall at all reasonable times be open to public inspection upon application at the office of the Corporation during business hours, and shall in general perform all duties incident to the office of secretary subject to the control of the Board.

Section 6. Naming Board Members. The president, each vice president, and the secretary shall be named from among the members of the Board. The treasurer and any assistant secretaries may, at the option of the Board, be persons other than members of the Board, but they must be employees of the Town.

Section 7. Compensation. Officers who are members of the Board shall not receive any salary or compensation for their services, except that they shall be reimbursed for their actual expenses incurred in the performance of their duties hereunder. Other officers may be compensated as directed by the Board.

ARTICLE IV
FUNCTIONAL CORPORATE DUTIES AND REQUIREMENTS

Section 1. General Corporate Duties and Authority.

(a) The Board shall, if directed by the Town, research, develop, prepare, finance, and implement a recreational facilities development plan.

(b) In carrying out its obligations under subsection (a), the Corporation shall be authorized to exercise all rights and powers granted under the Act, including, but not limited to Chapter 505 of the Act thereof, with the objective and for the purpose of developing and diversifying the economy of the State of Texas and the Town, and the elimination of unemployment and underemployment in the State and the Town, and the expansion of commerce within the State.

(c) The Board shall periodically submit reports to the Town Council as to the status of its activities in carrying out its obligations under this Section, and, with respect to each project undertaken by the Corporation, shall submit quarterly annual reports on the status and finances of such project.

(d) Any and all agreements between the Corporation and other parties shall be authorized, executed, approved, and delivered in accordance with applicable law, provided, that, prior to the authorization or execution of any such agreement a copy thereof shall be provided to the Town.

(e) All construction and other contracts let or entered into by the Corporation shall be let or entered into in accordance with the laws applicable to the letting or entering into of contracts by the Town, unless applicable law and the Town permit otherwise.

Section 2. Annual Corporate Budget. At least ninety (90) days prior to the commencement of each fiscal year of the Corporation, the Board shall adopt a proposed budget of expected revenues and proposed expenditures of the next ensuing fiscal year. The budget shall contain such classifications and shall be in such form as may be prescribed from time to time by the Town Council. The budget shall not be effective until the same has been approved by the Town Council.

Section 3. Books, Records, Audits.

(a) The Corporation shall keep and properly maintain, in accordance with generally accepted accounting principles, complete books, records, accounts, and financial statements pertaining to its corporate fund activities and affairs. The Town shall at all times have access to the books and records of the Corporation.

(b) At the direction of the Town Council, the books, records, accounts, and financial statements of the Corporation may be maintained for the Corporation by the accountants, staff and personnel of the Town.

(c) The Corporation, or the Town if the option described in subsection (b) of this Section is selected, shall cause its books, records, accounts, and financial statements to be audited at least once each fiscal year by an outside, independent auditing and accounting firm selected by the Corporation and approved by the Town Council. Such audit shall be at the expense of the Corporation.

Section 4. Deposit and Investment of Corporate funds.

(a) All proceeds from loans or from the issuance of bonds, notes, or other debt instruments ("Obligations") issued by the Corporation shall be deposited and invested as provided in the resolution, order, indenture, or other documents authorizing or relating to their execution or issuance.

(b) Subject to the requirements of contracts, loan agreements, indentures or other agreements securing Obligations, all other monies of the Corporation, if any, shall be deposited, secured, and/or invested in the manner provided for the deposit, security, and/or investment of the public funds of the Town. The Board shall designate the accounts and depositories to be created and designated for such purposes, and the methods of withdrawal of funds therefrom for use by and for the purposes of the Corporation upon the signature of its treasure and such other persons as the Board shall designate. The accounts, reconciliation, and investment of such funds and accounts shall be performed by the finance director/treasurer of the Town.

Section 5. Expenditures of Corporate Money.

(a) The monies of the Corporation, including sales and use taxes collected pursuant to Chapter 505 of the Act, monies derived from the rents received from the lease or use of property, the proceeds from the investment of funds of the Corporation, the proceeds from the sale of property, and the proceeds derived from the sale of Obligations, may be expended by the Corporation for any of the purposes authorized by the Act, subject to the following limitations:

(i) Expenditures from the proceeds of Obligations shall be identified and described in the orders, resolutions, indentures, or other agreements submitted to and approved by the Town Council prior to the execution of loan or financing agreements or the sale and delivery of Obligations to the purchasers thereof required by Section 6 of this Article;

(ii) Expenditures that may be made from a fund created with the proceeds of Obligations, and expenditures of monies derived from sources other than the proceeds of Obligations may be used for the purposes of financing or otherwise providing one or more "Projects", as defined in Chapter 501 and other Sections of the Act. The specific expenditures shall be described in a resolution or order of the Board and shall be made only after the approval thereof by the Council;

(iii) All other proposed expenditures shall be made in accordance with and shall be set forth in the annual budget required by Section 2 of this Article or in contracts meeting the requirements of Section 1 (d) of this Article.

Section 6. Issuance of Obligations. No Obligations, including refunding Obligations, shall be authorized or sold and delivered by the Corporation unless the Town Council shall approve such Obligations by action taken no more than sixty (60) days prior to the date of delivery of such Obligations or refunding Obligations.

ARTICLE V
MISCELLANEOUS PROVISIONS

Section 1. Principal Office.

(a) The principal office of the Corporation shall be the registered office of the Corporation specified in the Articles of Incorporation.

(b) The Corporation shall have and shall continually designate a registered agent at its registered office, as required by the Act.

Section 2. Fiscal Year. The fiscal year of the Corporation shall be the same as the fiscal year of the Town.

Section 3. Seal. The seal of the Corporation shall be as determined by the Board.

Section 4. Resignations. Any director or officer may resign at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or, if no time is specified, at the time of its receipt by the president or secretary. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

Section 5. Approval or Advice and Consent of the Council. To the extent that these Bylaws refer to any approval by the Town or the Council or refer to advice and consent by the Council, such approval, or advice and consent, shall be evidenced by a certified copy of a resolution, order, or motion duly adopted by the Council.

Section 6. Indemnification of Directors, Officers and Employees.

(a) As provided in the Act, the Corporation is, for the purposes of the Texas Tort Claims Act (Subchapter A, Chapter 101, Texas Civil Practices and Remedies Code), a governmental unit and its actions are governmental functions.

(b) The Corporation shall indemnify each and every member of the Board, its officers, and its employees, and each member of the Council and each employee of the Town, to the fullest extent permitted by law, against any and all liability or expense, including attorney's fees, incurred by any of such persons by reason of any actions or omissions that may arise out of the functions and activities of the Corporation.

ARTICLE VI
EFFECTIVE DATE, AMENDMENTS

Section 1. Effective Date. These Bylaws shall become effective upon the occurrence of the following events:

(a) the adoption of these Bylaws by the Board; and
(b) the approval of the Bylaws by the Town Council.

Section 2. Amendments to the Articles of Incorporation and Bylaws. The Articles of Incorporation of the Corporation and these Bylaws may be amended only in the manner provided in the Articles of Incorporation and the Act.

Adopted by the Economic Development Corporation on February 27, 2024.

____
John Mann, President

Approved by the Trophy Club Town Council on March 25, 2024.

____
Jeannette Tiffany, Mayor

TOWN COUNCIL COMMUNICATION

MEETING DATE: March 25, 2024
FROM: April Duvall, Director of Finance
AGENDA ITEM: Consider an Interlocal Cooperation Contract between the Department of Public Safety of the State of Texas and the Municipal Court of the Town of Trophy Club, Texas; and authorize the Town Manager to negotiate and execute the contract on behalf of the Town. (April Duvall, Director of Finance)

BACKGROUND/SUMMARY: The Trophy Club Municipal Court participates in the Texas Department of Public Safety's, Failure to Appear/Failure to Pay program. Under the Failure to Appear/Failure to Pay program, the Department of Public Safety may deny the renewal of a driver's license if an individual has failed to appear for a citation or failed to satisfy a judgment ordering the payment of a fine. The individual may be denied renewal until the reported citations or violations are cleared and reported by the court to the Department of Public Safety.

Due to changes that occurred during the 88th Legislative Session, the Texas Department of Public Safety revised the Failure to Appear/Failure to Pay program's Interlocal Cooperation Contract (ICC) and requires that a new contract be approved and executed in order to continue participation in this program.

The changes in the ICC include:

- Language and restructuring of the original ICC to provide clarity regarding the specific responsibilities held by each party.
- Inclusion of indigency into the program as mandated by House Bill 291, 88th Legislative Session.
- Language to account for future changes to the current statute, either federal or state, ensuring that the ICC remains in compliance with the latest legal requirements until a revised ICC is available.

BOARD REVIEW/CITIZEN FEEDBACK: N/A

FISCAL IMPACT: The Interlocal Cooperation Contract designates $4.00 from every Failure to Appear/Failure to Pay program fee to be allocated to the general fund of the municipality.

LEGAL REVIEW: Town Attorney, Dean Roggia, has reviewed the contract as to form and legality.

ATTACHMENTS:
1. DPS ICC FTA Program

ACTIONS/OPTIONS:
Staff recommends that the Town Council move to approve the Interlocal Cooperation Contract between the Department of Public Safety of the State of Texas and the Municipal Court of the Town of Trophy Club, Texas; and authorize the Town Manager to negotiate and execute the contract on behalf of the Town.

TEXAS DEPARTMENT OF PUBLIC SAFETY

5805 N LAMAR BLVD • BOX 4087 • AUSTIN, TEXAS 78773-0001
512/424-2000
www.dps.texas.gov

January 29, 2024

TOWN OF TROPHY CLUB; MUNICIPAL COURT
100 MUNICIPAL DR
TROPHY CLUB, TX 76262

Re: Notice of Interlocal Cooperation Contract (ICC) for Failure to Appear (FTA) Program

Dear Court Administrator,

Due to changes occurring in the 88th Legislative Session, the Department revised the FTA contract (ICC). This notice is to inform you of the changes and the need to sign a new contract to continue your participation in the FTA program. You must return the signed contract (ICC) **within 90 days** from the date of this notice to continue participating in the program.

The following changes have been made to the contract (ICC):

- Changes to language and restructuring of the original ICC to provide clarity regarding the specific responsibilities held by each party.
- Inclusion of indigency into the program as mandated by House Bill 291, 88th Legislative Session.
- Language to account for future changes to the current statute, either federal or state, ensuring that the ICC remains in compliance with the latest legal requirements until a revised ICC is available.

It is imperative that all participants in the FTA program adhere to these updated terms to ensure the program's continued effectiveness and compliance with relevant legislation. Submit the completed and signed contract (ICC) by mail, email, or fax. Please ensure you address this attention to FTA Program.

Mailing address:
Enforcement & Compliance Service
5805 North Lamar Blvd, Bldg A,
Austin, TX 78752-0300
E-mail: driver.improvement@dps.texas.gov
Fax: (512) 424-2848

Should you have any questions, please send an email to driver.improvement@dps.texas.gov. Thank you for your immediate attention to this matter.

Regards,
Manager
Enforcement and Compliance Service

Enclosure

Interlocal Cooperation Contract
Failure to Appear Program

State of Texas
County of ______________________

I. PARTIES AND AUTHORITY

This Interlocal Cooperation Contract (Contract) is entered into between the Department of Public Safety of the State of Texas (DPS), an agency of the State of Texas and the ______________________ Court of the [City or County] of ____________________________ (Court), a political subdivision of the State of Texas, referred to collectively in this Contract as the Parties, under the authority granted in Tex. Transp. Code Chapter 706 and Tex. Gov't Code Chapter 791 (the Interlocal Cooperation Act).

II. BACKGROUND

A peace officer authorized to issue citations within the jurisdiction of the Court must issue a written warning to each person to whom the officer issues a citation for a traffic law violation. This warning must be provided in addition to any other warnings required by law. The warning must state in substance that if the person fails to appear in court for the prosecution of the offense or if the person fails to pay or satisfy a judgment ordering the payment of a fine and cost in the manner ordered by the Court, the person may be denied renewal of the person's driver license.

As permitted under Tex. Transp. Code § 706.008, DPS contracts with a private vendor (Vendor) to provide and establish an automated Failure to Appear (FTA) system that accurately stores information regarding violators subject to the provisions of Tex. Transp. Code Chapter 706. DPS uses the FTA system to properly deny renewal of a driver license to a person who is the subject of an FTA system entry generated from an FTA Report.

An FTA Report is a notice sent by Court requesting a person be denied renewal of a driver's license in accordance with this Contract. The Court may submit an FTA Report to DPS's Vendor if a person fails to appear or fails to pay or satisfy a judgment as required by law. There is no requirement that a criminal warrant be issued in response to the person's failure to appear.

III. PURPOSE

This Contract applies to each FTA Report submitted by the Court to DPS or its Vendor and accepted by DPS or its Vendor.

IV. PERIOD OF PERFORMANCE

This Contract will be effective on the date of execution and terminate five years from that execution date unless terminated earlier in accordance with Section VII.C, *General Terms and Conditions, Termination.*

V. COURT RESPONSIBILITIES

A. FTA Report

For a matter involving any offense which a Court has jurisdiction of under Tex. Code Crim. Proc. Chapter 4, where a person fails to appear for a complaint or citation or fails to pay or satisfy a judgment ordering payment of a fine and cost in the manner ordered by the Court, the Court will supply DPS, through its Vendor, an FTA report including the information that is necessary to deny renewal of the driver license of that person. The Court must make reasonable efforts to ensure that all FTA Reports are accurate, complete, and non-duplicative. The FTA Report must include the following information:

1. the jurisdiction in which the alleged offense occurred;
2. the name of the court submitting the report;
3. the name, date of birth, and Texas driver license number of the person who failed to appear or failed to pay or satisfy a judgment;
4. the date of the alleged violation;
5. a brief description of the alleged violation;
6. a statement that the person failed to appear or failed to pay or satisfy a judgment as required by law;
7. the date that the person failed to appear or failed to pay or satisfy a judgment; and
8. any other information required by DPS.

B. Clearance Reports

The Court that files the FTA Report has a continuing obligation to review the FTA Report and promptly submit appropriate additional information or reports to the Vendor. The clearance report must identify the person, state whether or not a fee was required, and advise DPS to lift the denial of renewal and state the grounds for the action. All clearance reports must be submitted immediately, but no later than two business days from the time and date that the Court receives appropriate payment or other information that satisfies the person's obligation to that Court.

To the extent that a Court uses the FTA system by submitting an FTA Report, the Court must collect the statutorily required $10.00 reimbursement fee from the person who failed to appear, pay or satisfy a judgment ordering payment of a fine and cost in the manner ordered by the Court. If the person is acquitted of the underlying offense for which the original FTA Report was filed or found indigent by the court, the Court will not require payment of the reimbursement fee.

Court must submit a clearance report for the following circumstances:

1. the perfection of an appeal of the case for which the warrant of arrest was issued or judgment arose;
2. the dismissal of the charge for which the warrant of arrest was issued or judgment arose;
3. the posting of a bond or the giving of other security to reinstate the charge for which the warrant was issued;
4. the payment or discharge of the fine and cost owed on an outstanding judgment of the Court; or
5. other suitable arrangement to satisfy the fine and cost within the Court's discretion.

After termination of the Contract, the Court has a continuing obligation to report dispositions and collect fees for all violators in the FTA system at the time of termination. Failure to comply with the continuing obligation to report will result in the removal of all outstanding entries of the Court in the FTA Report, resulting in the lifting of any denied driver license renewal status from DPS.

C. Quarterly Reports and Audits

Court must submit quarterly reports to DPS in a format established by DPS.

Court is subject to audit and inspection at any time during normal business hours and at a mutually agreed upon location by the state auditor, DPS, and any other department or agency, responsible for determining that the Parties have complied with the applicable laws. Court must provide all reasonable facilities and assistance for the safe and convenient performance of any audit or inspection.

Court must correct any non-conforming transactions performed by the Court, at its own cost, until acceptable to DPS.

Court must keep all records and documents regarding this Contract for the term of this Contract and for seven years after the termination of this Contract, or until DPS or the State Auditor's Office (SAO) is satisfied that all audit and litigation matters are resolved, whichever period is longer.

D. Accounting Procedures

Court must keep separate, accurate, and complete records of the funds collected and disbursed and must deposit the funds in the appropriate municipal or county treasury. Court may deposit such fees in an interest-bearing account and retain the interest earned on such accounts for the Court.

Court will allocate \$6.00 of each \$10.00 reimbursement fee received for payment to the Vendor and \$4.00 for credit to the general fund of the municipal or county treasury.

E. Non-Waiver of Fees

Court will not waive the \$10.00 reimbursement fee for any person that has been submitted on an FTA Report, unless any of the requirements in Tex. Trans. Code § 706.006(a) or §706.006(d) are met.

Failure to comply with this section will result in: (i) termination of this Contract for cause; and (ii) the removal of all outstanding entries of the Court in the FTA Report, resulting in the lifting of any denied driver license renewal status from DPS.

F. Litigation Notice

The Court must make a good-faith attempt to immediately notify DPS in the event that the Court becomes aware of litigation in which this Contract or Tex. Transp. Code Chapter 706 is subject to constitutional, statutory, or common-law challenge, or is struck down by judicial decision.

VI. DPS's RESPONSIBILITIES

DPS will not continue to deny renewal of the person's driver license after receiving notice from the Court that the FTA Report was submitted in error or has been destroyed in accordance with the Court's record retention policy.

VII. PAYMENTS TO VENDOR

Court must pay the Vendor a fee of $6.00 per person for each violation that has been reported to the Vendor and for which the Court has subsequently collected the statutorily required $10.00 reimbursement fee. In the event that the fee has been waived by Tex. Trans. Code § 706.006(a) or §706.006(d), no payment will be made to the Vendor.

Court agrees that payment will be made to the Vendor no later than the last day of the month following the close of the calendar quarter in which the payment was received by the Court.

DPS will not pay Vendor for any fees that should have been submitted by a Court.

VIII. GENERAL TERMS AND CONDITIONS

A. Compliance with Law. This Contract is governed by and construed under and in accordance with the laws of the State of Texas. The Court understands and agrees that it will comply with all local, state, and federal laws in the performance of this Contract, including administrative rules adopted by DPS.

B. Notice. The respective party will send the other party notice as noted in this section. Either party may change its information by giving the other party written notice and the effective date of the change.

Court	Department of Public Safety
Attn.:	Enforcement & Compliance Service 5805 North Lamar Blvd., Bldg A Austin, Texas 78752-0001 (512) 424-5311 [fax] Driver.Improvement@dps.texas.gov (512) 424-7172
Address:	
Address:	
Fax:	
Email:	
Phone:	

C. Termination.

Either party may terminate this Contract with 30 days' written notice.

DPS may also terminate this Contract for cause if Court doesn't comply with Section V.C., *Quarterly Reports and Audits* and V.E., *Non- Waiver of Fees*.

If either Party is subject to a lack of appropriations that are necessary for that Party's performance of its obligations under this Contract, the Contract is subject to immediate cancellation or termination, without penalty to either Party.

D. Amendments.

This contract may only be amended by mutual written agreement of the Parties.

E. Miscellaneous.

1. The parties shall use the dispute resolution process provided for in Chapter 2260 of the Texas Government Code to resolve any disputes under this Contract; provided

however nothing in this paragraph shall preclude either Party from pursuing any remedies available under Texas law.

2. This Contract shall not constitute or be construed as a waiver of any of the privileges, rights, defenses, remedies, or immunities available to either Party or the State of Texas.
3. Any alterations, additions, or deletions to the terms of the contract that are required by changes in federal or state law or regulations are automatically incorporated into the contract without written amendment hereto, and shall become effective on the date designated by such law or by regulation.

CERTIFICATIONS

The Parties certify that (1) the Contract is authorized by the governing body of each party; (2) the purpose, terms, rights, and duties of the Parties are stated within the Contract; and (3) each party will make payments for the performance of governmental functions or services from current revenues available to the paying party.

The undersigned signatories have full authority to enter into this Contract on behalf of the respective Parties.

Court*	**Department of Public Safety**
______________________________	______________________________
Authorized Signatory	**Driver License Division Chief or Designee**
______________________________	
Title	
______________________________	______________________________
Date	**Date**

*An additional page may be attached if more than one signature is required to execute this Contract on behalf of the Court. Each signature block must contain the person's title and date.

TROPHY CLUB

TOWN COUNCIL COMMUNICATION

MEETING DATE: March 25, 2024
FROM: April Duvall, Director of Finance
AGENDA ITEM: Consider accepting the Annual Comprehensive Financial Report for the Town of Trophy Club Fiscal Year 2023. (April Duvall, Director of Finance)

BACKGROUND/SUMMARY: The Town of Trophy Club's financial records have been prepared and audited by FORVIS, LLP, Certified Public Accountants, as required by the Town Charter. The Town's financial performance for FY 2023 is presented in the attached Annual Financial Report based on the audited records. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Town are presented fairly, in all material respects, for the fiscal year ended September 30, 2023. This independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation.

Below are highlights from the FY 2023 Annual Comprehensive Financial Report:

1. The Town's auditor, FORVIS, LLP, has issued an unmodified opinion to the Town's financial records, indicating that the Town's financial records are fairly represented in all material aspects for the fiscal year ending September 30, 2023.
2. General Unassigned Fund Balance increased by $2,064,596 to $9,981,221 in FY 2023 compared to FY 2022.
3. Fund Balances across all Governmental Funds increased by almost $8.5 million, which includes bonds issued near the end of the fiscal year.
4. Cash and cash equivalents in Business-Type Funds increased from $1,500,845 to $1,994,279.

The Town of Trophy Club's financial position remains strong and continued to improve during FY 2023.

BOARD REVIEW/CITIZEN FEEDBACK: N/A

FISCAL IMPACT: The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town's financial statements for the fiscal year ended September 30, 2023 are fairly presented in conformity with Generally Accepted Accounting Principles. An unmodified opinion is a type of auditor's opinion that indicates that the financial statements are prepared according to accounting standards in all material respects.

LEGAL REVIEW: N/A

ATTACHMENTS:

1. Trophy Club ACFR Draft - 3-20-24

ACTIONS/OPTIONS:

Staff recommends that the Town Council move to accept the Annual Comprehensive Financial Report for the Town of Trophy Club Fiscal Year 2023.

trophy club

Prepared By:
Finance Department

ANNUAL COMPREHENSIVE
FINANCIAL REPORT
2022 - 2023

Town of Trophy Club, Texas

Annual Comprehensive Financial Report

For the Fiscal Year Ended
September 30, 2023

Prepared by Town of Trophy Club
Finance Department

TOWN OF
TROPHY CLUB

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Introductory Section (Unaudited)

DRAFT - 3.20.2024

TOWN OF
TROPHY CLUB

TOWN OF
TROPHY CLUB

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

March __, 2023

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

The Finance Department of the Town possesses a comprehensive compilation of financial statements meticulously prepared in adherence to generally accepted accounting principles (GAAP). These statements underwent a thorough audit conducted by a licensed firm of certified public accountants, in accordance with generally accepted auditing standards. This document hereby presents the Annual Comprehensive Financial Report (ACFR) for the Town of Trophy Club, Texas, covering the fiscal year concluding on September 30, 2023.

This report comprises the Town's management assertions regarding its financial status. Hence, the management accepts full accountability for the accuracy and integrity of all information presented herein. In order to substantiate these assertions, the Town's management has implemented a robust internal control framework. This framework serves the dual purpose of safeguarding the Town's assets against loss, theft, or misuse and ensuring the compilation of adequate and dependable information for the preparation of the Town's financial statements in accordance with GAAP.

It is important to note that internal controls, while crucial, are designed to offer reasonable rather than absolute assurance. The Town's comprehensive internal control framework aims to strike a balance, ensuring that the financial statements are reasonably free from material misstatement. As management, we affirm that, to the best of our knowledge and belief, this financial report is both complete and reliable in all material aspects.

The Town's financial records, as mandated by the Town Charter, have been meticulously prepared and audited by FORVIS, LLP, Certified Public Accountants. This Annual Comprehensive Financial Report (ACFR) is based on the outcomes of that audit. The primary objective of the independent audit was to ensure reasonable assurance that the Town's financial statements accurately and fairly represent, in all material aspects, the fiscal year ending on September 30, 2023.

The independent audit encompassed a thorough examination, on a sample basis, of evidence supporting the amounts and disclosures in the financial statements. It also involved evaluating the accounting principles applied and significant estimates made by management, as well as assessing the overall presentation of the financial statements. Following this comprehensive audit, the independent auditor concluded that there exists a reasonable basis to provide unmodified opinions, affirming that the Town's financial statements for the fiscal year ended September 30, 2023, adhere to Generally Accepted Accounting Principles (GAAP). The independent auditor’s report serves as the initial component of the financial section within this report.

In adherence to Generally Accepted Accounting Principles (GAAP), management is obligated to furnish a narrative introduction, overview, and analysis that accompanies the fundamental financial statements, commonly known as Management’s Discussion and Analysis (MD&A). This letter of transmittal is specifically crafted to enhance the MD&A and is intended to be reviewed in conjunction with it. For your convenience, the Town’s MD&A is situated directly after the report from the independent auditor.

TOWN OF TROPHY CLUB

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

Profile of the Town

Established in 1985 as Texas' pioneering master planned community, the Town of Trophy Club, Texas is situated in the North Central region of the state. This locale has consistently demonstrated itself as a prominent growth hub in both Texas and the United States. Presently spanning just over 4 square miles, the Town caters to a burgeoning population of approximately 13,843 residents. Authorized to impose a property tax on real property within its borders, the Town boasts a median household income of $183,125 and a median housing value of $734,943.

Since 2004, Trophy Club has functioned as a Home Rule municipality, operating under the Council-Manager form of government. Following Charter Amendments ratified in the May 11, 2013 election, the Town Council, comprising the Mayor and six council members, holds policy-making and legislative authority. The Council's duties encompass passing ordinances, approving budgets, appointing boards and committees, and selecting key roles such as the Town Manager, Town Secretary, Municipal Judge, and Town Attorney. The Council operates on a non-partisan basis.

