

# *Town of Trophy Club, Texas*

## Comprehensive Annual Financial Report

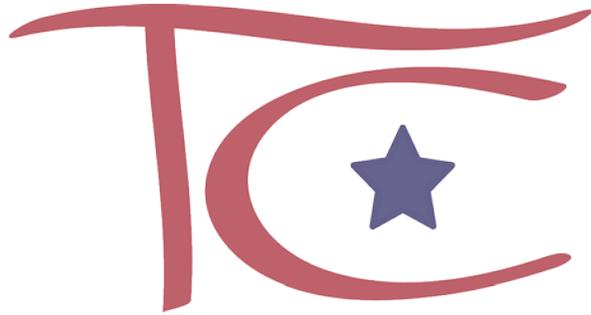
For the fiscal year ending September 30, 2013





**TOWN OF TROPHY CLUB, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2013**

**As Prepared By The**  
**FINANCE DEPARTMENT**



TOWN OF  
TROPHY CLUB

**TOWN OF TROPHY CLUB, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

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**Town of Trophy Club**  
**100 Municipal Drive**  
**Trophy Club, TX 76262**  
**(682) 831-4600**  
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March 31, 2014

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

The Town's Finance Department has prepared a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) which were audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. The Comprehensive Annual Financial Report (CAFR) for the Town of Trophy Club, Texas for the fiscal year ended September 30, 2013, is hereby issued.

This report consists of management's representations concerning the finances of the Town. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making the representations, management of the Town has established a comprehensive internal control framework that is designed both to protect the Town's assets from loss, theft, or misuse and to compile sufficient and reliable information for the preparation of the Town's financial statements in conformity with GAAP. Internal controls should not outweigh their benefits; therefore, the Town's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance, that the financial statements are free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town's financial records have been audited by Weaver LLP, Certified Public Accountants, as required by the Town Charter. This CAFR has been prepared based upon those audited records. The goal of the independent audit was 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, 2013. 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. 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, 2013, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditor.

### **Profile of the Town**

The Town of Trophy Club, Texas incorporated in 1985 as Texas' first premiere master planned community, is located in the North Central portion of Texas. This area of the State has proven to be one of the top

growth areas in Texas and the United States. The Town currently occupies a land area of just over 4 square miles and serves a growing population of approximately 10,500. The Town is empowered to levy a property tax on real property located within its boundaries. Trophy Club is also empowered, by State statute, to extend its corporate limits by annexation, which has occurred periodically when deemed appropriate by the governing council of the Town.

Trophy Club has operated as a Home Rule municipality utilizing the Council-Manager form of government since 2004. With the Charter Amendments passed at the May 11, 2013 election policy-making and legislative authority are vested in the Town Council consisting of the Mayor and six other council members. The Town Council is responsible for, among other things, passing ordinances, adopting the budget, appointing boards and committees, and hiring the Town Manager, Town Secretary, Municipal Judge, and Town Attorney. The Town Council is elected on a non-partisan basis. With the Charter Amendments passed at the May 9, 2009 election, Council members are elected from the Town at-large-by-place in the manner, for a term of three (3) years or until their successors have been elected and take office. Each Council member shall be elected to and occupy a place on the Council, such Places being numbered (e.g., Place 1, Place 2, Place 3, etc.). No person shall serve as Mayor or Council member for successive elected full terms totaling more than six years. The Town Manager is responsible for carrying out the policies and ordinances of the Town Council, overseeing the day-to-day operations of the government and for appointing the heads of the various Town departments.

The Town of Trophy Club provides a full range of municipal services including general government, public safety (police and EMS), streets, parks and recreation, planning and zoning, code enforcement, and drainage utilities. Water/wastewater and Fire protection are provided through the Municipal Utility District.

### **Local Economy**

Fast-paced growth is one of the Town's identifying characteristics, identified by both the Dallas Business Journal and Fort Worth Builders Association. Trophy Club's location between DFW and Alliance Airports is ideal for businesses and residents, as well as those who commute to Dallas, Denton, Las Colinas, and Fort Worth. Trophy Club maintains a small-town, picturesque feel while taking advantage of nearby metro areas. The Town offers an outstanding quality of life, with great educational and recreational amenities as well as two 18-hole premier golf courses including the only course designed by Ben Hogan.

The North Texas region possesses diverse research and education institutions, logistics, oil and gas, manufacturing and industrial, and a professional services base that has contributed to the relative stability of the unemployment rate with approximately half of the local workforce employed in management, professional, and related occupations. Figures from the Texas Workforce Commission indicate a Denton County unemployment rate of 4.8% while the national unemployment rate is 6.6%.

Trophy Club has worked diligently to position itself for a significant future within DFW and the Alliance corridor. The Town has issued over 1,000 building permits for high end homes over the past 5 years, with another 268 building permits anticipated for Fiscal Year 2014. Additionally, the Town's tax base exceeded \$1 billion net taxable value in 2013. Business growth continues to be strong in Trophy Club and the Highway 114 region. The Town directly benefits from those businesses locating within the Town or professionals moving to our neighborhoods who work at nearby corporations.

### **Long-Term Financial Planning**

During the fiscal year 2013 budget cycle, the Town Council and staff developed a long term financial plan that would alter the current sales tax distribution in order to fund capital projects without increasing the existing debt service rate.

The first step was the adoption of a debt service rate that maintained the current 11.5 cent level. In order to maintain that rate, and in preparation for future capital needs, the Town issued \$500,000 in tax notes to go towards facility planning, land purchases, and future Town facility design in September 2012.

The second step was to reallocate ¼ cent from Economic Development Corporation 4A (EDC4A) to the Economic Development Corporation 4B (EDC4B) for additional economic development. The reallocation was approved by a majority of citizens in November 2012. After the election, the Council appointed a temporary board for a Crime Control and Prevention District (CCPD) to develop a budget to submit to voters in May of 2013 to reallocate the remaining ¼ cent from EDC4A to a Crime Control Prevention District (CCPD).

Additionally, on January 14, 2013, the Town called \$880,000 in GO Bonds which will yield an economic gain of approximately \$220,000. On August 30, 2013, the Town defeased \$236,000 in Certificates of Obligation and \$265,000 in Tax Notes resulting in an economic gain of \$11,477. These actions coupled with the Town's strong growth and increased debt capacity will provide the Town increased flexibility for funding future capital needs.

In FY 2013 the Town issued Certificates of Obligation, Series 2013 in the amount of \$3,000,000 related to street reconstruction and drainage improvements. A portion of Indian Creek Drive, a major thoroughfare, is scheduled to begin reconstruction in the Spring of 2014. In addition, two storm drainage projects will begin while engineering for a third project will be nearing completion in anticipation of projected construction in the Spring of 2014.

### **Budgeting Process**

The Town of Trophy Club uses a program-based budgeting process. Each budgeting unit or division is given a target or "baseline" funding level based upon the previous year's funding level. With a few exceptions, no capital assets, wages and benefits, or one-time packages are included in baseline funding. Any funding request that represents new expenditures and programs, or that