As per Charter Amendments adopted on May 9, 2009, Council members are elected at-large-by-place, serving for a term of three years or until their successors assume office. Each Council member is designated to a specific numbered Place (e.g., Place 1, Place 2, Place 3, etc.). The Charter also stipulates that neither the Mayor nor any Council member can serve for more than six consecutive years in elected full terms.

The Town Manager, in turn, is responsible for executing the policies and ordinances set by the Town Council, overseeing day-to-day governmental operations, and appointing department heads within the Town's various departments.

The Town of Trophy Club delivers a comprehensive array of municipal services, encompassing general government functions, public safety initiatives, street maintenance, park and recreation services, planning and zoning activities, code enforcement efforts, and drainage utilities. Water and wastewater services are managed through the Municipal Utility District #1.

Local Economy

Trophy Club is renowned for its rapid growth, a distinctive feature acknowledged by both the Dallas Business Journal and Fort Worth Builders Association. Positioned conveniently between DFW and Alliance Airports, Trophy Club's location proves advantageous for businesses, residents, and commuters heading to Dallas, Denton, Las Colinas, and Fort Worth. Despite its proximity to bustling metro areas, Trophy Club retains a charming small-town ambiance, providing a picturesque setting. The Town boasts an exceptional quality of life, offering excellent educational and recreational amenities. Additionally, it is home to two 18-hole premier golf courses, including the only course designed by Ben Hogan.

The North Texas region is home to a wide range of research and education institutions, along with a robust presence in logistics, oil and gas, manufacturing, and industrial sectors, supported by a strong base of professional services. This diverse economic landscape has played a significant role in maintaining a relatively stable unemployment rate. Approximately half of the local workforce is engaged in management, professional, and related occupations. According to the Bureau of Labor Statistics, as of September 2023, the unemployment rate in the Dallas/Fort Worth area stands at 3.2%, slightly below the national average of 3.7%.

Trophy Club has undertaken strategic efforts to position itself for a substantial future within the DFW and Alliance corridor. Over the past ten years, the Town has approved more than 578 building permits for high-end homes, showcasing its commitment to growth and development. In the fiscal year 2023, there were 3 new residential building permits, amounting to a total of $2,567,455, and 0 commercial building permits.

The fiscal year 2023 also witnessed 11 commercial projects valued at $3,408,200 and over 91 remodel/update residential projects totaling $3,572,556. Furthermore, the Town's tax base surpassed $1 billion in net taxable value in 2020. The thriving business landscape in Trophy Club and the Highway 114 region remains robust, with the Town directly benefiting from businesses choosing to establish themselves within its borders or professionals relocating to the area and contributing to the local workforce.

Long-Term Financial Planning

In FY23 the Town issued $7 million in debt for long term needs of Streets, Parks and Drainage.

Budgeting Process

The Town of Trophy Club uses a program-based budgeting process. Each budgeting unit provides for the expenditures associated with services and supplies appropriated for in the prior year budget. Personnel expenditures are compiled by the Finance department. Any funding request that represents new expenditures and programs must be submitted as a separate supplemental request. Capital items are funded based on a replacement schedule, need, and available resources.

Revenue Projection

The budget revenue projections for the new fiscal year begin early in the current fiscal year. The projections are made by the departments responsible for the revenues with help from the Finance staff. Projections are based upon consultations with state and local agencies, trend analysis, anticipated changes in the local and regional economy, and discussions with directly associated staff members. Although revenue projections are prepared early in the budget process, the budget revenue analysis continues with departmental budget development and extends until the budget is adopted based upon any new information.

Proposed Budget Analysis/Compilation

The Finance Department reviews and compiles a preliminary departmental budget to present to the Budget Team, which is comprised of the Town Manager and Director of Finance. During Budget Team discussions, each department director answers questions from the entire group concerning their budget.

Given revenue projections and baseline funding requirements, budget funding changes are made according to necessity and priority. A total recommended funding level is determined and is weighed against available resources.

Proposed Budget Development

The Town Manager shall prepare and submit to the Town Secretary, the annual budget covering the next fiscal year. The Town Manager’s proposed budget should assume, for each fund, operating revenues and resources that are equal to, or exceed operating expenditures. The Town Manager’s budget message summarizes funding requirements, major changes in programs, and alternatives for funding.

Town Council Budget Study

The Council receives comprehensive details about each fund, supplementary materials, capital replacement data, and the five-year capital improvement program from May until the budget's adoption.

This procedure enables the Council to deliberate on various items and provide guidance before the proposed budget is formally submitted.

Capital Program

The Town Manager shall prepare and submit to the Council a five (5) year capital program no later than three months before the final date for submission of the budget. The capital program shall be revised and extended each year with regard to capital improvements still pending or in process of construction or acquisition (Charter Section 9.08).

Public Hearing/Budget Adoption

A public hearing on the proposed budget and the tax rate (if applicable) are held in August and September prior to final budget consideration. At the public hearings, citizens may make formal comments concerning the proposed budget. The public also has the opportunity to attend Town Council budget work sessions from May through budget adoption.

Budget adoption occurs in September after Town Council deliberations and the public hearing(s). The Town Council adopts a tax rate to support adopted funding levels. Pursuant to Town Charter, the budget in place for the preceding year shall remain in place on a month-to-month basis until such time as a new budget has been adopted if no Town Council action is taken before the end of the fiscal year, September 30.

Compilation of Adopted Budget/Budget Maintenance

The adopted budget is compiled and published during the first months of the new fiscal year. The adopted budget in the form of an amended proposed budget is available for public inspection in October. Ledger accounts are prepared for the new fiscal year prior to October 1.

Budget maintenance is a year-round activity of divisions/departments and Finance Department staff. Other spending control mechanisms include monthly review of expenditures by Finance Department staff. During the budget process, departments make revenue and expenditure estimates for the current year.

Finally, program goals, objectives, and measures are evaluated during budget implementation to determine the effectiveness of program activities and levels of appropriate funding for subsequent years.

Relevant Financial Policies

Staff created the Town's Investment Policy. The purpose of the investment policy was to comply with Chapter 2256 of the Government Code ("Public Funds Investment Act"), which requires the Town of Trophy Club to adopt a written investment policy regarding the investment of its funds and funds under its control. The Investment Policy addresses the methods, procedures, and practices that must be exercised to ensure effective and judicious fiscal management of Trophy Club's funds. The investment policy received the Government Treasurers' of Texas Certificate of Distinction for Investment Policy in June 2011.

The Town Council adopted a fund balance policy in September 2011 which established new fund balance categories (as recommended by Statement No. 54 by the Governmental Accounting Standards Board) and established a minimum unassigned fund balance goal (30% of annual operating expenditures).

In September 2016 the Town implemented revised purchasing and travel and training policies.

Major Initiatives

The Town Council has continued its strategic planning process to identify goals and objectives for long range planning. Each year, the Council meets in strategic planning retreats to review and refine those goals. Management Team members utilize the strategic planning documents to help guide their budget planning and service/program implementation.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Trophy Club for its ACFR for the fiscal year ended September 30, 2022. This was the thirteenth consecutive year that the Town has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The creation of this report owes much to the unwavering commitment of the entire Finance Department staff. We extend our sincere gratitude to all team members who played a role in the preparation of this report. Additionally, we express our appreciation to the representatives of FORVIS LLP, Certified Public Accountants, for their valuable contributions.

A special note of recognition is reserved for the Mayor and the Town Council members, whose steadfast support has been instrumental in upholding the utmost standards of professionalism in the management of the Town of Trophy Club's finances. Their dedication has greatly contributed to the successful

Respectively submitted,

April Duvall

Brandon Wright
Town Manager

April Duvall
Director of Finance

DRAFT - 3.20.2024

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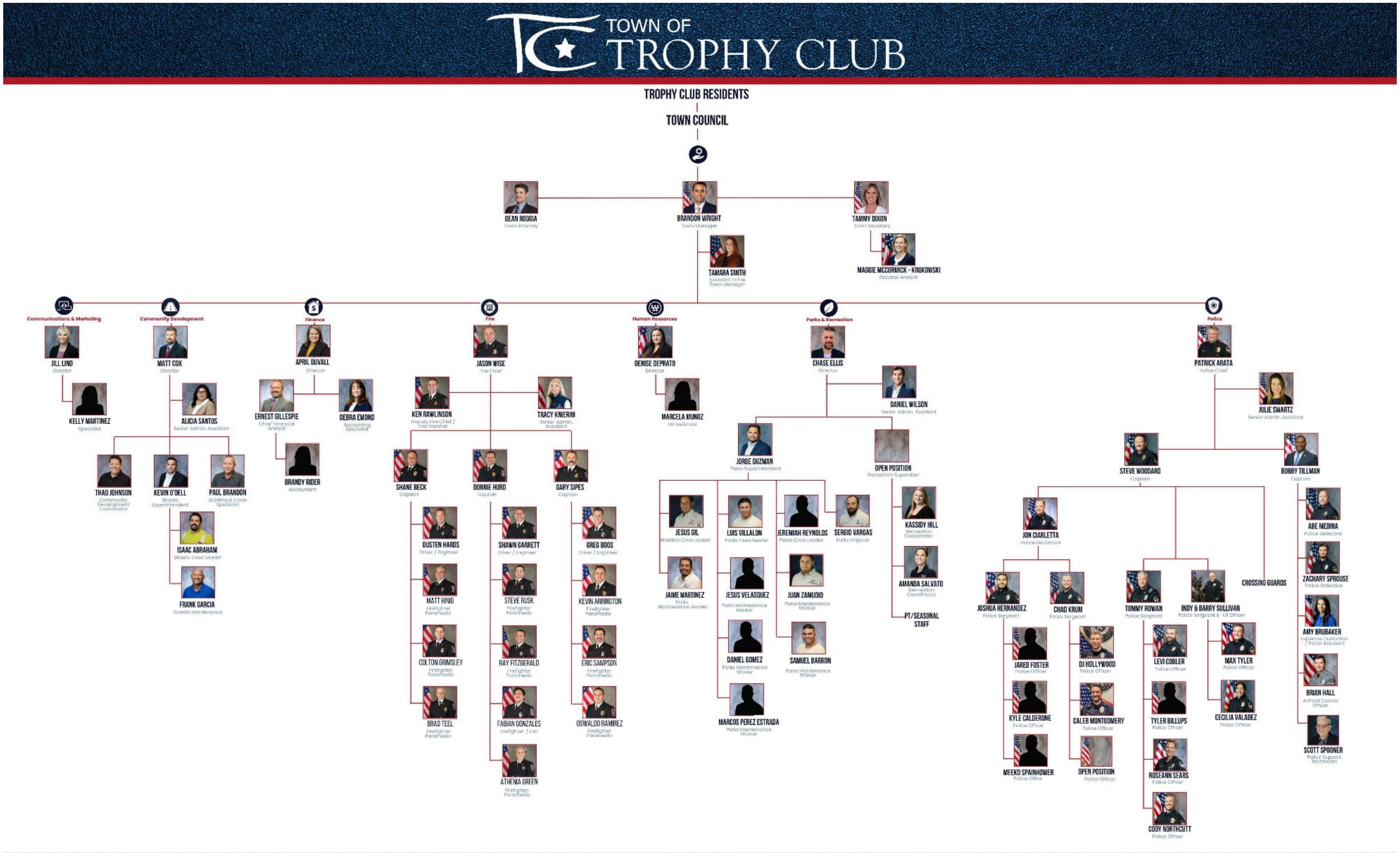

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Government Finance Officers Association

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, 2022

Christopher P. Morrill

Executive Director/CEO

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Financial Section

DRAFT - 3.20.2024

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Town of Trophy Club, Texas
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2023

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, 2023. 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 $66,525,978 (net position). The unrestricted net position, which represents the amounts available to meet the Town's ongoing obligations to citizens and creditors, was a $10,357,861.

- The Town's total net position increased $1,456,356 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 $29,027,002, an increase of $8,498,067 in comparison with the prior year. Of this amount, $9,788,862, or 34%, 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 $9,981,221, or approximately 72% of total general fund expenditures.

- At the close of the current fiscal year, the Town's enterprise funds reported combined net position balances of $3,660,234, an increase of $654,643 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.

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, 4B 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.

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 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 4B 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 $66,525,978, at the close of the most recent fiscal year.

Statement of Net Position:

The following table reflects the condensed Statement of Net Position.

	Governmental Activities		Business-type Activities		Totals	
	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022
Current and other assets	$ 51,194,650	$ 44,998,729	$ 2,030,858	$ 1,538,311	$ 53,225,508	$ 46,537,040
Capital and lease assets, net	63,709,700	65,095,038	1,853,641	1,847,243	65,563,341	66,942,281
Total assets	114,904,350	110,093,767	3,884,499	3,385,554	118,788,849	113,479,321
Deferred outflows of resources	4,249,963	2,831,600	-	-	4,249,963	2,831,600
Other liabilities	4,755,975	4,528,487	48,797	30,477	4,804,772	4,558,964
Long-term liabilities	51,094,293	44,398,609	175,468	349,486	51,269,761	44,748,095
Total liabilities	55,850,268	48,927,096	224,265	379,963	56,074,533	49,307,059
Deferred inflows of resources	438,301	1,934,240	-	-	438,301	1,934,240
Net investment in capital assets	28,947,808	28,391,158	1,678,173	1,497,757	30,625,981	29,888,915
Restricted	25,542,136	27,278,448	-	-	25,542,136	27,278,448
Unrestricted	8,375,800	6,394,425	1,982,061	1,507,834	10,357,861	7,902,259
Total net position	$ 62,865,744	$ 62,064,031	$ 3,660,234	$ 3,005,591	$ 66,525,978	$ 65,069,622

Current and other assets increased by $6.2 million from the prior year due primarily to increased cash received as a result of the issuance of new certificates of obligation bonds. Other liabilities in governmental activities increased $227 thousand from the previous year due to normal operations.

Long-term liabilities, which consist of bonds, compensated absences, net pension liability, and other postemployment benefit obligations, increased by $6.5 million from the previous year for governmental and business-type activities combined. The Town issued $6.9 million in certificates of obligation bonds to finance various capital projects throughout the Town. The increase is primarily due to thew outstanding bonds.

A portion of the Town's net position, $30,625,981, 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 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 assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, $25,542,136 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 $10,357,861. The Town's overall net position increased $1,456,356, from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Statement of Activities:

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

	Governmental Activities		Business-type Activities		Totals	
	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022
Revenues:						
Program revenues:						
Charges for services	$ 3,821,273	$ 3,795,652	$ 705,922	$ 724,895	$ 4,527,195	$ 4,520,547
Operating grants and contributions	92,029	173,599	31,750	125,268	123,779	298,867
Total program revenues	3,913,302	3,969,251	737,672	850,163	4,650,974	4,819,414
General revenues:						
Property taxes	11,180,838	10,255,223	-	-	11,180,838	10,255,223
Sales and mixed beverage taxes	2,358,255	2,290,748	-	-	2,358,255	2,290,748
Franchise and local taxes	1,016,222	908,033	-	-	1,016,222	908,033
Occupancy tax	822,484	781,831	-	-	822,484	781,831
Other revenues	313,150	197,903	-	-	313,150	197,903
Investment Income	1,289,627	244,451	64,244	8,264	1,353,871	252,715
Total general revenues	16,980,576	14,678,189	64,244	8,264	17,044,820	14,686,453
Total revenues	20,893,878	18,647,440	801,916	858,427	21,695,794	19,505,867
Expenses:						
General government	899,894	663,394	-	-	899,894	663,394
Manager's office	782,210	567,704	-	-	782,210	567,704
Human resources	278,174	205,246	-	-	278,174	205,246
Finance	518,064	549,792	-	-	518,064	549,792
Information services	673,596	543,189	-	-	673,596	543,189
Legal	159,807	189,141	-	-	159,807	189,141
Municipal court	92,313	258,489	-	-	92,313	258,489
Police	3,820,517	3,128,814	-	-	3,820,517	3,128,814
Fire	1,657,640	1,389,959	-	-	1,657,640	1,389,959
Emergency medical services	1,598,261	1,489,248	-	-	1,598,261	1,489,248
Facilities management	1,425,387	1,455,292	-	-	1,425,387	1,455,292
Parks and recreation	3,093,727	2,864,327	-	-	3,093,727	2,864,327
Community development	552,382	471,539	-	-	552,382	471,539
Tourism	653,518	396,974	-	-	653,518	396,974
Public works	2,358,623	2,315,082	-	-	2,358,623	2,315,082
Interest and fiscal charges on long-term debt	1,371,710	1,278,873	-	-	1,371,710	1,278,873
Storm Drainage Utility	-	-	176,590	144,131	176,590	144,131
Trophy Club Park	-	-	127,025	169,456	127,025	169,456
Total expenses	19,935,823	17,767,063	303,615	313,587	20,239,438	18,080,650
Increase in net position before transfers	958,055	880,377	498,301	544,840	1,456,356	1,425,217
Transfers	(156,342)	(142,194)	156,342	142,194	-	-
Change in net position	801,713	738,183	654,643	687,034	1,456,356	1,425,217
Net Position, Beginning	62,064,031	61,325,848	3,005,591	2,318,557	65,069,622	63,644,405
Net Position, Ending	$ 62,865,744	$ 62,064,031	$ 3,660,234	$ 3,005,591	$ 66,525,978	$ 65,069,622

Governmental Activities

For the year ended September 30, 2023, revenues from governmental activities totaled $20,924,070. Property tax, grants and contributions, special assessments and sales tax are the Town's largest general revenue sources. Overall revenue increased $2.3 million or 12% from the prior year. Property taxes remain the largest source of revenue at $11.2 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 2022 to $3.1 billion in the current year. Investment income increased by $1,045,176 or 428% due to the impact of the market and realization of higher interest rates. All other revenues remained relatively stable when compared to the previous year.

For the year ended September 30, 2023, expenses for governmental activities totaled $19.9 million. This represents an increase of $2.2 million or 12% from the prior year. The Town's largest expense category is public safety (police, fire and emergency medical services), which totaled $7.1 million at year-end and increased $1.1 million from prior year due primarily to workers compensation adjustments, salary increases, and overtime. General Government increased by $237 thousand primarily due to salary increases that resulted from a market study. Manager's Office increased by $214 thousand primarily due to executive team recruitments (Tow Manager and Town Secretary). 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, 2023, charges for services by business-type activities totaled $706 thousand and remained relatively consistent when compared to the previous year. Intergovernmental revenues decreased by $94 thousand or 75% due to nonrecurring funds received from the Texas Department of Parks and Wildlife for various parks improvement projects in 2022. Total business-type activity expenses remained relatively consistent when compared to the previous year. The Storm Drainage Utility increased expenses by $32 thousand for various small equipment purchase and the Trophy Club Park decreased their expenses by $42 thousand primarily due to staff vacancies.

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.

At September 30, 2023, the Town's governmental funds reported combined fund balances of $29 million, an increase of $8.5 million, in comparison with the prior year. Approximately 34% of this amount, $9.7 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 $435 thousand; 2) restricted for particular purposes $18.8 million; or 3) committed for a particular purpose $21 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 $10.0 million, while total fund balance increased to $10.4 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 72% of total general fund expenditures, while total fund balance represents 75% of that same amount.

The fund balance of the Town's general fund increased by $2.1 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 $206 thousand at September 30, 2023, an increase of $98 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 $2.4 million and property tax revenue of $2.6 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 $10.6 million. The capital projects fund increased by $5.7 million when compared to the previous year. The increase was due to the issuance of new debt during the current fiscal year.

The PID No. 1 fund reflected an ending fund balance of $4.1 million. The fund balance increased $112 thousand, which is a result of property assessments and other revenues 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 largest proprietary fund, the Storm Drainage Utility fund, totaled $3.1 million, an increase of $440 thousand from prior year. Unrestricted net position at the close of the fiscal year for the Town's utility fund amounted to $1.6 million. Total investment in capital assets, net of related debt was $1.4 million.

General Fund Budgetary Highlights

Total budgeted revenues of $13,292,134 were less than actual revenues of $15,777,485 resulting in a positive revenue variance of $2,485,351. The positive 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 $468,883, 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 $13,063,123 were less than actual expenditures of $13,832,385, resulting in a negative expenditure variance of $769,262. The variance in total expenditures primarily related to facilities management and capital outlay expenditures for unbudgeted expenditures related to emergency repairs/replacement.

Capital and Lease Assets

As of the end of the year, the Town's governmental activities funds had invested $63,709,700 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 $1,853,641 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	
	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022
Land	$ 10,487,119	$ 10,487,119	$ -	$ -	$ 10,487,119	$ 10,487,119
Construction in progress	2,197,624	999,245	-	-	2,197,624	999,245
Buildings	8,080,711	8,467,500	-	-	8,080,711	8,467,500
Improvements other than buildings	30,882,200	32,511,327	172,480	171,886	31,054,680	32,683,213
Machinery and equipment	712,808	794,501	73,289	16,402	786,097	810,903
Vehicles	1,108,397	1,039,778	-	-	1,108,397	1,039,778
Water system	3,161,697	3,337,572	-	-	3,161,697	3,337,572
Infrastructure	6,982,134	7,346,425	1,607,872	1,658,955	8,590,006	9,005,380
Lease Assets	97,010	111,571	-	-	97,010	111,571
Totals	$ 63,709,700	$ 65,095,038	$ 1,853,641	$ 1,847,243	$ 65,563,341	$ 66,942,281

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

- Purchase of new vehicles for police.
- Purchase of new equipment for parks and recreation and streets department.
- Construction related to Indian Creek and Junction Way projects

More detailed information about the Town's capital assets is presented in the Note 5 to the financial statements.

Long-Term Debt

The Town's outstanding general obligation bonds, certificate of obligation bonds, and special assessment bonds, net of all premiums and discounts increased by $3.5 million for governmental activities and decreased by $174 thousand for business-type activities, from the prior year.

	Governmental Activities		Business-type Activities		Totals	
	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022
General obligation bonds	$ 5,890,000	$ 6,595,000	$ -	$ -	$ 5,890,000	$ 6,595,000
Certificates of obligation	18,040,000	12,298,000	175,000	345,000	18,215,000	12,643,000
Special assessment bonds	19,776,000	21,245,000	-	-	19,776,000	21,245,000
Premiums on bonds	3,423,086	3,482,143	468	4,486	3,423,554	3,486,629
Lease liability	85,745	99,617	-	-	85,745	99,617
Totals	$ 47,214,831	$ 43,719,760	$ 175,468	$ 349,486	$ 47,390,299	$ 44,069,246

More detailed information about the Town's long-term liabilities is presented in Note 6 to the financial statements.

Economic Factors and Next Year's Budget and Rates

The Town is approximately 90% residential and 10% commercial, with both residential and commercial development substantially built out. The Town issued 3 residential construction permits in fiscal year 2023 and 0 new commercial permits. The Town estimates only 65-75 additional residential permits will be pulled in the future and 4-6 large commercial permits. The Town's 2024 budget will raise more total property taxes than last year's budget by $904,831 or 8.7%, and of that amount, $44,835 is the tax revenue raised from new property added to the roll this year.

Budgeted Capital Expenditures include funds for new Pickleball Courts, a Town Comprehensive Plan as well as improvements to Trophy Club Park's entrance and payment kiosk system.

In fiscal year 2024, General Fund revenues are budgeted to increase 8.82% over fiscal year 2023 estimated revenues, while expenditures are budgeted to increase by 11.79% over fiscal year 2023 estimated expenditures.

The fiscal year 2024 budget decreased the ad valorem tax rate to 0.415469 per hundred dollars of assessed value.

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

DRAFT - 3.20.2024

TOWN OF
TROPHY CLUB

Basic Financial Statements

TOWN OF
TROPHY CLUB

Town of Trophy Club, Texas
Statement of Net Position
September 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	4B Economic Development Corporation
Assets				
Cash and cash equivalents	$ 32,664,803	$ 1,994,279	$ 34,659,082	$ 1,504,186
Taxes receivable, net	562,614	-	562,614	127,771
Special assessments receivable	17,356,338	-	17,356,338	-
Receivables, net	301,395	36,103	337,498	-
Due from other governments	7,505	-	7,505	-
Due from primary government	-	-	-	22,334
Notes receivable	-	-	-	150,000
Prepaid and other assets	2,387	476	2,863	-
Lease receivable	299,608	-	299,608	-
Capital assets not being depreciated	12,684,743	-	12,684,743	2,538,765
Capital and lease assets, net of accumulated depreciation/amortization	51,024,957	1,853,641	52,878,598	261,335
Total assets	114,904,350	3,884,499	118,788,849	4,604,391
Deferred Outflows of Resources				
Pension related	2,358,140	-	2,358,140	-
OPEB related	45,489	-	45,489	-
Deferred charge on refunding	1,846,334	-	1,846,334	-
Total deferred outflows of resources	4,249,963	-	4,249,963	-
Liabilities				
Accounts payable	1,115,697	48,360	1,164,057	-
Accrued liabilities	231,387	-	231,387	-
Unearned revenue	3,088,232	-	3,088,232	-
Due to component unit	22,334	-	22,334	-
Accrued interest payable - bonds	298,325	437	298,762	6,455
Noncurrent liabilities				
Due within one year:				
Bonds payable	3,514,000	175,468	3,689,468	120,000
Leases payable	36,451	-	36,451	-
Compensated absences	294,448	-	294,448	-
Due in more than one year:				
Bonds payable	43,615,086	-	43,615,086	1,704,123
Leases payable	49,294	-	49,294	-
Compensated absences	32,717	-	32,717	-
Total OPEB liability	287,685	-	287,685	-
Net pension liability	3,264,612	-	3,264,612	-
Total liabilities	55,850,268	224,265	56,074,533	1,830,578
Deferred Inflows of Resources				
OPEB related	157,989	-	157,989	-
Lease related	280,312	-	280,312	-
Total deferred inflows of resources	438,301	-	438,301	-
Net Position				
Net investment in capital assets	28,947,808	1,678,173	30,625,981	975,977
Restricted for:				
Municipal court	61,194	-	61,194	-
Debt service	4,299,885	-	4,299,885	89,568
Economic development	-	-	-	1,708,268
Public safety	267,457	-	267,457	-
PID activities	17,356,338	-	17,356,338	-
Street maintenance	426,989	-	426,989	-
Tourism	2,722,338	-	2,722,338	-
Parks	407,935	-	407,935	-
Unrestricted	8,375,800	1,982,061	10,357,861	-
Total net position	$ 62,865,744	$ 3,660,234	$ 66,525,978	$ 2,773,813

Town of Trophy Club, Texas
Statement of Activities
For the Year Ended September 30, 2023

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Primary Government				
Governmental Activities				
General government	$ 899,894	$ 269,132	$ -	$ -
Manager's office	782,210	-	-	-
Human resources	278,174	-	-	-
Finance	518,064	-	-	-
Information services	673,596	-	-	-
Legal	159,807	-	-	-
Municipal court	92,313	219,645	-	-
Police	3,820,517	142,470	21,525	-
Fire	1,657,640	1,492,123	70,504	-
Emergency medical services	1,598,261	193,982	-	-
Facilities management	1,425,387	-	-	-
Parks and recreation	3,093,727	397,773	-	-
Community development	552,382	5,805	-	-
Tourism	653,518	-	-	-
Sanitation	-	1,091,668	-	-
Public works	2,358,623	8,675	-	-
Interest and fiscal charges on long-term debt	1,371,710	-	-	-
Total governmental activities	19,935,823	3,821,273	92,029	-
Business-type Activities				
Storm Drainage Utility	176,590	437,219	31,750	-
Trophy Club Park	127,025	268,703	-	-
Total business-type activities	303,615	705,922	31,750	-
Total primary government	$ 20,239,438	$ 4,527,195	$ 123,779	$ -
Component Unit				
4B Economic Development Corporation	$ 130,748	$ -	$ -	$ -
Total component unit	$ 130,748	$ -	$ -	$ -

General Revenues and Transfers

General revenues:

Taxes

Property taxes

Sales and mixed beverage taxes

Franchise and local taxes

Occupancy tax

Other revenues

Investment Income

Transfers

Total general revenues and transfers

Change in net position

Net Position, Beginning

Net Position, Ending

Town of Trophy Club, Texas
Statement of Activities (Continued)
For the Year Ended September 30, 2023

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	4B Economic Development Corporation
$ (630,762)	$ -	$ (630,762)	$ -
(782,210)	-	(782,210)	-
(278,174)	-	(278,174)	-
(518,064)	-	(518,064)	-
(673,596)	-	(673,596)	-
(159,807)	-	(159,807)	-
127,332	-	127,332	-
(3,656,522)	-	(3,656,522)	-
(95,013)	-	(95,013)	-
(1,404,279)	-	(1,404,279)	-
(1,425,387)	-	(1,425,387)	-
(2,695,954)	-	(2,695,954)	-
(546,577)	-	(546,577)	-
(653,518)	-	(653,518)	-
1,091,668	-	1,091,668	-
(2,349,948)	-	(2,349,948)	-
(1,371,710)	-	(1,371,710)	-
(16,022,521)	-	(16,022,521)	-
-	292,379	292,379	-
-	141,678	141,678	-
-	434,057	434,057	-
(16,022,521)	434,057	(15,588,464)	-
			(130,748)
			(130,748)
11,180,838	-	11,180,838	-
2,358,255	-	2,358,255	767,911
1,016,222	-	1,016,222	-
822,484	-	822,484	-
313,150	-	313,150	-
1,289,627	64,244	1,353,871	43,606
(156,342)	156,342	-	-
16,824,234	220,586	17,044,820	811,517
801,713	654,643	1,456,356	680,769
62,064,031	3,005,591	65,069,622	2,093,044
$ 62,865,744	$ 3,660,234	$ 66,525,978	$ 2,773,813

Town of Trophy Club, Texas
Balance Sheet – Governmental Funds
September 30, 2023

	General	Debt Service	Capital Projects	PID No. 1	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	$ 13,559,995	$ 205,668	$ 10,768,487	$ 4,129,303	$ 4,001,350	$ 32,664,803
Taxes receivable, net	328,405	11,137	-		223,072	562,614
Special assessment receivable	-	-	-	17,356,338	-	17,356,338
Accounts receivable, net	301,395	-	-	-	-	301,395
Leases receivable	299,608	-	-	-	-	299,608
Due from other governments	7,505	-	-	-	-	7,505
Prepaid and other assets	2,387	-	-	-	-	2,387
Advances from other funds	432,726	-	-	-	-	432,726
Total assets	$ 14,932,021	$ 216,805	$ 10,768,487	$ 21,485,641	$ 4,224,422	$ 51,627,376
Liabilities						
Accounts payable	$ 845,516	$ -	$ 161,882	$ -	$ 108,299	$ 1,115,697
Accrued liabilites	231,387	-	-	-	-	231,387
Unearned revenue	3,088,232	-	-	-	-	3,088,232
Due to component unit	7,443	-	-	-	14,891	22,334
Advances to other funds	-	-	-	46,223	386,503	432,726
Total liabilities	4,172,578	-	161,882	46,223	509,693	4,890,376
Deferred Inflows of Resources						
Unavailable revenue - property taxes	35,323	10,551	-	-	-	45,874
Unavailable revenue - emergency medical services	2,157	-	-	-	-	2,157
Unavailable revenue - special assessments	-	-	-	17,356,338	-	17,356,338
Unavailable revenue - property liens	25,317	-	-	-	-	25,317
Leases related	280,312	-	-	-	-	280,312
Total deferred inflows of resources	343,109	10,551	-	17,356,338	-	17,709,998
Fund Balances/(Deficits)						
Nonspendable:						
Prepaid items	2,387	-	-	-	-	2,387
Long-term interfund advances	432,726	-	-	-	-	432,726
Restricted						
Debt service	-	206,254	-	4,083,080	-	4,289,334
Capital projects	-	-	10,606,605	-	-	10,606,605
Municipal court	-	-	-	-	61,194	61,194
Public safety	-	-	-	-	267,457	267,457
Street maintenance	-	-	-	-	426,989	426,989
Tourism	-	-	-	-	2,722,338	2,722,338
Parks	-	-	-	-	407,935	407,935
Committed for:						
Recreation programs	-	-	-	-	21,175	21,175
Unassigned	9,981,221	-	-	-	(192,359)	9,788,862
Total fund balances/(deficits)	10,416,334	206,254	10,606,605	4,083,080	3,714,729	29,027,002
Total liabilities, deferred inflows of resources, and fund balances (deficits)	$ 14,932,021	$ 216,805	$ 10,768,487	$ 21,485,641	$ 4,224,422	$ 51,627,376

Town of Trophy Club, Texas

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

September 30, 2023

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

Total fund balance per balance sheet		$ 29,027,002
Capital and lease assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.		63,709,700
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.		17,429,686
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.		(298,325)
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	$ (5,890,000)	
Certificate of obligation bonds payable	(18,040,000)	
Special Assessment Bonds	(19,776,000)	
Deferred charge on refunding	1,846,334	
Unamortized premiums on bonds	(3,423,086)	
Leases payable	(85,745)	
Net pension liability	(3,264,612)	
Total other postemployment benefit (OPEB) liability	(287,685)	
Deferred outflows of resources – pension	2,358,140	
Deferred outflows of resources – OPEB	45,489	
Deferred inflows of resources – OPEB	(157,989)	
Accrued compensated absences	(327,165)	
		(47,002,319)
Net position of governmental activities		$ 62,865,744

Town of Trophy Club, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

For the Year Ended September 30, 2023

	General	Debt Service	Capital Projects	PID No.1	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Property tax	$ 8,630,785	$ 2,570,418	$ -	$ -	$ 6,648	$ 11,207,851
Sales and mixed beverage taxes	1,613,746	-	-	-	744,509	2,358,255
Franchise and local taxes	1,016,222	-	-	-	-	1,016,222
Occupancy tax	-	-	-	-	822,484	822,484
Special assessments	-	-	-	2,267,110	-	2,267,110
License and permits	253,027	-	-	-	-	253,027
Intergovernmental	1,545,538	-	-	-	21,525	1,567,063
Charges for services	1,519,212	-	-	-	4,825	1,524,037
Fines and fees	412,199	-	-	-	20,306	432,505
Lease revenue	107,834	-	-	-	-	107,834
Interest revenue - leases	20,188	-	-	-	-	20,188
Investment income	639,154	77,230	274,355	177,679	121,209	1,289,627
Other revenue	19,580	-	84,423	-	112,729	216,732
Total revenues	15,777,485	2,647,648	358,778	2,444,789	1,854,235	23,082,935
Expenditures						
Current:						
General government	216,004	-	39,013	48,701	79,500	383,218
Manager's office	758,661	-	-	-	-	758,661
Human resources	268,107	-	-	-	-	268,107
Finance	504,727	-	-	-	-	504,727
Information services	641,317	-	-	-	-	641,317
Legal	159,807	-	-	-	-	159,807
Municipal court	90,063	-	-	-	2,250	92,313
Police	3,371,490	-	-	-	150,617	3,522,107
Fire	1,571,944	-	-	-	-	1,571,944
Emergency medical services	1,453,750	-	-	-	-	1,453,750
Facilities management	1,425,314	-	-	-	-	1,425,314
Parks and recreation	2,302,847	-	-	-	5,200	2,308,047
Community development	483,392	-	-	-	41,282	524,674
Tourism	256,975	-	-	-	387,712	644,687
Public works	-	-	-	-	231,437	231,437
Debt Service:						
Principal	10,165	1,888,000	-	1,469,000	30,090	3,397,255
Interest and fiscal charges	-	483,776	180,408	814,923	-	1,479,107
Capital outlay	317,822	-	1,667,818	-	339,613	2,325,253
Total expenditures	13,832,385	2,371,776	1,887,239	2,332,624	1,267,701	21,691,725
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,945,100	275,872	(1,528,461)	112,165	586,534	1,391,210
Other Financing Sources (Uses)						
Transfers in	151,500	-	-	-	95,254	246,754
Transfers out	(95,254)	(177,588)	-	-	(130,254)	(403,096)
Issuance of general obligation bonds	-	-	6,925,000	-	-	6,925,000
Premium on general obligation bonds issued	-	-	257,608	-	-	257,608
Sale of general capital assets	44,208	-	-	-	10,000	54,208
Issuance of leases	26,383	-	-	-	-	26,383
Total other financing sources (uses)	126,837	(177,588)	7,182,608	-	(25,000)	7,106,857
Net Change in Fund Balances	2,071,937	98,284	5,654,147	112,165	561,534	8,498,067
Fund Balances, Beginning	8,344,397	107,970	4,952,458	3,970,915	3,153,195	20,528,935
Fund Balances, Ending	$ 10,416,334	$ 206,254	$ 10,606,605	$ 4,083,080	$ 3,714,729	$ 29,027,002

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

For the Year Ended September 30, 2023

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balance - total governmental funds		$ 8,498,067
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	$ 2,325,253	
Depreciation and amortization expense	(3,594,874)	
		(1,269,621)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		
Loss on sale of assets		(115,717)
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.		(2,243,265)
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.		
Principal amount of debt issued	$ (6,925,000)	
Amortization of bond premium	316,665	
Principal amount of debt paid to bondholders and lessors	3,397,255	
Lease financing for leases issued	(26,383)	
Net change in accrued interest payable	7,820	
Premium on bonds issued	(257,608)	
Net deferred offering charges and related debt issuance items	(217,088)	
		(3,704,339)
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.		(55,761)
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.		(14,765)
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.		(292,886)
Change in net position of governmental activities		$ 801,713

Town of Trophy Club, Texas
Statement of Net Position – Proprietary Funds
September 30, 2023

	Business-type Activities		
		Nonmajor Fund	
	Storm Drainage Utility	Trophy Club Park	Total
Assets			
Current assets			
Cash and cash equivalents	$ 1,635,294	$ 358,985	$ 1,994,279
Accounts receivable	36,103	-	36,103
Prepaid items	-	476	476
Total current assets	1,671,397	359,461	2,030,858
Noncurrent assets			
Capital assets:			
Net depreciable capital assets	1,607,872	245,769	1,853,641
Total noncurrent assets	1,607,872	245,769	1,853,641
Total assets	3,279,269	605,230	3,884,499
Liabilities			
Current liabilities			
Accounts payable	28,364	19,996	48,360
Accrued interest	437	-	437
Long-term debt due within one year	175,468	-	175,468
Total liabilities	204,269	19,996	224,265
Net Position			
Net investment in capital assets	1,432,404	245,769	1,678,173
Unrestricted	1,642,596	339,465	1,982,061
Total net position	$ 3,075,000	$ 585,234	$ 3,660,234

Town of Trophy Club, Texas

Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds

For the Year Ended September 30, 2023

	Business-type Activities		
		Nonmajor Fund	
	Storm Drainage Utility	Trophy Club Park	Total
Operating Revenues			
Charges for services	$ 437,219	$ 268,703	$ 705,922
Total operating revenues	437,219	268,703	705,922
Operating Expenses			
Salaries and benefits	-	25,902	25,902
Supplies and materials	-	3,729	3,729
Repairs and maintenance	6,660	18,916	25,576
Utilities	1,700	9,763	11,463
Contractual services	113,967	54,248	168,215
Depreciation	51,083	14,467	65,550
Total operating expenses	173,410	127,025	300,435
Operating Income	263,809	141,678	405,487
Nonoperating Revenues (Expenses)			
Intergovernmental	-	31,750	31,750
Investment income	62,760	1,484	64,244
Interest expense	(3,180)	-	(3,180)
Total nonoperating revenues (expenses)	59,580	33,234	92,814
Income Before Transfers	323,389	174,912	498,301
Transfers in	177,588	55,015	232,603
Transfers out	(61,261)	(15,000)	(76,261)
Change in Net Position	439,716	214,927	654,643
Net Position, Beginning	2,635,284	370,307	3,005,591
Net Position, Ending	$ 3,075,000	$ 585,234	$ 3,660,234

Town of Trophy Club, Texas
Statement of Cash Flows – Proprietary Funds
For the Year Ended September 30, 2023

	Business-type Activities		
		Nonmajor Fund	
	Storm Drainage Utility	Trophy Club Park	Total
Cash Flows from Operating Activities			
Receipts from customers and users	$ 437,280	$ 268,703	$ 705,983
Payments to suppliers and service providers	(116,969)	(72,478)	(189,447)
Payments to employees for salaries and benefits	-	(25,902)	(25,902)
Net cash provided by operating activities	320,311	170,323	490,634
Cash Flows from Noncapital Financing Activities			
Transfers to other funds	(61,261)	(15,000)	(76,261)
Transfers from other funds	177,588	55,015	232,603
Operating grants	-	31,750	31,750
Net cash provided by noncapital financing activities	116,327	71,765	188,092
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	-	(71,948)	(71,948)
Interest paid on capital debt	(7,588)	-	(7,588)
Principal paid on capital debt	(170,000)	-	(170,000)
Net cash used for capital and related financing activities	(177,588)	(71,948)	(249,536)
Cash Flows from Investing Activities			
Interest on investments	62,760	1,484	64,244
Net cash provided by investing activities	62,760	1,484	64,244
Net Increase in Cash and Cash Equivalents	321,810	171,624	493,434
Cash and Cash Equivalents, Beginning	1,313,484	187,361	1,500,845
Cash and Cash Equivalents, Ending	$ 1,635,294	$ 358,985	$ 1,994,279
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income	$ 263,809	$ 141,678	$ 405,487
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	51,083	14,467	65,550
Changes in operating assets and liabilities:			
(Increase) Decrease in:			
Accounts receivable	61	-	61
Prepaid items	-	826	826
Increase (Decrease) in:			
Accounts payable	5,358	13,352	18,710
Net cash provided by operating activities	$ 320,311	$ 170,323	$ 490,634

TOWN OF
TROPHY CLUB

Notes to Financial Statements

TOWN OF
TROPHY CLUB

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 major special revenue fund and does not issue separate financial statements.

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

4B Economic Development Corporation

The 4B Economic Development Corporation (4B) 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 4B and affect the day-to-day operations of the 4B by removing appointed board members at will. The scope of public service of the 4B benefits the Town and its citizens and is operated within the geographic boundaries of the Town. Since the 4B'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 4B 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 fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

- **Debt Service Fund –** The Debt Service Fund is used to account for 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 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 years 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.

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. 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, EMS, 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.

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

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 unearned 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 utility fund and storm water utility funds are charges to customers for sales and services. The utility fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. 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.

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.

Adoption of New Accounting Standards

During fiscal year 2023, the Town adopted the following GASB standards:

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This standard addresses the gap in current accounting guidance related to public-private and public-public partnerships (both referred to as PPPs) that do not meet the definition of a service concession arrangement. The adoption of this standard had no impact on the Town.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The implementation of this standard establishes a single model for subscription-based information technology arrangements (SBITAs) accounting based on the principle that contracts are financings of the right to use an underlying information technology software asset. The standard requires recognition of certain right-to-use subscription assets and subscription liabilities. The adoption of this standard had no impact on the Town.

Future Financial Reporting Requirements

GASB Statement No. 100, *Accounting Changes and Error Corrections*. The objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement will take effect for the Town’s fiscal year 2024. Management has not yet determined the impact of this Statement on its financial statements.

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 Tow’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.

Note 2: Stewardship, compliance, and accountability

Deficit Fund Equity

At September 30, 2023, the Tax Increment Reinvestment Zone No. 1 fund had a deficit fund balance of $192,359. The deficit balances will be eliminated in the future as assessed values continue to increase as a result of growth and development within the TIRZ.

Note 3: 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, 2023, the carrying amount of the Town's demand deposits, including its component unit, totaled $23,750,293 and the bank balance was $23,705,627. Cash on hand for the Town was $400 and the carrying amount and bank balance of cash for the Public Improvement District No. 1 was $4,129,303.

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;

   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, 2023, 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, 2023, the fair value of the position in Texas CLASS approximates fair value of the shares. There were no limitations or restrictions on withdrawals.

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, 2023, the Town had the following investments:

Investment Type		Fair Value		Investment Maturities (in Years) Less Than 1 Year
Texas CLASS	$	3,039,619	$	3,039,619
TexPool		5,243,653		5,243,653
Total	$	8,283,272	$	8,283,272

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. As of September 30, 2023, all of the Town's purchased investments in U.S. Agencies Obligations were rated AA+, AAA and Aaa by Standard & Poors, Fitch and Moody's, respectively

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, 2023, the Town's investments are 100% in investment pools.

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.

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, 2023, 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 as listed below, which are recorded at amortized cost, and excluded from the fair value hierarchy.

At September 30, 2023, the Town had the following investments:

Investments measured at net asset value	
Texas Class	$ 3,039,619
Investments measured at amortized cost	
TexPool	5,243,653
Total investments	$ 8,283,272

Note 4: 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	$ 35,323	$ 11,137	$ -	$ -	$ -	$ 46,460
Sales Tax	251,137	-	-	123,598	-	374,735
Franchise taxes	41,945	-	-	-	-	41,945
Hotel occupancy	-	-	-	109,974	-	109,974
Special assessments	-	-	17,356,338	-	-	17,356,338
Due from other governments	7,505	-	-	-	-	7,505
Municipal court	162,802	-	-	-	-	162,802
EMS	179,126	-	-	-	-	179,126
Storm drainage	-	-	-	-	36,103	36,103
Leases	299,608	-	-	-	-	299,608
Other	113,382	-	-	-	-	113,382
Gross receivables	1,090,828	11,137	17,356,338	233,572	36,103	18,727,978
Less: allowance for doubtful accounts	(153,915)	-	-	(10,500)	-	(164,415)
Net receivables	$ 936,913	$ 11,137	$ 17,356,338	$ 223,072	$ 36,103	$ 18,563,563

Based on the payment schedule for special assessment receivables, approximately $15,060,000 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 in $108,000 in lease revenue and $20,000 in interest revenue during the current fiscal year related to the leases. As of September 30, 2023, the Town's receivable for lease payments was $299,608. 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, 2023, the balance of the deferred inflow of resources was $280,312.

Note 5: Capital and Lease Assets

Capital and lease assets activity for the year ended September 30, 2023, 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	999,245	1,198,379	-		2,197,624
Total capital assets, not being depreciated	11,486,364	1,198,379	-	-	12,684,743
Capital and lease assets, being depreciated/amortized:					
Buildings	10,659,919		-	-	10,659,919
Improvements other than buildings	65,461,454	550,503	-		66,011,957
Machinery and equipment	2,859,634	259,232	(152,032)	-	2,966,834
Vehicles	2,157,698	290,756	(62,881)	-	2,385,573
Water system	5,362,005	-	-	-	5,362,005
Lease asset	143,816	26,383	(19,192)		151,007
Infrastructure	14,332,062	-	-	-	14,332,062
Total capital and lease assets, being depreciated/amortized	100,976,588	1,126,874	(234,105)	-	101,869,357
Less accumulated depreciation/amortization for:					
Buildings	2,192,419	386,789	-	-	2,579,208
Improvements other than buildings	32,950,127	2,179,630	-	-	35,129,757
Machinery and equipment	2,065,133	233,433	(44,540)	-	2,254,026
Vehicles	1,117,920	222,137	(62,881)	-	1,277,176
Water system	2,024,433	175,875	-	-	2,200,308
Lease asset	32,245	32,719	(10,967)		53,997
Infrastructure	6,985,637	364,291	-	-	7,349,928
Total accumulated depreciation/amortization	47,367,914	3,594,874	(118,388)	-	50,844,400
Total capital and lease assets, being depreciated/amortized	53,608,674	(2,468,000)	(115,717)	-	51,024,957
Governmental activities capital and lease assets, net	$ 65,095,038	$ (1,269,621)	$ (115,717)	$ -	$ 63,709,700

	Beginning Balance	Additions	Sales/ Disposals	Transfers	Ending Balance
Business-Type activities:					
Capital assets, being depreciated:					
Improvements other than Buildings	$ 147,921	$ 10,966	$ -	$ -	$ 158,887
Machinery and equipment	36,610	60,982	-	-	97,592
Improvements	33,365	-	-	-	33,365
Infrastructure	2,039,766	-	-	-	2,039,766
Total capital assets, being depreciated	2,257,662	71,948	-	-	2,329,610
Less accumulated depreciation for:					
Improvements other than Buildings	1,894	7,036	-	-	8,930
Machinery and equipment	20,208	4,095	-	-	24,303
Improvements	7,506	3,336	-	-	10,842
Infrastructure	380,811	51,083	-	-	431,894
Total accumulated depreciation	410,419	65,550	-	-	475,969
Total capital assets, being depreciated, net	1,847,243	6,398	-	-	1,853,641
Business-type activities capital assets, net	$ 1,847,243	$ 6,398	$ -	$ -	$ 1,853,641

Depreciation and amortization expense was charged to the functions/programs of the primary government as follows:

Governmental Activities		
General government	$	395,255
Emergency medical services		88,473
Information systems		32,279
Police		139,860
Fire		61,195
Parks and recreation		742,543
Community		12,517
Streets (Infrastructure)		2,122,752
Total governmental activities depreciation/amortization expense	$	3,594,874
Business-type Activities		
Trophy Club Park	$	14,467
Storm Drainage Utility		51,083
Total business-type activities	$	65,550

Note 6: Long-term Liabilities

The following is a summary of changes in the Town's total long-term liabilities for the year ended September 30, 2023.

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities					
General Obligation Bonds	$ 6,595,000	$ -	$ 705,000	$ 5,890,000	$ 725,000
Certificates of Obligation	12,298,000	6,925,000	1,183,000	18,040,000	1,240,000
Special Assessment Bonds	21,245,000	-	1,469,000	19,776,000	1,549,000
Bond Premiums	3,482,143	257,608	316,665	3,423,086	-
Total bonds payable	43,620,143	7,182,608	3,673,665	47,129,086	3,514,000
Leases payable	99,617	26,383	40,255	85,745	36,451
Compensated absences	271,404	301,475	245,714	327,165	294,448
Total government activities	$ 43,991,164	$ 7,510,466	$ 3,959,634	$ 47,541,996	$ 3,844,899
Business-Type Activities:					
Certificates of Obligation	$ 345,000	$ -	$ 170,000	$ 175,000	$ 175,000
Bond Premiums	4,486	-	4,018	468	468
Total bonds payable	349,486	-	174,018	175,468	175,468
Total business-type activities	$ 349,486	$ -	$ 174,018	$ 175,468	$ 175,468

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 liquate 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, 2023, are as follows:

Governmental Activities	Interest Rate (%)	Final Maturity	Original Borrowing	Outstanding at Year-End
General Obligation Bonds:				
Refunding	2.18	2025	$ 2,030,000	$ 485,000
Improvements	2.00-3.00	2036	5,245,000	3,610,000
Refunding	1.16	2030	3,550,000	1,795,000
				$ 5,890,000
Certificate of Obligations:				
Combination Tax and Revenue Series 2004	3.50-4.75	2024	650,000	$ 35,000
Certificates of Obligation Series 2013	2.50-3.25	2028	1,300,000	565,000
Certificates of Obligation Series 2014	2.00-4.00	2034	2,500,000	1,555,000
Certificates of Obligation Series 2016	2.00-4.00	2036	4,210,000	3,020,000
Certificates of Obligation Series 2017	2.50-3.00	2037	4,445,000	2,855,000
Certificates of Obligation Series 2021	2.00-4.00	2041	4,305,000	3,085,000
Certificates of Obligation, Series 2023	4.00-5.00	2043	6,925,000	6,925,000
				$ 18,040,000

Business-type Activities	Interest Rate (%)	Final Maturity	Original Borrowing	Outstanding at Year-End
Certificates of Obligation Series 2013	2.50-3.00	2024	$ 1,700,000	$ 175,000
				$ 175,000

Changes in Financing

In fiscal year 2023, the City issued $6,925,000 of combination tax and revenue certificates of obligation, series 2023 August 15, 2023, with a premium of $257,608, bearing interest rates ranging from 4.0% to 5.0%. The certificates will be used for designing, developing, constructing, improving and renovating Town parks and green spaces including park and recreation facilities, including sports fields and the acquisition of land; 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; Town public parking facilities located at Town Hall; professional services incurred in connection with these items; and to pay the costs incurred in connection with the issuance of the certificates.

Town of Trophy Club, Texas
Notes to the Financial Statements
September 30, 2023

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	$ 19,776,000
				$ 19,776,000

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

	Governmental Activities			Business-type Activities		
Year Ended September 30, 2022	Principal	Interest	Total Requirements	Principal	Interest	Total Requirements
2024	$ 3,514,000	$ 1,490,203	$ 5,004,203	$ 175,000	$ 2,625	$ 177,625
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	-	-	-
2029-2033	18,237,000	3,276,563	21,513,563	-	-	-
2034-2038	5,400,000	849,588	6,249,588	-	-	-
2039-2043	2,605,000	222,600	2,827,600	-	-	-
Total	$ 43,706,000	$ 10,568,610	$ 54,274,610	$ 175,000	$ 2,625	$ 177,625

Lease Liability

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, 2023:

Year Ending September 30,	Principal	Interest	Total
2024	$ 36,451	$ 2,427	$ 38,878
2025	37,299	1,579	38,878
2026	7,010	688	7,698
2027	4,985	147	5,132
Total	$ 85,745	$ 4,841	$ 90,586

Note 7: Interfund Transactions

Due to/from component unit

The composition of amounts due to/from component unit as of September 30, 2023, is as follows:

Receivable	Payable	Amount
Component Unit	General Fund	$ 7,443
	Nonmajor Governmental Fund	$ 14,891
		$ 22,334

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	$ 46,223
General Fund	Nonmajor Governmental Fund	386,503
		$ 432,726

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, 2023, is as follows:

	Transfer In				
Transfer Out:	General	Nonmajor Governmental Funds	Storm Drainage Utility Fund	Nonmajor Enterprise Fund	Total
General Fund	$ -	$ 95,254	$ -	$ -	$ 95,254
Debt Service Fund	-	-	177,588	-	177,588
Capital Projects Fund	-	-	-	-	-
Nonmajor Governmental Funds	116,500	-	-	13,754	130,254
Storm Drainage Utility Fund	20,000	-	-	41,261	61,261
Nonmajor Enterprise Fund	15,000	-	-	-	15,000
Total	$ 151,500	$ 95,254	$ 177,588	$ 55,015	$ 479,357

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

Note 8: 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 9: 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 10: 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, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	56
Inactive employees entitled to but not yet receiving benefits	116
Active employees	73
	245

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 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 12.58% and 12.68% in calendar years 2022 and 2023, respectively. The Town's contributions to TMRS for the year ended September 30, 2023, were $808,561 and were equal to the required contributions.

Net Pension Liability

The Town's Net Pension Liability was measured as of December 31, 2022, 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, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year
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 the Public Safety table used for males and 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. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP 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 and 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 became disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 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 in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.00%	7.70%
Core Fixed Income	6.00%	4.90%
Non-Core Fixed Income	20.00%	8.70%
Other Public and Private Markets	12.00%	8.10%
Real Estate	12.00%	5.80%
Hedge Funds	5.00%	6.90%
Private Equity	10.00%	11.80%
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.

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	$ 25,191,362	$ 25,401,717	$ (210,355)
Changes for the year:			
Service cost	1,068,025	-	1,068,025
Interest (on the Total Pension Liability)	1,707,812	-	1,707,812
Difference between expected and actual experience	26,108	-	26,108
Changes in assumptions	-	-	-
Contributions - member	-	422,144	(422,144)
Contributions - employer	-	758,653	(758,653)
Net investment income	-	(1,856,921)	1,856,921
Benefit payments, including refunds of member contributions	(848,925)	(848,925)	-
Administrative expense	-	(16,045)	16,045
Other	-	19,147	(19,147)
Net Changes	1,953,020	(1,521,947)	3,474,967
Balance, End of Year	$ 27,144,382	$ 23,879,770	$ 3,264,612

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)	$ 7,421,129	$ 3,264,612	$ (104,178)

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.

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

For the year ended September 30, 2023, the Town recognized pension expense of $1,101,447.

At September 30, 2023, 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	$ 1,655,072	
Difference in expected and actual economic experience	78,485	-
Contributions subsequent to the measurement date	624,583	-
	$ 2,358,140	$ -

$624,583 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 2024. 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
2024	$ 174,183
2025	409,238
2026	435,831
2027	714,305
	$ 1,733,557

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 11: 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	$ 235,202	$ 45,489	$ 132,691	$ 18,625
Retiree Health Care Plan	52,483	-	25,298	1,374
Total governmental activities	$ 287,685	$ 45,489	$ 157,989	$ 19,999

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 SBDF 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, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	34
Inactive employees entitled to but not yet receiving benefits	32
Active employees	73
	139

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 0.06% and 0.08% for calendar year 2022 and 2023, respectively. The Town's contributions to the SBDF for the year ended September 30, 2023, were $3,618, and were equal to the required contributions.

Total OPEB Liability

The Town's Total OPEB Liability was measured as of December 31, 2022, 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, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Salary increases	3.50% to 11.50% including inflation
Discount rate	4.05% (1.84% 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. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements. Mortality rates for disabled annuitants were based on the mortality tables for healthy retirees is used 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 UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018. 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.

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance, Beginning of Year	$ 361,536
Changes for the year	
Service cost	26,535
Interest on Total OPEB Liability	6,863
Differences between expected and actual experience	(21,220)
Changes of assumptions	(134,894)
Benefit payments	(3,618)
Net changes	(126,334)
Balance, End of Year	$ 235,202

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 4.05%, 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 (3.05%) or 1-percentage- point higher (5.05%) than the current rate:

	1% Decrease in Discount Rate (3.05%)	Discount Rate (4.05%)	1% Increase in Discount Rate (5.05%)
Total OPEB liability	$ 285,786	$ 235,202	$ 196,514

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

For the year ended September 30, 2023, the Town recognized OPEB expense of $18,625.

At September 30, 2023, 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	$ 2,757	$ 23,279
Changes in assumptions	38,791	109,412
Contributions made subsequent to measurement date	3,941	-
	$ 45,489	$ 132,691

The Town reported $3,941 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, 2024. Other 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 Outflows of Resources
2024	$ (16,002)
2025	(18,547)
2026	(27,863)
2027	(28,731)
	$ (91,143)

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, 2023, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	-
Active employees	62
	62

Total OPEB Liability

The Town's Total OPEB Liability was measured as of September 30, 2023, and the Total OPEB Liability was determined by an actuarial valuation as of September 30, 2022.

Actuarial Assumptions:

The Total OPEB Liability in the September 30, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary increases	3.50%, including inflation
Discount rate	4.77% (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-2019. 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	$ 45,909
Changes for the year	
Service cost	4,185
Interest on Total OPEB Liability	2,389
Net changes	6,574
Balance, End of Year	$ 52,483

Rate Sensitivity of the Total OPEB Liability

The following presents the total OPEB liability of the Town, calculated using the discount rate of 4.77%, 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 (3.77%) or 1-percentage- point higher (5.77%) than the current rate:

	1% Decrease in Discount Rate (3.77%)	Discount Rate (4.77%)	1% Increase in Discount Rate (5.77%)
Total OPEB liability	$ 47,288	$ 52,483	$ 58,297

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 (4.5%) 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	$ 45,874	$ 52,483	$ 60,258

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

For the year ended September 30, 2023, the Town recognized OPEB expense of $1,374.

At September 30, 2023, 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	$ -	$ 12,157
Changes in assumptions	-	13,141
	$ -	$ 25,298

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
2024	$ (5,200)
2025	(5,200)
2026	(5,200)
2027	(5,058)
2028	(4,224)
Thereafter	(416)
	$ (25,298)

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 12: 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 13: 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 4B Economic Development Corporation.

For the fiscal year ended September 30, 2023, 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 Taxes	$ 29,043
Sales Taxes	11,239
	$ 40,282

Note 14: 4B Economic Development Corporation (4B)

The 4B Economic Development Corporation (4B) 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 4B as of September 30, 2023, consist of and are classified in the accompanying financial statements as follows:

Cash and cash equivalents	$ 1,504,186
Total cash and cash equivalents	$ 1,504,186

Investments

Because the Town provides investment services for the 4B, the Town adheres to its investment policy and all state statutes when investing available cash for the Town. The 4B's investments balances at September 30, 2023, were $1,179,839 (included in cash and cash equivalents for financial statement purposes) and were in held in TexPool.

Note Receivable

In connection with an economic development incentive agreement, as noted previously, 4B 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
2024	$ 62,500
2025	37,500
2026	50,000
Total	$ 150,000

Capital Assets

Capital asset activity for the year ended September 30, 2023, 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	2,538,765	-	-	2,538,765
Capital assets, being depreciated:				
Infrastructure	367,960	-	-	367,960
Total capital assets, being depreciated	367,960	-	-	367,960
Less accumulated depreciation for:				
Infrastructure	81,932	24,693	-	106,625
Total accumulated depreciation	81,932	24,693	-	106,625
Total capital assets, being depreciated, net	286,028	(24,693)	-	261,335
Total capital assets	$ 2,824,793	$ (24,693)	$ -	$ 2,800,100

Depreciation expense charged to the 4B component unit was $24,693.

Long-term Debt

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2023, is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Component Unit Activities					
Sales Tax Revenue Bonds	$ 1,955,000	$ -	$ 115,000	$ 1,840,000	$ 120,000
Bond Discounts	(17,210)	-	(1,333)	(15,877)	-
Total bonds payable	1,937,790	-	113,667	1,824,123	120,000
Total component unit activities	$ 1,937,790	$ -	$ 113,667	$ 1,824,123	$ 120,000

Sales Tax Revenue Bonds

4B 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, 2023, 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	$ 1,840,000
			$ 2,690,000	$ 1,840,000

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

	Component Unit Activities		
Year Ended September 30,	Principal	Interest	Total Requirements
2024	$ 120,000	$ 82,263	$ 202,263
2025	125,000	77,463	202,463
2026	130,000	72,213	202,213
2027	135,000	66,688	201,688
2028-2032	775,000	241,050	1,016,050
2033-2035	555,000	53,675	608,675
Total	$ 1,840,000	$ 593,352	$ 2,433,352

The following is a summary of pledged revenues of 4B for the year ended September 30, 2023:

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	$ 767,911	$ 202,896	26.4%	$ 2,433,352	Until 2035

DRAFT - 3.20.2024

TOWN OF
TROPHY CLUB

Required Supplementary Information (Unaudited)

DRAFT - 3.20.2024

TOWN OF
TROPHY CLUB

Town of Trophy Club, Texas

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – General Fund
For the Year Ended September 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property tax	$ 8,369,014	$ 8,369,014	$ 8,630,785	$ 261,771
Sales and mixed beverage taxes	1,480,000	1,480,000	1,613,746	133,746
Franchise and local taxes	877,500	877,500	1,016,222	138,722
License and permits	190,000	190,000	253,027	63,027
Intergovernmental	1,076,655	1,076,655	1,545,538	468,883
Charges for services	815,154	815,154	1,519,212	704,058
Fines and forfeitures	298,811	298,811	412,199	113,388
Lease revenue	-	-	107,834	107,834
Interest revenue - leases	-	-	20,188	20,188
Investment income	24,000	24,000	639,154	615,154
Other revenue	161,000	161,000	19,580	(141,420)
Total revenues	13,292,134	13,292,134	15,777,485	2,485,351
Expenditures				
Current:				
General government	228,844	210,706	216,004	(5,298)
Manager's office	773,531	833,531	758,661	74,870
Human resources	292,238	292,238	268,107	24,131
Finance	648,042	654,212	504,727	149,485
Information services	811,517	811,517	641,317	170,200
Legal	150,230	150,230	159,807	(9,577)
Municipal court	7,240	7,240	90,063	(82,823)
Police	3,287,589	3,373,991	3,371,490	2,501
Fire	1,495,176	1,531,530	1,571,944	(40,414)
Emergency medical services	1,382,300	1,418,654	1,453,750	(35,096)
Facilities management	355,071	370,468	1,425,314	(1,054,846)
Parks and recreation	2,540,080	2,547,672	2,302,847	244,825
Community development	543,636	546,939	483,392	63,547
Tourism	-	-	256,975	(256,975)
Sanitation	314,195	314,195	-	314,195
Debt Service:				
Principal	-	-	10,165	(10,165)
Capital outlay	-	-	317,822	(317,822)
Total expenditures	12,829,689	13,063,123	13,832,385	(769,262)
Excess of Revenues Over Expenditures	462,445	229,011	1,945,100	1,716,089
Other Financing Sources (Uses)				
Transfers in	151,500	151,500	151,500	-
Transfers out	(594,907)	(1,594,907)	(95,254)	1,499,653
Issuance of leases	-	-	26,383	26,383
Sale of general capital assets	-	-	44,208	44,208
Total other financing sources (uses)	(443,407)	(1,443,407)	126,837	1,570,244
Net Change in Fund Balance	$ 19,038	$ (1,214,396)	2,071,937	$ 3,286,333
Fund Balance, Beginning			8,344,397	
Fund Balances, Ending			$ 10,416,334	

Town of Trophy Club, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Public Improvement District No. 1
For the Year Ended September 30, 2023

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Special assessments	$ 2,261,888	$ 2,267,110	$ 5,222
Investment income	-	177,679	177,679
Miscellaneous	48,701	-	(48,701)
Total revenues	2,310,589	2,444,789	134,200
Expenditures			
General government	48,701	48,701	-
Debt Service:			
Principal	1,469,000	1,469,000	-
Interest and fiscal charges	792,888	814,923	(22,035)
Total expenditures	2,310,589	2,332,624	(22,035)
Net Change in Fund Balances	$ -	112,165	$ 112,165
Fund Balances, Beginning		3,970,915	
Fund Balances, Ending		$ 4,083,080	

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	2018	2019	2020	2021	2022
Total Pension Liability									
Service cost	$ 809,057	$ 804,453	$ 795,448	$ 789,530	$ 863,553	$ 980,663	$ 1,044,859	$ 1,059,781	$ 1,068,025
Interest (on the Total Pension Liability)	970,682	1,053,745	1,113,555	1,173,728	1,263,163	1,354,175	1,466,317	1,572,070	1,707,812
Changes of benefit terms	(1,544,038)	-	-	-	-	-	-	-	-
Difference between expected and actual experience	(49,303)	(237,279)	(471,044)	(62,418)	(258,925)	(3,497)	(142,491)	191,092	26,108
Change in assumptions	-	368,895	-	-	-	(802)	-	-	-
Benefit payments, including refunds of employee contributions	(450,100)	(632,921)	(450,496)	(636,604)	(589,161)	(566,895)	(835,638)	(783,233)	(848,925)
Net Change in Total Pension Liability	(263,702)	1,356,893	987,463	1,264,236	1,278,630	1,763,644	1,533,047	2,039,710	1,953,020
Total Pension Liability - Beginning	15,231,441	14,967,739	16,324,632	17,312,095	18,576,331	19,854,961	21,618,605	23,151,652	25,191,362
Total Pension Liability - Ending	14,967,739	16,324,632	17,312,095	18,576,331	19,854,961	21,618,605	23,151,652	25,191,362	27,144,382
Plan Fiduciary Net Position									
Contributions - employer	660,364	658,543	593,840	606,585	633,832	710,975	760,116	808,487	758,653
Contributions - employee	316,613	340,458	329,281	323,389	347,155	384,574	406,480	420,786	422,144
Net investment income	681,774	19,357	912,155	2,061,434	(515,889)	2,642,216	1,537,272	2,883,176	(1,856,921)
Benefit payments, including refunds of employee contributions	(450,100)	(632,921)	(450,496)	(636,604)	(589,161)	(566,895)	(835,638)	(783,233)	(848,925)
Administrative expense	(7,117)	(11,788)	(10,296)	(10,676)	(9,961)	(14,914)	(9,935)	(13,322)	(16,045)
Other	(585)	(582)	(555)	(541)	(520)	(448)	(388)	91	19,147
Net Change in Plan Fiduciary Net Position	1,200,949	373,067	1,373,929	2,343,587	(134,544)	3,155,508	1,857,907	3,315,985	(1,521,947)
Plan Fiduciary Net Position - Beginning	11,915,329	13,116,278	13,489,345	14,863,274	17,206,861	17,072,317	20,227,825	22,085,732	25,401,717
Plan Fiduciary Net Position - Ending	13,116,278	13,489,345	14,863,274	17,206,861	17,072,317	20,227,825	22,085,732	25,401,717	23,879,770
Net Pension Liability / (Asset) - Ending	$ 1,851,461	$ 2,835,287	$ 2,448,821	$ 1,369,470	$ 2,782,644	$ 1,390,780	$ 1,065,920	$ (210,355)	$ 3,264,612
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	87.63%	82.63%	85.85%	92.63%	85.99%	93.57%	95.40%	100.84%	87.97%
Covered Payroll	$ 4,523,041	$ 4,863,685	$ 4,704,011	$ 4,619,838	$ 4,954,406	$ 5,493,911	$ 5,722,119	$ 6,011,235	$ 6,030,633
Net Pension Liability / (Asset) as a Percentage of Covered Payroll	40.93%	58.30%	52.06%	29.64%	56.17%	25.31%	18.63%	-3.50%	54.13%

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.

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. Information has been determined as of the Town's measurement date (December 31).

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

Fiscal Year Ended September 30,	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	$ 642,631	$ 627,419	$ 598,176	$ 638,736	$ 736,208	$ 728,124	$ 810,363	$ 793,562	$ 808,561
Contribution in relation of the actuarially determined contribution	642,631	627,419	598,176	638,736	736,208	728,124	810,363	793,562	808,561
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 4,617,652	$ 4,822,763	$ 4,559,463	$ 4,911,902	$ 5,640,011	$ 5,524,768	$ 5,985,416	$ 6,195,743	$ 6,387,617
Contributions as a percentage of covered payroll	13.92%	13.01%	13.12%	13.00%	13.05%	13.18%	13.54%	12.81%	12.66%

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	23 years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed fair value; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.5%, 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 2019 valuation pursuant to an experience study of the period 2014 - 2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes	There were no benefit changes during the year.

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. Information has been determined as of the Town's most recent fiscal year-end (September 30).

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

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%

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
Total OPEB Liability						
Service cost	$ 5,179	$ 5,389	$ 5,389	$ 6,570	$ 6,570	$ 4,185
Interest (on the Total OPEB Liability)	2,019	2,101	2,624	1,489	1,670	2,389
Difference between expected and actual experience	-	-	(1,194)	-	(16,109)	-
Change in assumptions	-	-	(6,481)	-	(13,868)	-
Net Change in Total OPEB Liability	7,198	7,490	338	8,059	(21,737)	6,574
Total OPEB Liability - Beginning	44,561	51,759	59,249	59,587	67,646	45,909
Total OPEB Liability - Ending	$ 51,759	$ 59,249	$ 59,587	$ 67,646	$ 45,909	$ 52,483
Covered Employee Payroll	$ 4,911,902	$ 5,493,911	$ 5,524,768	$ 5,985,416	$ 6,195,743	$ 6,387,617
Total OPEB Liability as a Percentage of Covered-Employee Payroll	1.05%	1.08%	1.08%	1.13%	0.74%	0.82%

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%

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

Combining and Individual Fund Financial Statements and Schedules (Unaudited)

TOWN OF
TROPHY CLUB

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

Town of Trophy Club, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2023

	Hotel Occupancy Tax	Street Maintenance Sales Tax	Court Technology	Court Security	Recreation Programs	Park Land Dedication	Grant	Tax Increment Reinvestment Zone No. 1	Crime Control and Prevention	Total
Assets										
Cash and cash equivalents	$ 2,648,726	$ 406,272	$ 7,466	$ 53,728	$ 21,175	$ 407,935	$ 9,886	$ 234,426	$ 211,736	$ 4,001,350
Taxes receivable, net	99,474	61,683	-	-	-	-	-	-	61,915	223,072
Total assets	2,748,200	467,955	7,466	53,728	21,175	407,935	9,886	234,426	273,651	4,224,422
Liabilities:										
Accounts payable	25,862	26,075	-	-	-	-	-	40,282	16,080	108,299
Due to component unit	-	14,891	-	-	-	-	-	-	-	14,891
Advances to other funds	-	-	-	-	-	-	-	386,503	-	386,503
Total liabilities	25,862	40,966	-	-	-	-	-	426,785	16,080	509,693
Fund Balances/(Deficit)										
Restricted										
Tourism	2,722,338	-	-	-	-	-	-	-	-	2,722,338
Public safety	-	-	-	-	-	-	9,886	-	257,571	267,457
Street maintenance	-	426,989	-	-	-	-	-	-	-	426,989
Court	-	-	7,466	53,728	-	-	-	-	-	61,194
Parks	-	-	-	-	-	407,935	-	-	-	407,935
Committed										
Recreation programs	-	-	-	-	21,175	-	-	-	-	21,175
Unassigned	-	-	-	-	-	-	-	(192,359)	-	(192,359)
Total fund balances/(deficit)	2,722,338	426,989	7,466	53,728	21,175	407,935	9,886	(192,359)	257,571	3,714,729
Total liabilities and fund balances/(deficit)	$ 2,748,200	$ 467,955	$ 7,466	$ 53,728	$ 21,175	$ 407,935	$ 9,886	$ 234,426	$ 273,651	$ 4,224,422

Town of Trophy Club, Texas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2023

	Hotel Occupancy Tax	Street Maintenance Sales Tax	Court Technology	Court Security	Recreation Programs	Park Land Dedication	Grant	Tax Increment Reinvestment Zone No. 1	Crime Control and Prevention	Total
Revenues										
Property tax	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,648	$ -	$ 6,648
Sales tax	-	370,715	-	-	-	-	-	-	373,794	744,509
Occupancy tax	822,484	-	-	-	-	-	-	-	-	822,484
Intergovernmental	-	-	-	-	-	-	-	-	21,525	21,525
Charges for services	-	-	-	-	4,825	-	-	-	-	4,825
Fines and fees	-	-	161	20,145	-	-	-	-	-	20,306
Investment income	99,941	2,038	-	-	-	18,259	-	-	971	121,209
Other revenue	14,272	-	-	-	-	85,268	-	13,189	-	112,729
Total revenues	936,697	372,753	161	20,145	4,825	103,527	-	19,837	396,290	1,854,235
Expenditures										
Current:										
General	-	79,500	-	-	-	-	-	-	-	79,500
Court	-	-	250	2,000	-	-	-	-	-	2,250
Police	-	-	-	-	-	-	-	-	150,617	150,617
Community development	-		-	-	-	-	-	41,282	-	41,282
Tourism	387,712	-	-	-	-	-	-	-	-	387,712
Parks and recreation	-	-	-	-	5,200	-	-	-	-	5,200
Public works	-	231,437	-	-	-	-	-	-	-	231,437
Debt Service:										
Principal	-	-	-	-	-	-	-	-	30,090	30,090
Capital outlay	7,200	37,775	-	-	-	46,146	-	-	248,492	339,613
Total expenditures	394,912	348,712	250	2,000	5,200	46,146	-	41,282	429,199	1,267,701
Excess (Deficiency) of Revenues Over (Under) Expenditures	541,785	24,041	(89)	18,145	(375)	57,381	-	(21,445)	(32,909)	586,534
Other Financing Sources (Uses)										
Transfers in	-	-	-	-	-	-	-	95,254	-	95,254
Transfers out	(95,000)	(33,754)	-	(1,500)	-	-	-	-	-	(130,254)
Sale of general capital assets	-	-	-	-	-	-	-	-	10,000	10,000
Total other financing sources (uses)	(95,000)	(33,754)	-	(1,500)	-	-	-	95,254	10,000	(25,000)
Net Change in Fund Balances	446,785	(9,713)	(89)	16,645	(375)	57,381	-	73,809	(22,909)	561,534
Fund Balances/(Deficit), Beginning	2,275,553	436,702	7,555	37,083	21,550	350,554	9,886	(266,168)	280,480	3,153,195
Fund Balances/(Deficit), Ending	$ 2,722,338	$ 426,989	$ 7,466	$ 53,728	$ 21,175	$ 407,935	$ 9,886	$ (192,359)	$ 257,571	$ 3,714,729

Town of Trophy Club, Texas

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Hotel Occupancy Tax Fund

For the Year Ended September 30, 2023

	Original Budget	Final Budget	Hotel Occupancy Tax	Variance with Final Budget
Revenues				
Taxes	$ 600,000	$ 600,000	$ 822,484	$ 222,484
Investment income	5,000	5,000	99,941	94,941
Other revenue	7,500	7,500	14,272	6,772
Total revenues	612,500	612,500	936,697	324,197
Expenditures				
Tourism	175,500	234,000	387,712	(153,712)
Capital outlay	100,000	100,000	7,200	92,800
Total expenditures	275,500	334,000	394,912	(60,912)
Excess of Revenues Over Expenditures	337,000	278,500	541,785	263,285
Other Financing Sources (Uses)				
Transfers out	(95,000)	(95,000)	(95,000)	-
Total other financing sources (uses)	(95,000)	(95,000)	(95,000)	-
Net Change in Fund Balance	$ 242,000	$ 183,500	446,785	$ 263,285
Fund Balance, Beginning			2,275,553	
Fund Balance, Ending			$ 2,722,338	

Town of Trophy Club, Texas

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Street Maintenance Sales Tax Fund

For the Year Ended September 30, 2023

	Original and Final Budget	Street Maintenance Sales Tax	Variance with Final Budget
Revenues			
Taxes	$ 351,000	$ 370,715	$ 19,715
Investment income	-	2,038	2,038
Total revenues	351,000	372,753	21,753
Expenditures			
General government	-	79,500	(79,500)
Public works	237,036	231,437	5,599
Capital outlay	-	37,775	(37,775)
Total expenditures	237,036	348,712	(111,676)
Excess of Revenues Over Expenditures	113,964	24,041	133,429
Other Financing Sources (Uses)			
Transfers out	(20,000)	(33,754)	(13,754)
Total Other Financing Sources (Uses)	(20,000)	(33,754)	(13,754)
Net Change in Fund Balance	$ 93,964	(9,713)	$ (103,677)
Fund Balance, Beginning		436,702	
Fund Balance, Ending		$ 426,989	

Town of Trophy Club, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Court Technology Fund
For the Year Ended September 30, 2023

	Original and Final Budget	Court Technology	Variance with Final Budget
Revenues			
Fines and fees	$ 1,000	$ 161	$ (839)
Total revenues	1,000	161	(839)
Expenditures			
Court	2,755	250	2,505
Total expenditures	2,755	250	2,505
Net Change in Fund Balance	$ (1,755)	(89)	$ 1,666
Fund Balance, Beginning		7,555	
Fund Balance, Ending		$ 7,466	

Town of Trophy Club, Texas

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Court Security Fund

For the Year Ended September 30, 2023

	Original and Final Budget	Court Security	Variance with Final Budget
Revenues			
Fines and fees	$ 5,000	$ 20,145	$ 15,145
Total Revenues	5,000	20,145	15,145
Expenditures			
Court	2,500	2,000	500
Total expenditures	2,500	2,000	500
Excess of Revenues Over Expenditures	2,500	18,145	15,645
Other Financing Sources (Uses)			
Transfers out	(1,500)	(1,500)	-
Total other financing sources (uses)	(1,500)	(1,500)	-
Net Change in Fund Balance	$ 1,000	16,645	$ 15,645
Fund Balance, Beginning		37,083	
Fund Balance, Ending		$ 53,728	

Town of Trophy Club, Texas

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Recreation Programs Fund

For the Year Ended September 30, 2023

	Original and Final Budget	Recreation Programs	Variance with Final Budget
Revenues			
Charges for services	$ 6,000	$ 4,825	$ (1,175)
Total revenues	6,000	4,825	(1,175)
Expenditures			
Recreation	6,000	5,200	800
Total expenditures	6,000	5,200	800
Net Change in Fund Balance	$ -	(375)	$ (375)
Fund Balance, Beginning		21,550	
Fund Balance, Ending		$ 21,175	

Town of Trophy Club, Texas

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Park Land Dedication Fund

For the Year Ended September 30, 2023

	Original and Final Budget	Park Land Dedication	Variance with Final Budget
Revenues			
Investment income	$ 1,750	$ 18,259	$ 16,509
Miscellaneous	-	85,268	85,268
Total Revenues	1,750	103,527	101,777
Expenditures			
Capital outlay	97,000	46,146	50,854
Total Expenditures	97,000	46,146	50,854
Net Change in Fund Balance	$ (95,250)	57,381	$ 152,631
Fund Balance, Beginning		350,554	
Fund Balance, Ending		$ 407,935	

Town of Trophy Club, Texas

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Tax Increment Reinvestment Zone No. 1 Fund

For the Year Ended September 30, 2023

	Original and Final Budget	Tax Increment Reinvestment Zone No. 1	Variance with Final Budget
Revenues			
Taxes	$ 108,355	$ 6,648	$ (101,707)
Other revenue	-	13,189	$ 13,189
Total revenues	108,355	19,837	(88,518)
Expenditures			
Community development	40,924	41,282	358
Total expenditures	40,924	41,282	358
Excess (Deficiency) of Revenues Over (Under) Expenditures	67,431	(21,445)	(88,876)
Other Financing Sources (Uses)			
Transfers in	-	95,254	95,254
Total other financing sources (uses)	-	95,254	95,254
Net Change in Fund Balance	$ 67,431	73,809	$ 6,378
Fund Balance/(Deficit), Beginning		(266,168)	
Fund Balance/(Deficit), Ending		$ (192,359)	

Town of Trophy Club, Texas

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Crime Control and Prevention District Fund

For the Year Ended September 30, 2023

	Original Budget	Final Budget	Crime Control and Prevention	Variance with Final Budget
Revenues				
Taxes	$ 350,000	$ 350,000	$ 373,794	$ 23,794
Intergovernmental	-	21,525	21,525	-
Investment income	-	-	971	971
Total revenues	350,000	371,525	396,290	24,765
Expenditures				
Police	359,436	401,436	150,617	(250,819)
Debt Service - Principal	-	-	30,090	30,090
Capital outlay	-	-	248,492	248,492
Total expenditures	359,436	401,436	429,199	27,763
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,436)	(29,911)	(32,909)	(2,998)
Other Financing Sources (Uses)				
Sale of general capital assets	-	-	10,000	10,000
Total Other Financing Sources (Uses)	-	-	10,000	10,000
Net Change in Fund Balance	$ (9,436)	$ (29,911)	(22,909)	$ 7,002
Fund Balance, Beginning			280,480	
Fund Balance, Ending			$ 257,571	

Discretely Presented Component Unit

4B Economic Development Corporation – to aid, promote and further economic development within the Town.

DRAFT - 3.20.2024

TOWN OF
TROPHY CLUB

Town of Trophy Club, Texas
Balance Sheet
Trophy Club 4B Economic Development Corporation
September 30, 2023

	4B Economic Development Corporation
Assets	
Cash and cash equivalents	$ 1,504,186
Taxes receivable, net	127,771
Due from primary government	22,334
Notes receivable	150,000
Total assets	$ 1,804,291
Fund Balance	
Restricted	
Debt Service	$ 216,023
Economic Development	1,588,268
Total fund balance	$ 1,804,291

Town of Trophy Club, Texas

Reconciliation of the Balance Sheet to the Statement of Net Position

Trophy Club 4B Economic Development Corporation

September 30, 2023

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

Total fund balance – governmental fund	$ 1,804,291
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the fund.	2,800,100
Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental fund balance sheet.	(6,455)
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 governmental fund financial statements.	(1,824,123)
Net position of governmental activities	$ 2,773,813

Town of Trophy Club, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balance
Trophy Club 4B Economic Development Corporation
For the Year Ended September 30, 2023

	4B Economic Development Corporation
Revenues	
Sales and mixed beverage taxes	$ 767,911
Investment income	43,606
Total revenues	811,517
Expenditures	
Current:	
Economic Development	17,581
Debt Service:	
Principal	115,000
Interest and fiscal charges	87,896
Total expenditures	220,477
Net Change in Fund Balances	591,040
Fund Balance, Beginning	1,213,251
Fund Balance, Ending	$ 1,804,291

Town of Trophy Club, Texas

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities

Trophy Club 4B Economic Development Corporation

For the Year Ended September 30, 2023

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

Net change in fund balances – total governmental fund	$	591,040
The governmental 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 deprecation expense recorded in the current period.		(24,693)
The repayment of the principal of long-term debt consumes the current financial resources of the governmental fund, but has no effect on net position.		115,000
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 governmental fund.		
Amortization of bond discount		(1,333)
Accrued interest on long-term debt		755
Change in net position of governmental activities	$	680,769

TOWN OF
TROPHY CLUB

Statistical Section

TOWN OF
TROPHY CLUB

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 **Page(s)**

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

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.

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

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.

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

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

Table 1

Fiscal Year	2014	2015*	2016	2017	2018**	2019	2020	2021	2022	2023
Governmental Activities										
Net investment in capital assets	$ 53,586,441	$ 27,620,857	$ 26,940,643	$ 27,125,337	$ 51,825,867	$ 52,718,444	$ 51,061,357	$ 27,008,067	$ 28,391,158	$ 28,947,808
Restricted	564,472	4,035,428	4,433,649	4,676,837	5,478,991	6,112,682	6,821,486	29,052,071	27,278,448	25,542,136
Unrestricted	3,119,531	2,279,194	1,995,960	3,414,190	3,594,662	4,107,003	5,321,576	5,265,710	6,394,425	8,375,800
Total governmental activities	$ 57,270,444	$ 33,935,479	$ 33,370,252	$ 35,216,364	$ 60,899,520	$ 62,938,129	$ 63,204,419	$ 61,325,848	$ 62,064,031	$ 62,865,744
Business-type Activities										
Net investment in capital assets	$ 560,931	$ 513,930	$ 680,146	$ 776,097	$ 877,048	$ 982,997	$1,121,475	$1,240,768	$1,497,757	$ 1,678,173
Unrestricted	(4,845)	163,047	171,755	350,752	633,294	741,325	706,200	1,077,789	1,507,834	1,982,061
Total business-type activities	$ 556,086	$ 676,977	$ 851,901	$ 1,126,849	$ 1,510,342	$ 1,724,322	$ 1,827,675	$ 2,318,557	$ 3,005,591	$ 3,660,234
Primary Government										
Net investment in capital assets	$ 54,147,372	$ 28,134,787	$ 27,620,789	$ 27,901,434	$ 52,702,915	$ 53,701,441	$ 52,182,832	$ 28,248,835	$ 29,888,915	$ 30,625,981
Restricted	564,472	4,035,428	4,433,649	4,676,837	5,478,991	6,112,682	6,821,486	29,052,071	27,278,448	25,542,136
Unrestricted	3,114,686	2,442,241	2,167,715	3,764,942	4,227,956	4,848,328	6,027,776	6,343,499	7,902,259	10,357,861
Total primary government	$ 57,826,530	$ 34,612,456	$ 34,222,153	$ 36,343,213	$ 62,409,862	$ 64,662,451	$ 65,032,094	$ 63,644,405	$ 65,069,622	$ 66,525,978

*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.

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

Table 2

Fiscal Year	2014	2015*	2016	2017	2018**	2019	2020	2021	2022	2023
Expenses										
Governmental activities										
General government	$ 2,113,664	$ 1,955,949	$ 2,728,642	$ 2,533,298	$ 3,398,500	$ 3,650,893	$ 3,561,521	$ 1,381,483	$ 663,394	$ 899,894
Manager's office	-	-	-	-	-	-	-	936,032	567,704	782,210
Human resources	-	-	-	-	-	-	-	280,147	205,246	278,174
Finance	-	-	-	-	-	-	-	512,144	549,792	518,064
Information services	-	-	-	-	-	-	-	647,888	543,189	673,596
Legal	-	-	-	-	-	-	-	118,756	189,141	159,807
Court	-	-	-	-	-	-	-	49,837	258,489	92,313
Public safety	3,125,577	2,306,609	3,540,703	4,607,380	4,429,744	5,109,461	5,139,151	5,616,921	6,008,021	7,076,418
Facilities management	-	-	-	-	-	-	-	448,538	1,455,292	1,425,387
Tourism	-	-	-	-	-	-	-	317,005	396,974	653,518
Sanitation	-	-	-	-	-	-	-	1,057,653	-	-
PID activities	-	2,736,000	2,122,901	48,520	2,850	26,875	50,152	-	-	-
Parks and recreation	2,555,844	2,253,982	2,652,384	2,761,053	2,644,329	2,871,283	2,593,588	2,674,646	2,864,327	3,093,727
Community development	620,209	436,090	640,404	738,659	695,637	717,215	563,312	639,321	471,539	552,382
Public works (Streets and infrastructure)	1,764,396	1,716,531	1,878,119	1,728,809	1,671,692	2,371,290	2,052,018	2,308,861	2,315,082	2,358,623
Water and sewer	311,677	319,054	319,054	-	-	-	-	-	-	-
Storm drainage	231,370	234,339	234,287	-	-	-	-	-	-	-
Interest on long-term debt	412,561	469,923	496,019	2,365,059	2,771,762	2,663,286	1,639,671	1,535,312	1,278,873	1,371,710
Total governmental activities expenses	11,135,298	12,428,477	14,612,513	14,782,778	15,614,514	17,410,303	15,599,413	18,524,544	17,767,063	19,935,823
Business-type activities										
Storm Drainage	103,001	205,331	174,499	120,295	129,722	131,370	93,912	126,163	144,131	176,590
Trophy Club Park	134,625	123,445	109,325	116,477	93,677	122,186	229,670	125,692	169,456	127,025
Total business-type activities expenses	237,626	328,776	283,824	236,772	223,399	253,556	323,582	251,855	313,587	303,615
Total primary government expenses	$ 11,372,924	$ 12,757,253	$ 14,896,337	$ 15,019,550	$ 15,837,913	$ 17,663,859	$ 15,922,995	$ 18,776,399	$ 18,080,650	$ 20,239,438
Program Revenues										
Governmental activities										
Charges for services										
General government	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 286,695	$ 321,725	$ 269,132
Court	-	-	-	-	-	-	-	110,550	380,427	219,645
Police	-	-	-	-	-	-	-	123,942	101,556	142,470
Fire	-	-	-	-	-	-	-	1,344,545	1,444,477	1,492,123
Emergency medical services	-	-	-	-	-	-	-	95,775	130,805	193,982
Parks and recreation	-	-	-	-	-	-	-	301,668	342,996	397,773
Community Development	895,508	702,578	605,558	-	-	-	-	1,775	6,340	5,805
Sanitation	-	-	-	-	-	-	-	1,058,213	1,059,841	1,091,668
Public works	-	-	-	-	-	-	-	9,670	7,485	8,675
Other	783,359	2,669,738	2,593,969	3,705,774	3,982,406	3,266,108	1,797,916	-	-	-
Operating grants and contributions	423,960	550,495	141,071	581,633	443,752	1,392,787	2,056,622	37,851	173,599	92,029
Capital grants and contributions	761,196	1,254,997	-	-	-	2,127,040	-	150,000	-	-
Total governmental activities program revenues	2,864,023	5,177,808	3,340,598	4,287,407	4,426,158	6,785,935	3,854,538	3,520,684	3,969,251	3,913,302
Business-type activities										
Charges for services										
Storm Drainage	550,617	484,874	466,934	596,520	592,322	539,295	430,303	435,798	435,559	437,219
Trophy Club Park	-	-	-	-	-	-	188,708	185,981	289,336	268,703
Operating grants and contributions	-	-	61,106	-	94,521	-	-	4,170	125,468	31,750
Capital grants and contributions	-	-	-	-	-	3,360	68,146	-	-	-
Total business-type activities program revenues	550,617	484,874	528,040	596,520	686,843	542,655	687,157	625,949	850,363	737,672
Total primary government program revenues	$ 3,414,640	$ 5,662,682	$ 3,868,638	$ 4,883,927	$ 5,113,001	$ 7,328,590	$ 4,541,695	$ 4,146,633	$ 4,819,614	$ 4,650,974

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

Table 2

Fiscal Year	2014	2015*	2016	2017	2018**	2019	2020	2021	2021	2022
Net (Expense) Revenue										
Governmental activities	$ (8,271,275)	$ (7,250,669)	$ (11,271,915)	$ (10,495,371)	$ (11,188,356)	$ (10,624,368)	$ (11,744,875)	$ (15,003,860)	$ (13,797,812)	$ (16,022,521)
Business-type activities	312,991	156,098	244,216	359,748	463,444	289,099	363,575	374,094	536,776	434,057
Total primary government net (expense) revenue	$ (7,958,284)	$ (7,094,571)	$ (11,027,699)	$ (10,135,623)	$ (10,724,912)	$ (10,335,269)	$ (11,381,300)	$ (14,629,766)	$ (13,261,036)	$ (15,588,464)
General Revenues And Other Changes In Net Position										
Governmental activities										
Taxes										
Property taxes	$ 5,955,398	$ 7,447,069	$ 7,714,564	$ 8,269,141	$ 8,412,231	$ 8,974,426	$9,347,776	$9,940,633	$10,255,223	$ 11,180,838
Sales and mixed beverage taxes	965,969	1,104,298	1,217,693	1,306,243	1,150,073	1,271,864	1,445,994	2,035,404	2,290,748	2,358,255
Other taxes	1,020,554	1,027,407	1,255,995	1,376,352	1,486,952	1,581,721	1,238,302	1,261,872	1,689,864	1,838,706
Investment income	4,973	11,331	65,709	146,015	259,220	512,922	183,858	72,940	244,451	1,289,627
Miscellaneous revenues	185,922	100,202	382,521	908,540	197,567	235,107	414,384	62,904	197,903	313,150
Special items	-	-	-	-	-	-	882,082	-	-	-
Transfers	28,607	35,350	70,206	86,887	87,209	86,937	262,933	(116,463)	(142,194)	(156,342)
Total governmental activities	8,161,423	9,725,657	10,706,688	12,093,178	11,593,252	12,662,977	13,775,329	13,257,290	14,535,995	16,824,234
Business-type activities										
Investment income	25	143	914	2,087	7,258	11,818	2,711	325	8,264	64,244
Special items	26,001	-	-	-	-	-	-	-	-	-
Transfers	28,607	35,350	70,206	86,887	87,209	86,937	262,933	116,463	142,194	156,342
Total business-type activities	54,633	35,493	71,120	88,974	94,467	98,755	265,644	116,788	150,458	220,586
Total primary government	$ 8,216,056	$ 9,761,150	$ 10,777,808	$ 12,182,152	$ 11,687,719	$ 12,761,732	$ 14,040,973	$ 13,374,078	$ 14,686,453	$ 17,044,820
Change In Net Position										
Governmental activities	$ (109,852)	$ 2,474,988	$ (565,227)	$ 1,597,807	$ 404,896	$ 2,038,609	$ 2,030,454	$ (1,746,570)	$ 738,183	$ 801,713
Business-type activities	367,624	191,591	315,336	448,722	557,911	387,854	629,219	490,882	687,234	654,643
Total primary government change in net position	$ 257,772	$ 2,666,579	$ (249,891)	$ 2,046,529	$ 962,807	$ 2,426,463	$ 2,659,673	$ (1,255,688)	$ 1,425,417	$ 1,456,356

*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.

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

Table 3

Fiscal Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Nonspendable	$ 796	$ 1,816	$ 54,397	$ 91,278	$ 430,977	$ 389,687	$ 389,112	$ 727,449	$ 427,772	$ 435,113
Committed	228,138	228,138	-	-	-	-	-	-	-	-
Assigned	-	200,000	189,475	183,858	182,718	177,130	169,592	-	-	-
Unassigned	2,816,087	3,261,235	3,950,290	4,335,983	4,826,823	5,256,436	6,988,719	6,876,307	7,916,625	9,981,221
Total general fund	$ 3,045,021	$ 3,691,189	$ 4,194,162	$ 4,611,119	$ 5,440,518	$ 5,823,253	$ 7,547,423	$ 7,603,756	$ 8,344,397	$ 10,416,334
All Other Governmental Funds										
Restricted:										
Debt Service	$ 118,092	$ 118,542	$ 143,174	$ 309,043	$ 262,277	$ 473,670	$ 706,640	$ 4,357,220	$ 4,078,885	$ 4,289,334
Capital Projects	4,505,273	1,694,546	8,764,936	6,285,515	5,764,419	3,568,072	1,984,646	6,199,646	4,952,458	10,606,605
Municipal court	46,253	43,422	39,668	37,819	37,155	30,036	32,838	36,824	44,638	61,194
Public Safety	93,746	134,265	210,189	71,259	9,886	9,886	9,886	284,013	290,366	267,457
Street Maintenance	39,915	65,306	-	92,856	29,337	92,457	184,556	302,901	436,702	426,989
Tourism	283,481	475,748	564,363	399,883	790,686	1,313,981	1,530,643	1,726,744	2,275,553	2,722,338
Parks	-	-	-	-	467,425	220,464	385,727	536,001	350,554	407,935
PID No. 1	-	4,229,068	3,869,425	3,832,851	3,882,225	3,972,188	3,971,196	-	-	-
Town Anniversary	2,114	3,497	-	-	-	-	-	-	-	-
Committed:										
Recreation programs	2,812	3,395	2,269	7,307	3,655	3,028	5,062	7,710	21,550	21,175
Unassigned	6,333	6,327	5,017	-	-	-	-	(327,716)	(226,168)	(192,359)
Total all other governmental funds	$ 5,098,019	$ 6,774,116	$ 13,599,041	$ 11,036,533	$ 11,247,065	$ 9,683,782	$ 8,811,194	$ 13,123,343	$ 12,224,538	$ 18,610,668

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

Table 4

Fiscal Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Taxes										
Ad valorem taxes	$ 5,908,764	$ 7,469,912	$ 7,724,244	$ 8,132,670	$ 8,600,999	$ 8,967,795	$ 9,359,847	$ 9,941,321	$ 10,262,914	$ 11,207,851
Sales and mixed beverage taxes	965,969	1,104,298	1,217,694	1,306,243	1,150,073	1,271,864	1,445,994	2,035,404	2,290,748	2,358,255
Franchise taxes	772,621	811,052	953,622	888,863	867,446	911,738	850,543	869,212	908,033	1,016,222
Occupancy	235,796	264,708	302,374	487,489	619,506	669,983	387,759	392,660	781,831	822,484
Special assessments	-	1,917,636	1,986,516	2,129,321	2,166,167	2,176,400	2,187,165	2,195,144	2,263,090	2,267,110
Licenses, permits & fees	904,251	697,378	598,586	333,780	614,931	499,302	479,513	284,500	280,222	253,027
Intergovernmental	133,004	326,195	26,237	581,633	608,910	724,333	2,056,622	1,365,324	1,601,656	1,567,063
Charges for services	611,781	293,011	310,735	820,530	767,237	769,962	296,947	1,431,343	1,484,550	1,524,037
Fines & Fees	126,111	580,648	362,409	355,504	497,078	312,267	132,877	337,123	618,956	432,505
Lease revenue	-	-	-	-	-	-	-	-	83,834	107,834
Interest revenue - leases	-	-	-	-	-	-	-	-	24,288	20,188
Investment Income	4,974	11,330	65,708	146,015	259,213	512,922	183,858	72,940	244,451	1,289,627
Grant revenue	61,383	147,691	7,942	-	-	-	-	-	-	-
Miscellaneous	485,380	100,202	407,418	158,540	715,535	402,894	386,615	212,904	66,440	216,732
Total revenues	10,210,034	13,724,061	13,963,485	15,340,588	16,867,095	17,219,460	17,767,740	19,137,875	20,911,013	23,082,935
Expenditures										
Current										
General government	1,947,650	2,273,447	2,349,120	2,191,140	2,404,704	3,164,364	2,584,454	973,869	270,272	383,218
Manager's office	-	-	-	-	-	-	-	973,427	620,172	758,661
Human resources	-	-	-	-	-	-	-	287,521	216,058	268,107
Finance	-	-	-	-	-	-	-	528,002	583,304	504,727
Information services	-	-	-	-	-	-	-	595,432	492,761	641,317
Legal	-	-	-	-	-	-	-	118,756	189,141	159,807
Court	-	-	-	-	-	-	-	51,347	258,489	92,313
PID activities	-	314,344	81,793	44,984	2,850	26,875	50,152	-	-	-
Public safety	2,918,484	2,896,632	3,187,064	4,117,992	4,441,873	4,872,242	4,977,216	5,616,394	6,162,615	6,547,801
Facilities management	-	-	-	-	-	-	-	450,853	1,460,399	1,425,314
Tourism	-	-	-	-	-	-	-	319,943	402,212	644,687
Sanitation	-	-	-	-	-	-	-	1,057,653	-	-
Public works	517,964	516,035	566,927	179,448	340,910	414,938	388,419	204,633	207,684	231,437
Community development	587,760	479,477	576,508	582,259	449,178	568,239	491,941	654,107	490,655	524,674
Culture & recreation	1,853,811	1,799,204	1,892,065	1,991,571	2,708,827	2,250,599	2,380,448	1,922,721	2,138,251	2,308,047
Debt service										
Principal	998,000	1,438,000	2,153,974	1,567,004	1,675,350	1,723,652	3,081,206	3,408,000	3,582,199	3,397,255
Interest and fiscal changes	473,972	2,546,971	3,396,480	2,630,171	2,796,835	2,811,664	1,614,385	1,452,214	1,396,045	1,479,107
Capital outlay	885,436	3,466,307	3,395,509	9,146,919	1,239,065	2,860,040	1,735,016	508,748	2,647,445	2,325,253
Total expenditures	10,183,077	15,730,417	17,599,440	22,451,488	16,059,592	18,692,613	17,303,237	19,123,620	21,117,702	21,691,725
Excess (Deficiency) of Revenues Over Expenditures	26,957	(2,006,356)	(3,635,955)	(7,110,900)	807,503	(1,473,153)	464,503	14,255	(206,689)	1,391,210
Other Financing Sources (Uses)										
Proceeds from lease obligation	-	-	-	-	264,732	-	-	-	-	-
Proceeds from contractual obligations	2,500,000	-	4,210,000	-	-	-	-	-	-	-
Sale of general capital assets	-	-	-	-	-	-	32,213	-	60,142	54,208
Insurance recoveries	-	-	-	-	-	-	27,769	-	-	-
Proceeds from bonds	600,000	2,030,000	31,399,979	4,445,000	-	-	3,550,000	4,305,000	-	6,925,000
Premium on bonds	50,329	-	5,020,788	128,317	-	-	-	297,691	-	257,608
Payment to refunded bond escrow agent	-	2,026,710	29,734,500	-	-	-	3,485,838	-	-	-
Lease financing	-	-	-	-	-	-	-	-	90,577	26,383
Transfers in	55,741	63,350	493,947	993,250	298,457	89,937	264,433	686,235	266,609	246,754
Transfers out	27,134	28,000	423,741	906,363	63,817	3,000	1,500	(802,698)	(408,803)	(403,096)
Total other financing sources (uses)	3,233,204	4,148,060	71,282,955	6,472,930	627,006	92,937	7,361,753	4,486,228	8,525	7,106,857
Net Change in Fund Balances	$ 3,260,161	$ 2,141,704	$ 67,647,000	$ (637,970)	$ 1,434,509	$ (1,380,216)	$ 7,826,256	$ 4,500,483	$ (198,164)	$ 8,498,067
Debt Service as a Percentage of Noncapital Expenditures	15.83%	32.49%	39.08%	31.55%	30.18%	28.65%	30.16%	26.11%	26.95%	25.18%

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

Table 5

	Estimated Market Value		Less:	Total Taxable	Total Direct
Fiscal Year	Real Property	Non Real Property	Tax Exempt Property	Assessed Value	Tax Rate
2014	$ 1,248,215,265	$ 25,845,178	$ 60,160,746	$ 1,213,899,697	$ 0.49930
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

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)

Table 6

	Town of Trophy Club			Overlapping Rates											Total
Fiscal Year	Operating Mileage	Debt Service Mileage	Total Town Mileage	Northwest ISD	Trophy Club MUD #1	Trophy Club MUD #2	Denton County	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	Direct & Overlapping Rates
2014	$ 0.384300	$ 0.115000	$ 0.499300	$ 1.452500	$ 0.133390	$ -	$ 0.284914	$ 0.087380	$ 0.264000	$ 0.149500	$ 0.227897	$ 2.985984	N/A	$ 2.439094	$ 3.098881
2015	0.380000	0.110000	0.490000	1.452500	0.133390	-	0.272200	0.077270	0.264000	0.149500	0.227897	2.948860	N/A	2.401970	3.066757
2016	0.374000	0.110000	0.484000	1.452500	0.131140	-	0.262000	0.072220	0.264000	0.149500	0.227897	2.925360	N/A	2.380720	3.043257
2017	0.363000	0.110000	0.473000	1.452500	0.127220	-	0.248409	0.074450	0.254000	0.144730	0.227897	2.884309	N/A	2.358359	3.002206
2018	0.341442	0.110000	0.451442	1.490000	0.120210	-	0.237181	0.068700	0.244000	0.140060	0.224429	2.861593	N/A	2.357323	2.976022
2019	0.336442	0.110000	0.446442	1.490000	0.116180	-	0.225574	0.067190	0.234000	0.136070	0.224429	2.825456	N/A	2.339206	2.939885
2020	0.336442	0.110000	0.446442	1.420000	0.112730	-	0.225278	0.067380	0.234000	0.130170	0.224429	2.204450	N/A	2.269100	2.860429
2021	0.336442	0.110000	0.446442	1.420000	0.105880	-	0.224985	0.064760	0.229000	0.130170	0.224429	2.197307	N/A	2.266187	2.845666
2022	0.335000	0.099799	0.434799	1.292000	0.091340	-	0.233086	0.064180	0.224000	0.130170	0.229000	2.051225	N/A	2.123864	2.698575
2023	0.315670	0.099799	0.415469	1.274600	0.063810	-	0.189485	0.056250	0.194500	0.112170	0.194500	1.943364	N/A	2.035603	2.500784

Source: Denton & Tarrant County Appraisal Districts

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

Table 7

	2023			2014		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
NAP Trophy Club LP	$ 67,500,000	1	2.35%	-	n/a	-
Armore Trophy Club LLC	19,400,000	2	0.67%	7,700,000	3	0.63%
Trophy Club 18 LLC	19,054,000	3	0.66%	-	n/a	-
TC Town Center 1 LP	18,800,000	4	0.65%	-	n/a	-
KAGR Trophy Club 2800 LLC	17,400,000	5	0.60%	-	n/a	-
4663 Okeechobee Blvd. & Palm Beach Holdings	9,524,969	6	0.33%	5,700,000	5	0.47%
Trophy Lodging LTD	9,500,000	7	0.33%	-	n/a	-
Quasar Hotels LLC	9,060,000	8	0.31%	-	n/a	0.00%
Hydra Hotels LLC	8,519,000	9	0.30%	3,862,253	9	0.32%
Oncor Electric Delivery Company	8,360,360	10	0.29%	-	n/a	-
Clubcorp Golf Tex LP P/S	-	n/a	-	4,362,406	6	0.36%
Cnl Retmt CRSI Trophy Cl Tx LP	-	n/a	-	18,000,000	1	1.48%
Trophy Club 12 LLC	-	n/a	-	13,100,000	2	1.08%
Trophy Club Medical Center LP	-	n/a	-	5,808,648	4	0.48%
First Texas Homes INC	-	n/a	-	3,897,287	7	0.32%
BDMR Development	-	n/a	-	3,895,520	8	0.32%
Trophy Club Equities	-	n/a	-	3,575,000	10	0.29%
Totals	$ 187,118,329		6.49%	$ 69,901,114		5.76%

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
2014	$ 5,904,591	$ 5,869,976	99.41%	$ 26,189	$ 5,896,165	99.86%
2015	6,665,433	6,642,558	99.66%	14,249	6,656,806	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%	2,176	8,616,913	99.87%
2019	9,027,118	8,992,174	99.61%	34,943	9,027,117	100.00%
2020	9,504,473	9,400,652	98.91%	21,969	9,422,621	99.14%
2021	9,835,286	9,785,993	99.50%	24,299	9,810,292	99.75%
2022	10,263,591	10,247,041	99.84%	(11,060)	10,235,981	99.73%
2023	11,139,198	11,121,834	99.84%	-	11,121,834	99.84%

Source: Denton County Tax Assessor Collector

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

Table 9

	Governmental Activities					Business-Type Activities				
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Special Assessment Bonds	Premium	Leases	Certificates of Obligation	Premium	Total Primary Government	Percentage of Personal Income (1)	Per Capita
2014	$ 9,085,567	$ 4,212,132	$ -	$ -	$ -	$ 1,599,038	$ -	$ 14,896,737	3.07%	1,293
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

(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[a]	Per Capita[b]
2014	$ 9,085,567	$ 4,212,132	$ -	1.10%	$ 1,154
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

[a] Property values are from table 5.

[b] Populations are from table 12.

Town of Trophy Club, Texas
Direct and Overlapping Governmental Activities Debt
As of September 30, 2023 (Unaudited)

Table 11

Governmental Unit	Debt Principal Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Denton County	$ 624,655,000	1.62%	$ 10,144,876
Northwest Independent School District	1,807,155,334	7.70276%	139,200,834
Tarrant County	376,120	0.01%	21
Tarrant County College District	591,230,000	0.07%	413,861
Tarrant County Hospital District	448,410,000	0.01%	25,590
Trophy Club MUD #1	20,725,000	0.56%	115,470
Subtotal, overlapping debt	$ 3,492,551,454		$ 149,900,652
Town of Trophy Club, direct debt	47,129,086	100.00%	47,129,086
Total Direct and Overlapping Debt Principal	$ 3,539,680,540		$ 197,029,738

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

	Special Assessment Bonds		
Fiscal Year	Special Assessment Collections	Annual Requirement (a)	Times Coverage
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	1.01

Note: (a) 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[a]	Total Households[a]	Median Household Income[b]	Total Personal Income	Unemployment Rate[c]
2014	11,525	3,891	$ 124,593	$ 484,791,363	4.72
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

Sources: a Estimated population using residential water connections
b United States Census Bureau
c 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)

Table 14

2023			2014		
Employer	Employees	Percentage of Total Town Employment	Employer	Employees	Percentage of Total Town Employment
Northwest Independent School District	414	6.30%	Northwest Independent School District	353	23.53%
Baylor Medical Center at Trophy Club	230	3.27%	Trophy Club Country Club	169	11.27%
Trophy Club Country Club	215	3.50%	Baylor Medical Center at Trophy Club	130	8.67%
Town of Trophy Club*	152	2.31%	Tom Thumb	97	6.47%
Tom Thumb	127	1.93%	Town of Trophy Club	86	5.73%
HG Sply Co.	67	1.02%	Cristina's Mexican Restaurant	47	3.13%
Fellowship United Methodist Church	39	0.59%	Respiratory Sleep Solutions	42	2.80%
Premier Academy - Trophy Club	35	0.53%	Premier Academy - Trophy Club	40	2.67%
Church at Trophy Club Lake	30	0.46%	Fellowship United Methodist Church	39	2.60%
Trophy Lake Academy	30	0.46%	Church at Trophy Lake	30	2.00%
Total	1,339	20.38%		1,033	68.87%

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

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

Table 15

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government and Adminstration	14	13	14	13	14	14	13	12	12	14
Public Safety	31	32	33	33	34	41	41	38	42	43
Streets	5	4	4	4	2	3	3	3	3	3
Parks and Recreation	17	17	17	16	17	14	14	16	14	17
Community Development	7	6	6	6	6	5	4	4	3	4
Total	74	72	73	73	73	77	75	73	74	81

Source: Departmental records

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

Table 16

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public Safety										
Police										
Number of stations	1	1	1	1	2	2	1	1	1	1
Number of police personnel	23	25	25	26	26	24	25	23	26	26
Number of arrests	82	125	145	148	130	275	157	158	47	141
Number of traffic stops	2,004	2,912	3,635	2,922	4,262	5,397	3,106	3,206	2,987	5,312
Fire										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of fire personnel	15	15	16	17	18	17	17	18	19	19
Number of calls answered	907	868	898	868	858	871	965	981	1,061	944
Developmental										
Miles of streets	43	43	43	43	43	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	1,039

Source: Departmental records

TOWN OF
TROPHY CLUB

TROPHY CLUB

TOWN COUNCIL COMMUNICATION

MEETING DATE: March 25, 2024
FROM: April Duvall, Director of Finance
AGENDA ITEM: Consider a resolution adopting the Town of Trophy Club Investment Policy for Fiscal Year 2023-2024. (April Duvall, Director of Finance)

BACKGROUND/SUMMARY: In accordance with the Public Funds Investment Act, the Trophy Club Town Council is required to adopt a resolution affirming that it has reviewed the Town's investment policy and investment strategies not less than annually and approving any recommended changes. Valley View Consulting serves as the Town's investment advisor and provides technical assistance in updating the Town's investment policy consistent with changes in State laws and investment best practices.

Under the Town of Trophy Club Investment Policy, the Town Manager designates the Finance Director and the Chief Financial Analyst as the Town of Trophy Club's Investment Officers. The policy maintains its four primary objectives of safety and preservation of principal, maintenance of sufficient liquidity to meet operating needs, public trust from prudent investment activities, and optimizing interest earnings on the portfolio. Minor adjustments are recommended at this time involving increasing the frequency of Investment Committee meetings from an annual occurrence to a quarterly schedule.

BOARD REVIEW/CITIZEN FEEDBACK: N/A

FISCAL IMPACT: Investment earnings provide revenue for the Town of Trophy Club to reduce the Town's reliance on property taxes and other revenue sources. During the last reported investment quarter ending December 31, 2023, the Town of Trophy Club received $435,125 for that quarter.

LEGAL REVIEW: Town Attorney, Dean Roggia, has reviewed the draft resolution as to form and legality.

ATTACHMENTS:
1. Draft Resolution Investment Policy.Clean_
2. Investment Policy REDLINE

ACTIONS/OPTIONS:
Staff recommends that the Town Council move to approve the resolution adopting the Town of Trophy Club Investment Policy for Fiscal Year 2023-2024.

TOWN OF TROPHY CLUB
RESOLUTION NO. 2024-XX

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF TROPHY CLUB, TEXAS, ADOPTING AN INVESTMENT POLICY FOR FISCAL YEAR 2023-2024 FOR FUNDS FOR THE TOWN OF TROPHY CLUB, AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Town of Trophy Club (the "Town") is a home rule city acting under its charter adopted by the electorate pursuant to Article XI, Section 5 of the Texas Constitution and Chapter 9 of the Local Government Code; and

WHEREAS, the Town's Investment Policy is reviewed annually as part of the budget preparation process; and

WHEREAS, the Texas Public Funds Investment Act ("PFIA") requires the Town Council, to annually review the Town's Investment Policy; and

WHEREAS, the Town's staff has developed the Town's Investment Policy to comply with all aspects of the PFIA; and

WHEREAS, the Town Council hereby finds and determines it to be in the interests of the public health, safety, and welfare of the Town's residents and the general welfare to adopt Exhibit "A," as the Town's Investment Policy.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF TROPHY CLUB, TEXAS, THAT:

SECTION 1. The facts and recitals set forth in the preamble of this Resolution are hereby found to be true and correct and are incorporated into this resolution as if fully set forth herein.

SECTION 2. The Town of Trophy Club Investment Policy, attached hereto and incorporated herein by reference as **Exhibit "A,"** having been reviewed by the Town Council of the Town of Trophy Club, Texas, and found to be acceptable and in the best interest of the Town and its citizens, is hereby in all things approved. The Town Manager and staff shall implement and execute the procedures and policies adopted therein.

SECTION 3. A true and correct copy of the Town of Trophy Club Investment Policy, as adopted herein, shall be maintained by the Town Secretary's Office.

<u>SECTION 4.</u> This Resolution shall take effect immediately upon its passage and approval.

PASSED and APPROVED by the Town Council of the Town of Trophy Club, Texas on this the 25th day of March, 2024.

Jeannette Tiffany,
Mayor

ATTEST: [SEAL]

Tammy Dixon, Town Secretary

APPROVED TO AS FORM:

Dean Roggia, Town Attorney

EXHIBIT "A"

TOWN OF TROPHY CLUB
INVESTMENT POLICY

I. POLICY

It is the policy of the Town of Trophy Club that after allowing for the anticipated cash flow requirements of the Town of Trophy Club and giving due consideration to the safety and risk of investment, all available funds shall be invested in conformance with these legal and administrative guidelines, seeking to optimize interest earnings to the maximum extent possible.

Effective cash management is recognized as essential to good fiscal management. Investment interest is a source of revenue to Trophy Club funds. Trophy Club's investment portfolio shall be designed and managed in a manner to maximize this revenue source, to be responsive to public trust, and to be in compliance with legal requirements and limitations.

Investments shall be made with the primary objectives of:

* Safety and preservation of principal
* Maintenance of sufficient liquidity to meet operating needs
* Public trust from prudent investment activities
* Optimization of interest earnings on the portfolio

II. PURPOSE

The purpose of this Investment Policy is to comply with Chapter 2256 of the Government Code ("Public Funds Investment Act" or "PFIA"), which requires the Town of Trophy Club to adopt a written investment policy regarding the investment of its funds and funds under its control. The Investment Policy addresses the methods, procedures and practices that must be exercised to ensure effective and judicious fiscal management of Trophy Club's funds.

III. SCOPE

This Investment Policy shall govern the investment of all financial assets of the Town of Trophy Club. These funds are accounted for in the Town of Trophy Club's Annual Comprehensive Financial Report (ACFR) and include:

- General Fund
- Special Revenue Funds
- Capital Projects Funds
- Proprietary Funds
- Debt Service Funds, including reserves and sinking funds, to the extent not required by law or existing contract to be kept segregated and managed separately
- Any new fund created by the Town of Trophy Club, unless specifically exempted from this Policy by the Town Council or by law

The Town of Trophy Club consolidates fund cash balances to maximize investment earnings. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

This Investment Policy shall apply to all transactions involving the financial assets and related activity for all the foregoing funds. However, this Policy does not apply to the assets administered for the benefit of the Town of Trophy Club by outside agencies under deferred compensation programs.

IV. INVESTMENT OBJECTIVES

The Town of Trophy Club shall manage and invest its cash with four primary objectives, listed in order of priority: safety, liquidity, public trust, and yield, expressed as optimization of interest earnings. The safety of the principal invested always remains the primary objective. All investments shall be designed and managed in a manner responsive to the public trust and consistent with state and local law.

The Town of Trophy Club shall maintain a comprehensive cash management program, which includes collection of accounts receivable, vendor payments in accordance with the Town's purchasing policies, and prudent investment of available cash. Cash management is defined as the process of managing monies in order to ensure maximum cash availability and maximum earnings on short-term investment of idle cash.

Safety [*PFIA 2256.005*(*b*)(2)]

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit and interest rate risk.

- Credit Risk and Concentration of Credit Risk – The Town of Trophy Club will minimize credit risk, the risk of loss due to the failure of the issuer or backer of the investment, and concentration of credit risk, the risk of loss attributed to the magnitude of investment in a single issuer, by:
  - Limiting investments to the safest types of investments.
  - Pre-qualifying the financial institutions and broker/dealers with which the Town of Trophy Club will do business.
  - Diversifying the investment portfolio so that potential losses on individual issuers will be minimized.

- Interest Rate Risk – the Town of Trophy Club will manage the risk that the interest earnings and the market value of investments in the portfolio will fall due to changes in general interest rates by limiting the maximum weighted average maturity of the investment portfolio to 365 days. The Town of Trophy Club will, in addition:
  - Structure the investment portfolio so that investments mature to meet cash requirements for ongoing operations, thereby avoiding the need to liquidate investments prior to maturity.
  - Invest operating funds primarily in financial institution deposits, shorter-term securities, money market mutual funds, or local government investment pools functioning as money market mutual funds.
  - Diversify maturities and stagger purchase dates to minimize the impact of market movements over time.

Liquidity [*PFIA 2256.005*(*b*)(2)]

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that investments mature concurrent with cash needs to meet anticipated demands. Because all possible cash demands cannot be anticipated, a portion of the portfolio will be invested in shares of money market mutual funds, local government investment pools, or other cash equivalents that offer same-day liquidity.

Public Trust

All participants in the Town of Trophy Club's investment process shall seek to act responsibly as custodians of the public trust. The Investment Officers shall avoid any transaction that might impair public confidence in the Town of Trophy Club's ability to govern effectively.

Yield (Optimization of Interest Earnings) [*PFIA 2256.005(b)(3)*]
The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above.

V. INVESTMENT STRATEGY STATEMENTS

The Town of Trophy Club portfolio will be structured to benefit from anticipated market conditions and to achieve a reasonable return. Relative value among asset groups shall be analyzed and pursued as part of the investment program within the restrictions set forth by the Investment Policy.

The Town of Trophy Club maintains portfolios which utilize four specific investment strategy considerations designed to address the unique characteristics of the fund groups represented in the portfolios.

Operating Funds
Suitability - All investments authorized in the Investment Policy are suitable for Operating Funds.

Preservation and Safety of Principal - All investments shall be of high quality with no perceived default risk.

Liquidity - Investment strategies for the Operating Funds have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. The dollar-weighted average maturity of operating funds, based on the stated final maturity date of each investment, will be calculated and limited to one year or less. Constant $1.0000 net asset value investment pools and money market mutual funds, and other cash equivalents shall be integral components to maintaining daily liquidity. Investments for these funds shall not exceed a 24-month period from date of purchase.

Marketability - Securities with active and efficient secondary markets will be purchased in the event of an unanticipated cash requirement.

Diversification - Maturities shall be staggered throughout the budget cycle to provide cash flows based on anticipated needs. Investment risks will be reduced through diversification among authorized investments.

Yield - The Town's objective is to attain a competitive market yield for comparable securities and portfolio constraints. The benchmark for Operating Funds shall be the rolling three-month Treasury yield.

Reserve and Deposit Funds
Suitability - All investments authorized in the Investment Policy are suitable for Reserve and Deposit Funds.

Preservation and Safety of Principal - All investments shall be of high quality with no perceived default risk.

Liquidity - Investment strategies for Reserve and Deposit Funds shall have as the primary objective the ability to generate a dependable revenue stream to the appropriate reserve fund from investments with a low degree of volatility. Except as may be required by the bond ordinance specific to an individual issue, investments should be of high quality, with short-to-intermediate-term maturities. The dollar-weighted average maturity of Reserve and Deposit Funds, based on the stated final maturity date of each investment, will be calculated and limited to two years or less.

Marketability - Securities with active and efficient secondary markets will be purchased in the event of an unanticipated cash requirement.

Diversification - Maturities shall be staggered throughout the budget cycle to provide cash flows based on anticipated needs. Investment risks will be reduced through diversification among authorized investments.

Yield - The Town's objective is to attain a competitive market yield for comparable securities and portfolio constraints. The benchmark for Reserve and Deposit Funds shall be the rolling three-month Treasury yield.

Bond and Certificate Capital Project Funds and Special Purpose Funds

Suitability - All investments authorized in the Investment Policy are suitable for Bond and Certificate Capital Project Funds and Special Purpose Funds.

Preservation and Safety of Principal - All investments shall be of high quality with no perceived default risk.

Liquidity - Investment strategies for Bond and Certificate Capital Project Funds and Special Purpose Funds portfolios will have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. The stated final maturity dates of investments held should not exceed the estimated project completion date or a maturity of no greater than three years. The dollar-weighted average maturity of Bond and Certificate Capital Project Funds and Special Purpose Funds, based on the stated final maturity date of each investment, will be calculated and limited to two years or less.

Marketability - Securities with active and efficient secondary markets will be purchased in the event of an unanticipated cash requirement.

Diversification - Maturities shall be staggered throughout the budget cycle to provide cash flows based on anticipated needs. Investment risks will be reduced through diversification among authorized investments.

Yield - The Town's objective is to attain a competitive market yield for comparable securities and portfolio constraints. The benchmark for Bond and Certificate Capital Project Funds and Special Purpose Funds shall be the rolling three-month Treasury yield. A secondary objective of these funds is to achieve a yield equal to or greater than the arbitrage yield of the applicable bond or certificate, when reasonable considering safety and liquidity objectives.

Debt Service Funds

Suitability - All investments authorized in the Investment Policy are suitable for Debt Service Funds.

Preservation and Safety of Principal - All investments shall be of high quality with no perceived default risk.

Liquidity - Investment strategies for Debt Service Funds shall have as the primary objective the assurance of investment liquidity adequate to cover the debt service obligation on the required payment date. Investments shall not have a stated final maturity date which exceeds the next unfunded debt service payment date. The dollar-weighted average maturity of Debt Service Funds, based on the stated final maturity date of each investment, will be calculated and limited to one year or less.

Marketability - Securities with active and efficient secondary markets will be purchased in the event of an unanticipated cash requirement.

Diversification - Maturities shall be staggered throughout the budget cycle to provide cash flows based on anticipated needs. Investment risks will be reduced through diversification among authorized investments.

Yield - The Town's objective is to attain a competitive market yield for comparable securities and portfolio constraints. The benchmark for Debt Service Funds shall be the rolling three-month Treasury yield.

VI. RESPONSIBILITY AND CONTROL

Delegation of Authority [*PFIA 2256.005(f)*]

In accordance with the Town of Trophy Club and the Public Funds Investment Act, the Town Council designates the Town Manager's designee and/or Finance Director and the Chief Financial Analyst as the Town of Trophy Club's Investment Officers. The Town Manager's designee and/or Finance Director is responsible for the overall management of the Town's investment program and may direct the other Investment Officer in his/her duties. The Investment Officers are authorized to deposit, withdraw, invest, transfer, execute documentation, and otherwise manage funds on behalf of the Town of Trophy Club according to this Policy. Unless authorized by law, no other person may deposit, withdraw, transfer or manage in any other manner the Town of Trophy Club funds. The investment authority granted to the Investment Officers is effective until rescinded.

Quality and Capability of Investment Management [*PFIA 2256.005(b)(3)*]

The Town of Trophy Club shall provide periodic training in investments for the designated Investment Officers and other investment personnel through courses and seminars offered by professional organizations, associations, and other independent sources in order to ensure the quality and capability of investment management in compliance with the Public Funds Investment Act.

Training Requirement [*PFIA 2256.008 – Local Governments*]

In accordance with the Town of Trophy Club and the Public Funds Investment Act, designated Investment Officers shall attend investment training no less often than once every two years and shall accumulate not less than 8 hours of instruction relating to investment responsibilities. A newly appointed Investment Officer must attend training accumulating at least 10 hours of instruction within twelve months of the date the Officer took office or assumed the Officer's duties. The investment training sessions shall be provided by independent sources approved by the Investment Committee, and must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with the PFIA.

Internal Controls (*Best Practice*)

The Investment Officers are responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town of Trophy Club are protected from loss, theft, or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Accordingly, the Investment Officers shall establish a process for annual independent review by an external auditor to assure compliance with policies and procedures. The internal controls shall address the following points.

- Avoidance of collusion.
- Separation of transactions authority from accounting and recordkeeping.
- Custodial safekeeping.
- Avoidance of physical delivery securities.
- Clear delegation of authority to subordinate staff members.
- Written confirmation for telephone (voice) transactions for investments and wire transfers.

- Development of a wire transfer agreement with the depository bank or third-party custodian.

Investment Policy Certification [*PFIA 2256.005*(*k-l*)]
A qualified representative, as defined by PFIA section 2256.002(10), of all business organizations, as defined by PFIA section 2256.005(k) as local government investment pools and discretionary investment management firms, must sign a certification acknowledging that the organization has received and reviewed the Town of Trophy Club's Investment Policy and that reasonable procedures and controls have been implemented to preclude investment transactions that are not authorized by the Town of Trophy Club's Policy except to the extent that the authorization is dependent on an analysis of the makeup of the Town's entire portfolio, requires an interpretation of subjective investment standards, or relates to investment transactions of the Town that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority. The Town shall not enter into an investment transaction with a business organization prior to receiving the signed certification.

Prudence [*PFIA 2256.006*]
The standard of care to be applied by the Investment Officers shall be the "prudent person" rule. This rule states that "Investments shall 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 the probable income to be derived." In determining whether an Investment Officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration:

- The investment of all funds, or funds under the Town of Trophy Club's control, over which the Officer had responsibility rather than a consideration as to the prudence of a single investment.
- Whether the investment decision was consistent with the written, approved Investment Policy of the Town of Trophy Club.

Indemnification
The Investment Officers, acting in accordance with written procedures and exercising due diligence, shall not be held personally responsible for a specific investment's credit risk or market price changes, provided that these deviations are reported immediately and the appropriate action is taken to control adverse developments.

Ethics and Conflicts of Interest [*PFIA 2256.005*(*i*)]
Officers and employees involved in the investment process shall refrain from personal business activity that would conflict with the proper execution and management of the investment program, or that would impair their ability to make impartial decisions. Investment Committee members shall refrain from undertaking personal investment transactions with the same individual with which business is conducted on behalf of the Town of Trophy Club.

An Investment Officer of the Town of Trophy Club who has a personal business relationship with an organization seeking to sell an investment to the Town of Trophy Club shall file a statement disclosing that personal business interest. An Investment Officer who is related within the second degree by affinity or consanguinity to an individual seeking to sell an investment to the Town of Trophy Club shall file a statement disclosing that relationship. A statement required under this subsection must be filed with the Texas Ethics Commission and the Town Council.

VII. SUITABLE AND AUTHORIZED INVESTMENTS

Portfolio Management
The Town of Trophy Club currently has a "buy and hold" portfolio strategy. Maturity dates are matched

with cash flow requirements and investments are purchased with the intent to be held until maturity. However, investments may be liquidated prior to maturity for the following reasons:

- An investment with declining credit maybe liquidated early to minimize loss of principal.
- Cash flow needs of the Town of Trophy Club require that the investment be liquidated.

Investments [*PFIA 2256.005*(*b*)(*4*)(*A*)]
Trophy Club funds governed by this Policy may be invested in the instruments described below, all of which are authorized by the Public Funds Investment Act. Investment of Town of Trophy Club funds in any instrument or security not authorized for investment under the Act is prohibited. The Town of Trophy Club will not be required to liquidate an investment that becomes unauthorized subsequent to its purchase.

I. Authorized

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 deposit must be guaranteed or insured by the Federal Deposit Insurance Corporation ("FDIC") or its successor, or the National Credit Union Share Insurance Fund ("NCUSIF") 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 2256.010(b) of the Public Funds Investment Act are authorized investments. Funds may also be 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 one or more federally insured depository institutions, wherever located, for the account of the Town;
    b. the full amount of the principal and accrued interest of each 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 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 prior to investment in a repurchase agreement. 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.

If an investment in the Town's portfolio becomes an unauthorized investment due to changes in the Investment Policy or the Public Funds Investment Act, or an authorized investment is rated in a way that causes it to become an unauthorized investment, the Investment Committee of the Town shall review the investment and determine whether it would be more prudent to hold the investment until its maturity, or to redeem the investment. The Investment Committee shall consider the time remaining until maturity of the investment, the quality of the investment, and the quality and amounts of any collateral which may be securing the investment in determining the appropriate steps to take. [PFIA 2256.021].

II. Not Authorized [*PFIA 2256.009*(*b*)(*1-4*)]

Investments including interest-only or principal-only strips of obligations with underlying mortgage-backed security collateral, collateralized mortgage obligations with an inverse floating interest rate or a maturity date of over 10 years are strictly prohibited.

VIII. INVESTMENT PARAMETERS

Maximum Maturities [*PFIA 2256.005*(*b*)(*4*)(*B*)]

The longer the maturity of investments, the greater their potential price volatility. Therefore, it is the Town of Trophy Club's policy to concentrate its investment portfolio in shorter-term investments in order to limit principal risk caused by changes in interest rates.

The Town of Trophy Club attempts to match its investments with anticipated cash flow requirements. The Town of Trophy Club will not directly invest for more than three years from the date of purchase; however, the above described obligations, certificates, or agreements may be collateralized using longer dated investments.

Because no secondary market exists for repurchase agreements, the maximum maturity shall be 120 days except in the case of a flexible repurchase agreement for bond proceeds. The maximum maturity for such an investment shall be determined in accordance with project cash flow projections and the requirements of the governing bond ordinance.

The composite portfolio will have a weighted average maturity of 365 days or less. The dollar-weighted average maturity will be calculated using the stated final maturity dates of each security. [PFIA 2256.005(b)(4)(C)].

Diversification [*PFIA 2256.005*(*b*)(*3*)]

The Town of Trophy Club recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary illiquidity. Risk is managed through portfolio diversification that shall be achieved by the following general guidelines:

- Limiting investments to avoid overconcentration in investments from a specific issuer or business sector (excluding U.S. Treasury securities and financial institution deposits that are fully insured and collateralized in accordance with state and federal law),
- Limiting investments that have higher credit risk,
- Utilizing investments with varying maturities, and
- Continuously investing a portion of the portfolio in readily available funds such as local government investment pools (LGIPs), money market accounts, money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

IX. SELECTION OF BANKS AND DEALERS

Depository

At least every five years a Depository shall be selected through the Town of Trophy Club's banking services procurement process, which shall include a formal request for application (RFA). The selection of a depository will be determined by competitive application and evaluation of applications will be based on the most advantageous terms and conditions for the handling of Town funds.

Authorized Brokers/Dealers [*PFIA 2256.025*]

The Town of Trophy Club Investment Committee (see Section XIII) shall, at least annually, review, revise, and approve a list of qualified broker/dealers authorized to engage in securities transactions with the Town of Trophy Club. Authorized firms may include primary dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (Uniform Net Capital Rule).

Competitive Environment

It is the policy of the Town of Trophy Club to provide a competitive environment for all investment activities. The Investment Officers shall develop and maintain procedures for ensuring competition in the investment of the Town of Trophy Club's funds and are authorized to solicit bids for investments orally, in writing, electronically, or in any combination of these methods.

Delivery vs. Payment [*PFIA 2256.005(b)(4)(E)*]

Securities shall be purchased using the delivery vs. payment method. Funds will be released after notification that the purchased security has been received.

X. SAFEKEEPING AND CUSTODY

Safekeeping and Custodial Agreements

The Town of Trophy Club shall contract with a bank or banks for the safekeeping of securities either owned by the Town of Trophy Club as part of its investment portfolio or held as collateral to secure demand or time deposits. Securities owned by the Town of Trophy Club shall be held in an account in the Town of Trophy Club's name as evidenced by safekeeping receipts of the institution holding the securities. Original safekeeping receipts shall be obtained and held by the Town.

Collateral for deposits will be held by a third-party custodian designated by the Town of Trophy Club and pledged to the Town of Trophy Club as evidenced by pledge receipts of the institution with which the collateral is deposited. Collateral may be held by the depository bank's trust department, a Federal Reserve Bank or branch of a Federal Reserve Bank, a Federal Home Loan Bank, or a third-party bank approved by the Town of Trophy Club.

Collateral Policy [*PFCA 2257.023*]

Consistent with the requirements of the Public Funds Collateral Act, it is the policy of the Town of Trophy

Club to require full collateralization of all non-insured Town of Trophy Club funds on deposit with a financial institution and a written depository agreement acceptable to the Town. The market value of the securities collateralizing the deposit of funds shall be at least equal to 102% of the principal and accrued interest on the deposits less an amount insured by the FDIC or NCUSIF. Collateral in the form of letters of credit issued by the Federal Home Loan Bank must be equal to 100% of the principal and anticipated interest of deposits less the applicable level of FDIC insurance. At its discretion, the Town of Trophy Club may require a higher level of collateralization for certain investment securities held as collateral. Securities pledged as collateral shall be held by an independent third-party with whom the Town of Trophy Club has a current custodial agreement. The Investment Officers are responsible for entering into collateralization agreements with third-party custodians in compliance with this Policy. The agreements are to specify the acceptable investment securities for collateral, including provisions relating to possession of the collateral, the substitution or release of investment securities, ownership of securities, and the method of valuation of securities. A clearly marked evidence of pledge must be supplied to the Town of Trophy Club and retained. Collateral shall be reviewed at least monthly to assure that the market value of the pledged securities are adequate.

The custodial portion of the depository agreement shall define the Town's rights to the collateral in case of default, bankruptcy or closing and shall establish a perfected security interest in compliance with Federal and State regulations, including:

- The Agreement must be in writing;
- The Agreement must be executed by the depository and the Town contemporaneously with the acquisition of the asset;
- The Agreement must be approved by the board of directors or the loan committee of the depository and a copy of the meeting minutes must be delivered to the Town; and
- The Agreement must be part of the depository's "official record" continuously since its execution.

Collateral Defined

The Town of Trophy Club shall accept only the following types of collateral:

- Obligations of the United States or its agencies and instrumentalities
- Direct obligations of the State of Texas or its agencies and instrumentalities
- 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
- Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized rating firm not less than A or its equivalent with a remaining maturity of ten (10) years or less
- A surety bond issued by an insurance company rated as to investment quality by a nationally recognized rating firm not less than A
- A letter of credit issued by the Federal Home Loan Bank

Subject to Audit

All collateral shall be subject to inspection and audit by the Investment Officers or their designee, Including the Town of Trophy Club's independent auditors.

XI. PERFORMANCE

Performance Standards

The Town of Trophy Club's investment portfolio will be managed in accordance with the parameters specified within this Policy. The portfolio shall be designed with the objective of obtaining a market rate of return through budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow requirements of the Town of Trophy Club.

Performance Benchmark
It is the policy of the Town of Trophy Club to purchase investments with maturity dates coinciding with cash flow needs. Through this strategy, the Town of Trophy Club shall seek to optimize interest earnings utilizing allowable investments available in the market at that time. The Town of Trophy Club's portfolio shall be designed with the objective of regularly meeting or exceeding the benchmark(s) as appropriate per the investment strategy statements. Weighted Average Yield to Maturity shall be the standard for calculating portfolio rate of return.

XII. REPORTING [*PFIA 2256.023]*

Methods
The Investment Officers shall prepare a written investment report on a quarterly basis that summarizes investment strategies employed in the most recent quarter and describes the portfolio in terms of investment securities, maturities, and shall explain the total investment return for the quarter.

The quarterly investment report shall include a summary statement of investment activity prepared in compliance with the PFIA. This summary will be prepared in a manner that will allow the Town of Trophy Club to ascertain whether investment activities during the reporting period have conformed to the Investment Policy. The report will be provided to the Town Council and signed by the Investment Officers. The report will include the following:

- A listing of individual investments held at the end of the reporting period.
- Unrealized gains or losses resulting from appreciation or depreciation by listing the beginning and ending book and market value of investments for the period.
- Additions and changes to the market value during the period.
- Average weighted yield to maturity of portfolio as compared to applicable benchmarks.
- Listing of investments by maturity date.
- Fully accrued interest for the reporting period.
- The percentage of the total portfolio that each type of investment represents.
- Statement of compliance of the Town of Trophy Club's investment portfolio with state law and the investment strategy and policy approved by the Town Council.

An independent auditor will perform a formal annual review of the quarterly reports with the results reported to the Town Council [*PFIA 2256.023*(*d*)].

Monitoring Market Value [*PFIA 2256.005*(*b*)(*4*)(*D*)]
Market value of all securities in the portfolio will be determined at least on a quarterly basis. These values will be obtained from a reputable and independent source and disclosed to the Town Council quarterly in a written report.

XIII. INVESTMENT COMMITTEE

Members
An Investment Committee, consisting of the Town Manager and the Investment Officers, shall review the Town's investment strategies and monitor the results of the investment program periodically. This review can be done by reviewing the quarterly written reports and by holding committee meetings as necessary. The committee will be authorized to invite other advisors to attend meetings as needed.

Scope
The Investment Committee shall include in its deliberations such topics as economic outlook, investment strategies, portfolio diversification, maturity structure, potential risk to the Town's funds, evaluation and

authorization of broker/dealers, acceptable training sources, rate of return on the investment portfolio, and review of compliance with the Investment Policy. The Investment Committee will also advise the Town Council of any future amendments to the Investment Policy that are deemed necessary or recommended.

Procedures

The Investment Policy shall require the Investment Committee to provide minutes of investment information discussed at any meetings held. The committee shall meet at least annually to discuss the investment program and policy.

XIV. INVESTMENT POLICY ADOPTION [*PFIA 2256.005*(*e*)]

The Town of Trophy Club's Investment Policy shall be adopted by resolution of the Town Council. It is the Town of Trophy Club's intent to comply with state laws and regulations. The Town of Trophy Club's Investment Policy shall be subject to revisions consistent with changing laws, regulations, and needs of the Town of Trophy Club. The Town Council shall adopt a resolution stating that it has reviewed the policy and investment strategies not less than annually, approving any changes or modifications.

TOWN OF TROPHY CLUB
INVESTMENT POLICY

I. POLICY

It is the policy of the Town of Trophy Club that after allowing for the anticipated cash flow requirements of the Town of Trophy Club and giving due consideration to the safety and risk of investment, all available funds shall be invested in conformance with these legal and administrative guidelines, seeking to optimize interest earnings to the maximum extent possible.

Effective cash management is recognized as essential to good fiscal management. Investment interest is a source of revenue to Trophy Club funds. Trophy Club's investment portfolio shall be designed and managed in a manner to maximize this revenue source, to be responsive to public trust, and to be in compliance with legal requirements and limitations.

Investments shall be made with the primary objectives of:

- Safety and preservation of principal
- Maintenance of sufficient liquidity to meet operating needs
- Public trust from prudent investment activities
- Optimization of interest earnings on the portfolio

II. PURPOSE

The purpose of this Investment Policy is to comply with Chapter 2256 of the Government Code ("Public Funds Investment Act" or "PFIA"), which requires the Town of Trophy Club to adopt a written investment policy regarding the investment of its funds and funds under its control. The Investment Policy addresses the methods, procedures and practices that must be exercised to ensure effective and judicious fiscal management of Trophy Club's funds.

III. SCOPE

This Investment Policy shall govern the investment of all financial assets of the Town of Trophy Club. These funds are accounted for in the Town of Trophy Club's Annual Comprehensive Financial Report (ACFR) and include:

- General Fund
- Special Revenue Funds
- Capital Projects Funds
- Proprietary Funds
- Debt Service Funds, including reserves and sinking funds, to the extent not required by law or existing contract to be kept segregated and managed separately
- Any new fund created by the Town of Trophy Club, unless specifically exempted from this Policy by the Town Council or by law

The Town of Trophy Club consolidates fund cash balances to maximize investment earnings. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

This Investment Policy shall apply to all transactions involving the financial assets and related activity for all the foregoing funds. However, this Policy does not apply to the assets administered for the benefit of the Town of Trophy Club by outside agencies under deferred compensation programs.

IV. INVESTMENT OBJECTIVES

The Town of Trophy Club shall manage and invest its cash with four primary objectives, listed in order of priority: safety, liquidity, public trust, and yield, expressed as optimization of interest earnings. The safety of the principal invested always remains the primary objective. All investments shall be designed and managed in a manner responsive to the public trust and consistent with state and local law.

The Town of Trophy Club shall maintain a comprehensive cash management program, which includes collection of accounts receivable, vendor payments in accordance with the Town's purchasing policies, and prudent investment of available cash. Cash management is defined as the process of managing monies in order to ensure maximum cash availability and maximum earnings on short-term investment of idle cash.

Safety [*PFIA 2256.005*(*b*)(2)]

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit and interest rate risk.

- Credit Risk and Concentration of Credit Risk – The Town of Trophy Club will minimize credit risk, the risk of loss due to the failure of the issuer or backer of the investment, and concentration of credit risk, the risk of loss attributed to the magnitude of investment in a single issuer, by:
  - Limiting investments to the safest types of investments.
  - Pre-qualifying the financial institutions and broker/dealers with which the Town of Trophy Club will do business.
  - Diversifying the investment portfolio so that potential losses on individual issuers will be minimized.

- Interest Rate Risk – the Town of Trophy Club will manage the risk that the interest earnings and the market value of investments in the portfolio will fall due to changes in general interest rates by limiting the maximum weighted average maturity of the investment portfolio to 365 days. The Town of Trophy Club will, in addition:
  - Structure the investment portfolio so that investments mature to meet cash requirements for ongoing operations, thereby avoiding the need to liquidate investments prior to maturity.
  - Invest operating funds primarily in financial institution deposits, shorter-term securities, money market mutual funds, or local government investment pools functioning as money market mutual funds.
  - Diversify maturities and stagger purchase dates to minimize the impact of market movements over time.

Liquidity [*PFIA 2256.005*(*b*)(2)]

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that investments mature concurrent with cash needs to meet anticipated demands. Because all possible cash demands cannot be anticipated, a portion of the portfolio will be invested in shares of money market mutual funds, local government investment pools, or other cash equivalents that offer same-day liquidity.

Public Trust

All participants in the Town of Trophy Club's investment process shall seek to act responsibly as custodians of the public trust. The Investment Officers shall avoid any transaction that might impair public confidence in the Town of Trophy Club's ability to govern effectively.

Yield (Optimization of Interest Earnings) [*PFIA 2256.005*(*b*)(*3*)]
The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above.

V. INVESTMENT STRATEGY STATEMENTS

The Town of Trophy Club portfolio will be structured to benefit from anticipated market conditions and to achieve a reasonable return. Relative value among asset groups shall be analyzed and pursued as part of the investment program within the restrictions set forth by the Investment Policy.

The Town of Trophy Club maintains portfolios which utilize four specific investment strategy considerations designed to address the unique characteristics of the fund groups represented in the portfolios.

Operating Funds
Suitability - All investments authorized in the Investment Policy are suitable for Operating Funds.

Preservation and Safety of Principal - All investments shall be of high quality with no perceived default risk.

Liquidity - Investment strategies for the Operating Funds have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. The dollar-weighted average maturity of operating funds, based on the stated final maturity date of each investment, will be calculated and limited to one year or less. Constant $1.0000 net asset value investment pools and money market mutual funds, and other cash equivalents shall be integral components to maintaining daily liquidity. Investments for these funds shall not exceed a 24-month period from date of purchase.

Marketability - Securities with active and efficient secondary markets will be purchased in the event of an unanticipated cash requirement.

Diversification - Maturities shall be staggered throughout the budget cycle to provide cash flows based on anticipated needs. Investment risks will be reduced through diversification among authorized investments.

Yield - The Town's objective is to attain a competitive market yield for comparable securities and portfolio constraints. The benchmark for Operating Funds shall be the rolling three-month Treasury yield.

Reserve and Deposit Funds
Suitability - All investments authorized in the Investment Policy are suitable for Reserve and Deposit Funds.

Preservation and Safety of Principal - All investments shall be of high quality with no perceived default risk.

Liquidity - Investment strategies for Reserve and Deposit Funds shall have as the primary objective the ability to generate a dependable revenue stream to the appropriate reserve fund from investments with a low degree of volatility. Except as may be required by the bond ordinance specific to an individual issue, investments should be of high quality, with short-to-intermediate-term maturities. The dollar-weighted average maturity of Reserve and Deposit Funds, based on the stated final maturity date of each investment, will be calculated and limited to two years or less.

Marketability - Securities with active and efficient secondary markets will be purchased in the event of an unanticipated cash requirement.

Diversification - Maturities shall be staggered throughout the budget cycle to provide cash flows based on anticipated needs. Investment risks will be reduced through diversification among authorized investments.

Yield - The Town's objective is to attain a competitive market yield for comparable securities and portfolio constraints. The benchmark for Reserve and Deposit Funds shall be the rolling three-month Treasury yield.

Bond and Certificate Capital Project Funds and Special Purpose Funds

Suitability - All investments authorized in the Investment Policy are suitable for Bond and Certificate Capital Project Funds and Special Purpose Funds.

Preservation and Safety of Principal - All investments shall be of high quality with no perceived default risk.

Liquidity - Investment strategies for Bond and Certificate Capital Project Funds and Special Purpose Funds portfolios will have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. The stated final maturity dates of investments held should not exceed the estimated project completion date or a maturity of no greater than three years. The dollar-weighted average maturity of Bond and Certificate Capital Project Funds and Special Purpose Funds, based on the stated final maturity date of each investment, will be calculated and limited to two years or less.

Marketability - Securities with active and efficient secondary markets will be purchased in the event of an unanticipated cash requirement.

Diversification - Maturities shall be staggered throughout the budget cycle to provide cash flows based on anticipated needs. Investment risks will be reduced through diversification among authorized investments.

Yield - The Town's objective is to attain a competitive market yield for comparable securities and portfolio constraints. The benchmark for Bond and Certificate Capital Project Funds and Special Purpose Funds shall be the rolling three-month Treasury yield. A secondary objective of these funds is to achieve a yield equal to or greater than the arbitrage yield of the applicable bond or certificate, when reasonable considering safety and liquidity objectives.

Debt Service Funds

Suitability - All investments authorized in the Investment Policy are suitable for Debt Service Funds.

Preservation and Safety of Principal - All investments shall be of high quality with no perceived default risk.

Liquidity - Investment strategies for Debt Service Funds shall have as the primary objective the assurance of investment liquidity adequate to cover the debt service obligation on the required payment date. Investments shall not have a stated final maturity date which exceeds the next unfunded debt service payment date. The dollar-weighted average maturity of Debt Service Funds, based on the stated final maturity date of each investment, will be calculated and limited to one year or less.

Marketability - Securities with active and efficient secondary markets will be purchased in the event of an unanticipated cash requirement.

Diversification - Maturities shall be staggered throughout the budget cycle to provide cash flows based on anticipated needs. Investment risks will be reduced through diversification among authorized investments.

Yield - The Town's objective is to attain a competitive market yield for comparable securities and portfolio constraints. The benchmark for Debt Service Funds shall be the rolling three-month Treasury yield.

VI. RESPONSIBILITY AND CONTROL

Delegation of Authority [*PFIA 2256.005(f)*]

In accordance with the Town of Trophy Club and the Public Funds Investment Act, the Town Council designates the Town Manager's designee and/or Finance Director and the Chief Financial Analyst as the Town of Trophy Club's Investment Officers. The Town Manager's designee and/or Finance Director is responsible for the overall management of the Town's investment program and may direct the other Investment Officer in his/her duties. The Investment Officers are authorized to deposit, withdraw, invest, transfer, execute documentation, and otherwise manage funds on behalf of the Town of Trophy Club according to this Policy. Unless authorized by law, no other person may deposit, withdraw, transfer or manage in any other manner the Town of Trophy Club funds. The investment authority granted to the Investment Officers is effective until rescinded.

Quality and Capability of Investment Management [*PFIA 2256.005(b)(3)*]

The Town of Trophy Club shall provide periodic training in investments for the designated Investment Officers and other investment personnel through courses and seminars offered by professional organizations, associations, and other independent sources in order to ensure the quality and capability of investment management in compliance with the Public Funds Investment Act.

Training Requirement [*PFIA 2256.008 – Local Governments*]

In accordance with the Town of Trophy Club and the Public Funds Investment Act, designated Investment Officers shall attend investment training no less often than once every two years and shall accumulate not less than 8 hours of instruction relating to investment responsibilities. A newly appointed Investment Officer must attend training accumulating at least 10 hours of instruction within twelve months of the date the Officer took office or assumed the Officer's duties. The investment training sessions shall be provided by independent sources approved by the Investment Committee, and must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with the PFIA.

Internal Controls (*Best Practice*)

The Investment Officers are responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town of Trophy Club are protected from loss, theft, or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Accordingly, the Investment Officers shall establish a process for annual independent review by an external auditor to assure compliance with policies and procedures. The internal controls shall address the following points.

- Avoidance of collusion.
- Separation of transactions authority from accounting and recordkeeping.
- Custodial safekeeping.
- Avoidance of physical delivery securities.
- Clear delegation of authority to subordinate staff members.
- Written confirmation for telephone (voice) transactions for investments and wire transfers.

- Development of a wire transfer agreement with the depository bank or third-party custodian.

Investment Policy Certification [*PFIA 2256.005(k-l)*]
A qualified representative, as defined by PFIA section 2256.002(10), of all business organizations, as defined by PFIA section 2256.005(k) as local government investment pools and discretionary investment management firms, must sign a certification acknowledging that the organization has received and reviewed the Town of Trophy Club's Investment Policy and that reasonable procedures and controls have been implemented to preclude investment transactions that are not authorized by the Town of Trophy Club's Policy except to the extent that the authorization is dependent on an analysis of the makeup of the Town's entire portfolio, requires an interpretation of subjective investment standards, or relates to investment transactions of the Town that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority. The Town shall not enter into an investment transaction with a business organization prior to receiving the signed certification.

Prudence [*PFIA 2256.006*]
The standard of care to be applied by the Investment Officers shall be the "prudent person" rule. This rule states that "Investments shall 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 the probable income to be derived." In determining whether an Investment Officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration:

- The investment of all funds, or funds under the Town of Trophy Club's control, over which the Officer had responsibility rather than a consideration as to the prudence of a single investment.
- Whether the investment decision was consistent with the written, approved Investment Policy of the Town of Trophy Club.

Indemnification
The Investment Officers, acting in accordance with written procedures and exercising due diligence, shall not be held personally responsible for a specific investment's credit risk or market price changes, provided that these deviations are reported immediately and the appropriate action is taken to control adverse developments.

Ethics and Conflicts of Interest [*PFIA 2256.005(i)*]
Officers and employees involved in the investment process shall refrain from personal business activity that would conflict with the proper execution and management of the investment program, or that would impair their ability to make impartial decisions. Investment Committee members shall refrain from undertaking personal investment transactions with the same individual with which business is conducted on behalf of the Town of Trophy Club.

An Investment Officer of the Town of Trophy Club who has a personal business relationship with an organization seeking to sell an investment to the Town of Trophy Club shall file a statement disclosing that personal business interest. An Investment Officer who is related within the second degree by affinity or consanguinity to an individual seeking to sell an investment to the Town of Trophy Club shall file a statement disclosing that relationship. A statement required under this subsection must be filed with the Texas Ethics Commission and the Town Council.

VII. SUITABLE AND AUTHORIZED INVESTMENTS

Portfolio Management
The Town of Trophy Club currently has a "buy and hold" portfolio strategy. Maturity dates are matched

with cash flow requirements and investments are purchased with the intent to be held until maturity. However, investments may be liquidated prior to maturity for the following reasons:

- An investment with declining credit maybe liquidated early to minimize loss of principal.
- Cash flow needs of the Town of Trophy Club require that the investment be liquidated.

Investments [*PFIA 2256.005*(*b*)(*4*)(*A*)]
Trophy Club funds governed by this Policy may be invested in the instruments described below, all of which are authorized by the Public Funds Investment Act. Investment of Town of Trophy Club funds in any instrument or security not authorized for investment under the Act is prohibited. The Town of Trophy Club will not be required to liquidate an investment that becomes unauthorized subsequent to its purchase.

I. Authorized

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 deposit must be guaranteed or insured by the Federal Deposit Insurance Corporation (“FDIC”) or its successor, or the National Credit Union Share Insurance Fund (“NCUSIF”) 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 2256.010(b) of the Public Funds Investment Act are authorized investments. Funds may also be 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 one or more federally insured depository institutions, wherever located, for the account of the Town;
    b. the full amount of the principal and accrued interest of each 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 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 prior to investment in a repurchase agreement. 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.

If an investment in the Town's portfolio becomes an unauthorized investment due to changes in the Investment Policy or the Public Funds Investment Act, or an authorized investment is rated in a way that causes it to become an unauthorized investment, the Investment Committee of the Town shall review the investment and determine whether it would be more prudent to hold the investment until its maturity, or to redeem the investment. The Investment Committee shall consider the time remaining until maturity of the investment, the quality of the investment, and the quality and amounts of any collateral which may be securing the investment in determining the appropriate steps to take. [PFIA 2256.021].

II. Not Authorized [*PFIA 2256.009*(*b*)(*1-4*)]

Investments including interest-only or principal-only strips of obligations with underlying mortgage-backed security collateral, collateralized mortgage obligations with an inverse floating interest rate or a maturity date of over 10 years are strictly prohibited.

VIII. INVESTMENT PARAMETERS

Maximum Maturities [*PFIA 2256.005*(*b*)(*4*)(*B*)]

The longer the maturity of investments, the greater their potential price volatility. Therefore, it is the Town of Trophy Club's policy to concentrate its investment portfolio in shorter-term investments in order to limit principal risk caused by changes in interest rates.

The Town of Trophy Club attempts to match its investments with anticipated cash flow requirements. The Town of Trophy Club will not directly invest for more than three years from the date of purchase; however, the above described obligations, certificates, or agreements may be collateralized using longer dated investments.

Because no secondary market exists for repurchase agreements, the maximum maturity shall be 120 days except in the case of a flexible repurchase agreement for bond proceeds. The maximum maturity for such an investment shall be determined in accordance with project cash flow projections and the requirements of the governing bond ordinance.

The composite portfolio will have a weighted average maturity of 365 days or less. The dollar-weighted average maturity will be calculated using the stated final maturity dates of each security. [PFIA 2256.005(b)(4)(C)].

Diversification [*PFIA 2256.005*(*b*)(*3*)]

The Town of Trophy Club recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary illiquidity. Risk is managed through portfolio diversification that shall be achieved by the following general guidelines:

- Limiting investments to avoid overconcentration in investments from a specific issuer or business sector (excluding U.S. Treasury securities and financial institution deposits that are fully insured and collateralized in accordance with state and federal law),
- Limiting investments that have higher credit risk,
- Utilizing investments with varying maturities, and
- Continuously investing a portion of the portfolio in readily available funds such as local government investment pools (LGIPs), money market accounts, money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

IX. SELECTION OF BANKS AND DEALERS

Depository

At least every five years a Depository shall be selected through the Town of Trophy Club's banking services procurement process, which shall include a formal request for application (RFA). The selection of a depository will be determined by competitive application and evaluation of applications will be based on the most advantageous terms and conditions for the handling of Town funds.

Authorized Brokers/Dealers [*PFIA 2256.025*]

The Town of Trophy Club Investment Committee (see Section XIII) shall, at least annually, review, revise, and approve a list of qualified broker/dealers authorized to engage in securities transactions with the Town of Trophy Club. Authorized firms may include primary dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (Uniform Net Capital Rule).

Competitive Environment

It is the policy of the Town of Trophy Club to provide a competitive environment for all investment activities. The Investment Officers shall develop and maintain procedures for ensuring competition in the investment of the Town of Trophy Club's funds and are authorized to solicit bids for investments orally, in writing, electronically, or in any combination of these methods.

Delivery vs. Payment [*PFIA 2256.005*(*b*)(*4*)(*E*)]

Securities shall be purchased using the delivery vs. payment method. Funds will be released after notification that the purchased security has been received.

X. SAFEKEEPING AND CUSTODY

Safekeeping and Custodial Agreements

The Town of Trophy Club shall contract with a bank or banks for the safekeeping of securities either owned by the Town of Trophy Club as part of its investment portfolio or held as collateral to secure demand or time deposits. Securities owned by the Town of Trophy Club shall be held in an account in the Town of Trophy Club's name as evidenced by safekeeping receipts of the institution holding the securities. Original safekeeping receipts shall be obtained and held by the Town.

Collateral for deposits will be held by a third-party custodian designated by the Town of Trophy Club and pledged to the Town of Trophy Club as evidenced by pledge receipts of the institution with which the collateral is deposited. Collateral may be held by the depository bank's trust department, a Federal Reserve Bank or branch of a Federal Reserve Bank, a Federal Home Loan Bank, or a third-party bank approved by the Town of Trophy Club.

Collateral Policy [*PFCA 2257.023*]

Consistent with the requirements of the Public Funds Collateral Act, it is the policy of the Town of Trophy

Club to require full collateralization of all non-insured Town of Trophy Club funds on deposit with a financial institution and a written depository agreement acceptable to the Town. The market value of the securities collateralizing the deposit of funds shall be at least equal to 102% of the principal and accrued interest on the deposits less an amount insured by the FDIC or NCUSIF. Collateral in the form of letters of credit issued by the Federal Home Loan Bank must be equal to 100% of the principal and anticipated interest of deposits less the applicable level of FDIC insurance. At its discretion, the Town of Trophy Club may require a higher level of collateralization for certain investment securities held as collateral. Securities pledged as collateral shall be held by an independent third-party with whom the Town of Trophy Club has a current custodial agreement. The Investment Officers are responsible for entering into collateralization agreements with third-party custodians in compliance with this Policy. The agreements are to specify the acceptable investment securities for collateral, including provisions relating to possession of the collateral, the substitution or release of investment securities, ownership of securities, and the method of valuation of securities. A clearly marked evidence of pledge must be supplied to the Town of Trophy Club and retained. Collateral shall be reviewed at least monthly to assure that the market value of the pledged securities are adequate.

The custodial portion of the depository agreement shall define the Town's rights to the collateral in case of default, bankruptcy or closing and shall establish a perfected security interest in compliance with Federal and State regulations, including:

- The Agreement must be in writing;
- The Agreement must be executed by the depository and the Town contemporaneously with the acquisition of the asset;
- The Agreement must be approved by the board of directors or the loan committee of the depository and a copy of the meeting minutes must be delivered to the Town; and
- The Agreement must be part of the depository's "official record" continuously since its execution.

Collateral Defined

The Town of Trophy Club shall accept only the following types of collateral:

- Obligations of the United States or its agencies and instrumentalities
- Direct obligations of the State of Texas or its agencies and instrumentalities
- 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
- Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized rating firm not less than A or its equivalent with a remaining maturity of ten (10) years or less
- A surety bond issued by an insurance company rated as to investment quality by a nationally recognized rating firm not less than A
- A letter of credit issued by the Federal Home Loan Bank

Subject to Audit

All collateral shall be subject to inspection and audit by the Investment Officers or their designee, Including the Town of Trophy Club's independent auditors.

XI. PERFORMANCE

Performance Standards

The Town of Trophy Club's investment portfolio will be managed in accordance with the parameters specified within this Policy. The portfolio shall be designed with the objective of obtaining a market rate of return through budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow requirements of the Town of Trophy Club.

Performance Benchmark
It is the policy of the Town of Trophy Club to purchase investments with maturity dates coinciding with cash flow needs. Through this strategy, the Town of Trophy Club shall seek to optimize interest earnings utilizing allowable investments available in the market at that time. The Town of Trophy Club's portfolio shall be designed with the objective of regularly meeting or exceeding the benchmark(s) as appropriate per the investment strategy statements. Weighted Average Yield to Maturity shall be the standard for calculating portfolio rate of return.

XII. REPORTING [*PFIA 2256.023]*

Methods
The Investment Officers shall prepare a written investment report on a quarterly basis that summarizes investment strategies employed in the most recent quarter and describes the portfolio in terms of investment securities, maturities, and shall explain the total investment return for the quarter.

The quarterly investment report shall include a summary statement of investment activity prepared in compliance with the PFIA. This summary will be prepared in a manner that will allow the Town of Trophy Club to ascertain whether investment activities during the reporting period have conformed to the Investment Policy. The report will be provided to the Town Council and signed by the Investment Officers. The report will include the following:

- A listing of individual investments held at the end of the reporting period.
- Unrealized gains or losses resulting from appreciation or depreciation by listing the beginning and ending book and market value of investments for the period.
- Additions and changes to the market value during the period.
- Average weighted yield to maturity of portfolio as compared to applicable benchmarks.
- Listing of investments by maturity date.
- Fully accrued interest for the reporting period.
- The percentage of the total portfolio that each type of investment represents.
- Statement of compliance of the Town of Trophy Club's investment portfolio with state law and the investment strategy and policy approved by the Town Council.

An independent auditor will perform a formal annual review of the quarterly reports with the results reported to the Town Council [*PFIA 2256.023*(*d*)].

Monitoring Market Value [*PFIA 2256.005*(*b*)(*4*)(*D*)]
Market value of all securities in the portfolio will be determined at least on a quarterly basis. These values will be obtained from a reputable and independent source and disclosed to the Town Council quarterly in a written report.

XIII. INVESTMENT COMMITTEE

Members
An Investment Committee, consisting of the Town Manager and the Investment Officers, shall review the Town's investment strategies and monitor the results of the investment program periodically. This review can be done by reviewing the quarterly written reports and by holding committee meetings as necessary. The committee will be authorized to invite other advisors to attend meetings as needed.

Scope
The Investment Committee shall include in its deliberations such topics as economic outlook, investment strategies, portfolio diversification, maturity structure, potential risk to the Town's funds, evaluation and

authorization of broker/dealers, acceptable training sources, rate of return on the investment portfolio, and review of compliance with the Investment Policy. The Investment Committee will also advise the Town Council of any future amendments to the Investment Policy that are deemed necessary or recommended.

Procedures

The Investment Policy shall require the Investment Committee to provide minutes of investment information discussed at any meetings held. The committee shall meet at least ~~annually~~ quarterly to discuss the investment program and policy.

XIV. INVESTMENT POLICY ADOPTION [*PFIA 2256.005*(*e*)]

The Town of Trophy Club's Investment Policy shall be adopted by resolution of the Town Council. It is the Town of Trophy Club's intent to comply with state laws and regulations. The Town of Trophy Club's Investment Policy shall be subject to revisions consistent with changing laws, regulations, and needs of the Town of Trophy Club. The Town Council shall adopt a resolution stating that it has reviewed the policy and investment strategies not less than annually, approving any changes or modifications.

TOWN COUNCIL COMMUNICATION

TROPHY CLUB

MEETING DATE:	March 25, 2024
FROM:	Matt Cox, Director of Community Development
AGENDA ITEM:	Consider a meritorious exception application request for special purpose banners/signs for the 2024 Trophy Club Women's Club Mother's Day Art and Garden Festival, to include a request to waive the meritorious exception fee, to be located at the Trophy Club Town Center, PD-30. (Matt Cox, Commuity Development Director)

BACKGROUND/SUMMARY: The 4th Annual Trophy Club Women's Club Mother's Day Art and Garden Festival is scheduled for May 10, 2024. The organization submitted a meritorious exception application requesting additional banners/signs for the event. The same meritorious exception was applied for and granted in February 2023 as part of the 2023 Trophy Club Women's Club Mother's Day Art and Garden Festival. Section 3.09.065 of the Town's Code of Ordinances allows only one (1) banner/sign, not to exceed fifty (50) square feet, on the special event site. The applicant is requesting banners/signs at multiple locations near the festival and throughout town. Section 3.09.101(b) allows an "interested party to request from the Town Council, upon recommendation by the Planning and Zoning Commission, to hear and fairly consider a meritorious exception". A site plan has been submitted with the application showing the locations of potential banners/signs (Exhibit A). Approval for banners on Northwest Independent School District property has been obtained and attached for reference (Exhibit C). The Trophy Club Women's Club is also requesting that the $300 meritorious exception fee be waived since the event is organized for the purpose of providing scholarships to Trophy Club students.

Proposed Dimensions for 8 vinyl banners/signs

Mother's Day Festival	HEIGHT	4'
8 banners/signs	WIDTH	7'
	OVERALL SF	28

BOARD REVIEW/CITIZEN FEEDBACK: The Planning & Zoning Commission reviewed the meritorious exception application at their March 7, 2024 meeting and unanimously recommended the item for approval (5-0).

FISCAL IMPACT: N/A

LEGAL REVIEW: N/A

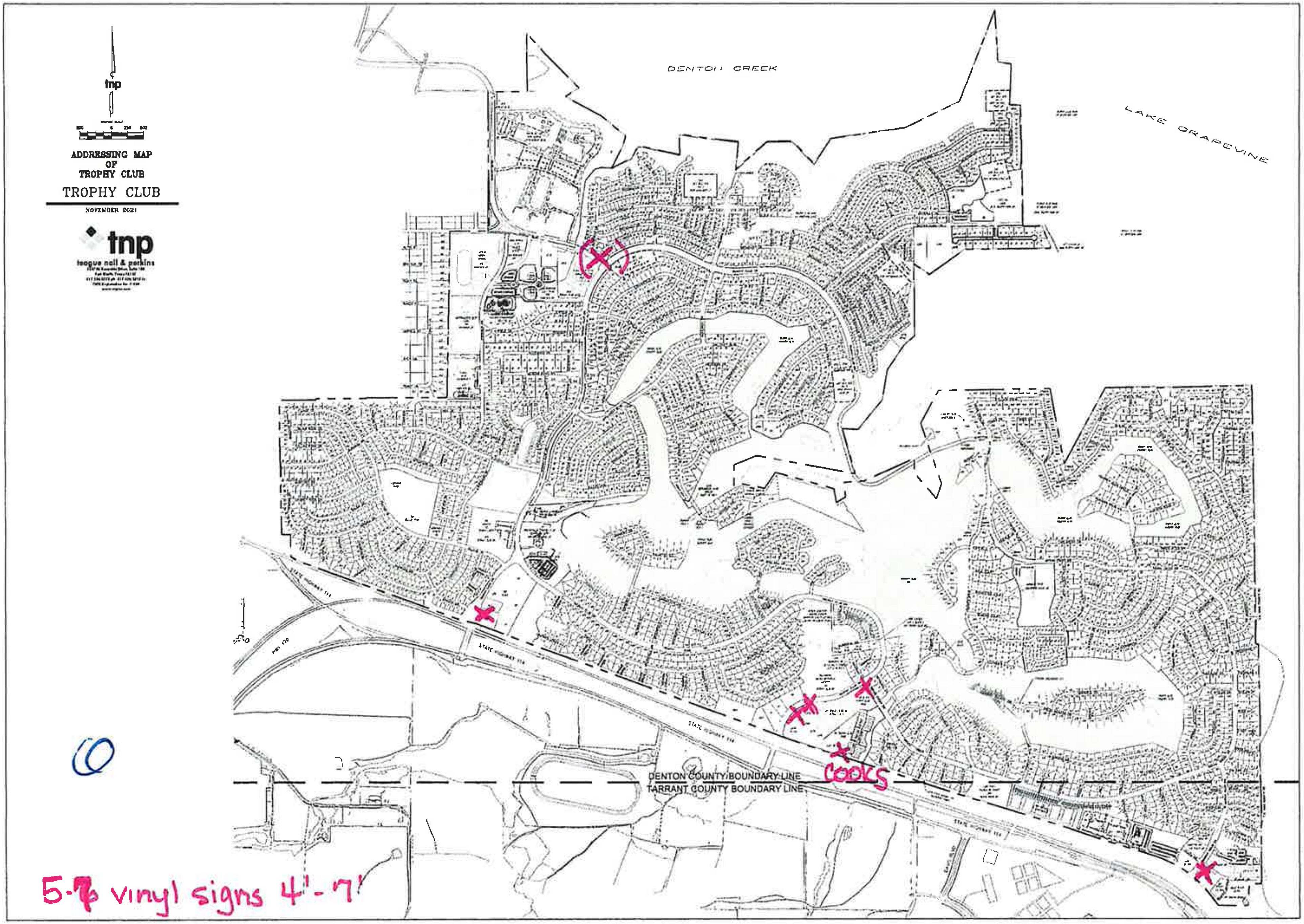
ATTACHMENTS:

1. Exhibit A - Map Locations
2. Exhibit B - ME Application
3. Exhibit C - NWISD Approval Email

ACTIONS/OPTIONS:

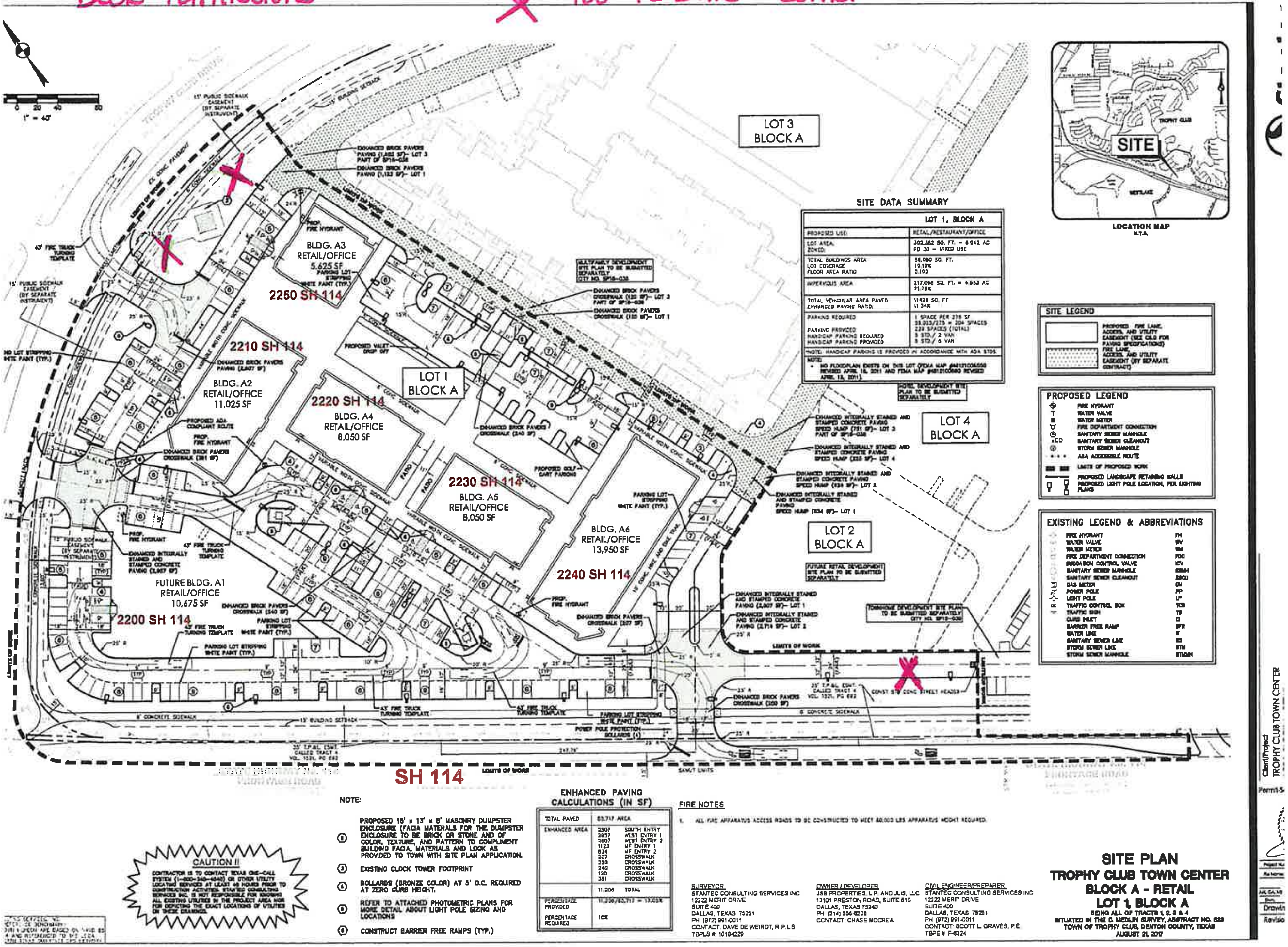
Staff recommends that the Town Council move to approve the meritorious exception application request for special purpose banners/signs for the 2024 Trophy Club Women's Club Mother's Day Art and Garden Festival, to include a request to waive the meritorious exception fee, to be located at the Trophy Club Town Center, PD-30.

(X) if possible



5-7 vinyl signs 4'-7'

Beck Permissions X 100 TC Drive Corner



TOWN OF
TROPHY CLUB

TOWN OF TROPHY CLUB
1 TROPHY WOOD DRIVE
TROPHY CLUB, TEXAS 76262
682-237-2917
Permitting@trophyclub.org

MERITORIOUS EXCEPTION APPLICATION

APPEAL LOCATION: Trophy Club Town Center

STREET ADDRESS: 2240 TX-114 Trophy Club TX 76262

ZONING DISTRICT: ______ LOT #: ______ BLOCK: ______

PROPERTY OWNER:

OWNER'S NAME: TC Town Center LP PHONE #: 817-455-6139

ADDRESS: 2240 TX-114 CITY, STATE, ZIP: TC, TX 76262

EMAIL ADDRESS: bhayes@beckventures.com

CHECK ONE:

☐ I will represent this request at the hearing.

☒ I will not represent this request at the hearing. My authorized representative who will represent this request is:

Teryl Flynn [redacted]

AUTHORIZED REPRESENTATIVE NAME PHONE NUMBER & EMAIL

COMPLETE THE FOLLOWING IF INFORMATION IS OTHER THAN PROPERTY OWNER APPLICANT:

APPLICANT NAME: Teryl Flynn PHONE # [redacted]

ADDRESS: 417 Ramsey Trail CITY, STATE, ZIP: TC, TX 76262

EMAIL ADDRESS: [redacted]

IF THE PROPERTY OWNER OF THE SUBJECT PROPERTY IS NOT THE APPLICANT, BY SIGNING BELOW THE OWNER AUTHORIZES THE APPLICANT OR HIS/HER AUTHORIZED DESIGNEE TO MAKE APPLICATION ON THE PROPERTY OWNER'S BEHALF AND TO APPEAL BEFORE THE P&Z AND TOWN COUNCIL:

______ 2-29-24

PROPERTY OWNER'S SIGNATURE DATE

MERITORIOUS EXCEPTION
PAGE 2

1. **DESCRIBE THE EXCEPTION BY LISTING DETAILS, AND IF NECESSARY, USE A SEPARATE SHEET REFERENCING THE PERTINENT SECTION OF THE SIGN ORDINANCE.**

Placement of up to 8 4'x7' vinyl banner signs
for Mother's Day Art + Garden Festival
2 weeks in advance

1 @ corner Indian Creek + TC Drive
2 either side of clock tower
1 @ Cooks Childrens on 114 service road

1 @ incoming lane Trophy Lakes Drive + 114 service road
1 @ incoming lane Trophy Wood Drive + 114 service road
1 @ Bobcat + Marshall Creek (See permission form)
3 sets of 6 "flags" along 114 + TC drive 3 days of festival

2. **STATE THE GROUNDS FOR THE REQUEST BY DETAILING ANY SPECIAL OR UNIQUE CONDITIONS, WHICH, IN YOUR OPINION JUSTIFY THE REQUEST**

Increased Marketing for Festival

Increased awareness of residents + visitors
to drive attendance

3. **ATTACH A DETAILED SIGN DIAGRAMS AND A SITE PLAN SHOWING THE LOCATION OF THE SIGN, TO SCALE, AND ANY OTHER DRAWINGS OR INFORMATION NECESSARY TO HELP EXPLAIN THE CASE.**

I hereby certify that the above statements are true and correct to the best of my knowledge.

Deryl L Feyan
____
Applicant's Signature

3/1/2024
____
Date of Application

State of Texas §
County of Denton §

Subscribed and sworn to me this 1 day of March 2024

Daniel Wilson
____
Notary Public

My Commission Expires: September 20, 2026

(seal)

Town of Trophy Club
1 Trophy Wood Drive
Trophy Club, Texas 76262
682-237-2900
www.trophyclub.org

Gmail Teryl Flynn <teryl.flynn@gmail.com>

RE: Approval for Sign Placed on NISD Property

1 message

Mcclure, Tim <Tim.McClure@nisdtx.org> Tue, Feb 20, 2024 at 10:59 AM
To: Teryl Flynn [redacted]

Thank you for reaching out. You are certainly welcome to place you sign there again this year. Best of luck on your Mother's Day event!

Thank you,

Tim McClure, AIA

Assistant Superintendent for Facilities

Northwest ISD

Facilities, Planning & Construction

P.O. Box 77070, Fort Worth, TX 76177

817.215.0069

Northwest
INDEPENDENT SCHOOL DISTRICT

From: Teryl Flynn [redacted]
Sent: Tuesday, February 20, 2024 10:04 AM

To: Mcclure, Tim <Tim.McClure@nisdtx.org>
Subject: Re: Approval for Sign Placed on NISD Property

> ⚠ **CAUTION:** This email originated from outside the organization. Do not click links or open attachments unless you recognize the sender [redacted] and know the content is safe.
>
> Click the Phish Alert or contact the NISD helpdesk at x81000 (helpdesk@nisdtx.org).

Hello Tim

Can you believe Spring is rolling around again???

We are gearing up for the 2024 Mother's Day Art and Garden Festival, and I wanted to ask if it would be possible to place a banner again at the corner of Marshall Creek and Bobcat. It would go up 2 weeks prior to the Festival (which begins May 10). Last year I placed a copy of your approval letter on the back of the sign so that there would be no problems!

The first week the sign is posted will be during election time in Trophy Club - so I just wanted to make sure we would still be ok posting this banner.

Thank you so very much for your support of the Women's Club!

Teryl

On Mon, Apr 17, 2023 at 9:38 AM Mcclure, Tim <Tim.McClure@nisdtx.org> wrote:

Teryl,

Thank you again for inviting us to your home and allowing us to present the information on the bond. Per our discussion that evening, Northwest ISD will grant Trophy Club Women's Club the right to place a banner sign on our property at the intersection of Bobcat Blvd. and Marshall Creek Rd. The sign must meet and be approved by the Town of Trophy Club and will be allowed to remain up until 24 hours after the event. If the sign is not removed 24 hours after the event, then NISD will remove the sign and ask that you come pick it up from us.

I have included a map that references the two acceptable locations for the sign to be installed. If you have any questions, please let me know?

Thank you,

Tim McClure, AIA

Assistant Superintendent for Facilities

Northwest ISD

Facilities, Planning & Construction

P.O. Box 77070, Fort Worth, TX 76177

817.215.0069

Northwest
INDEPENDENT SCHOOL DISTRICT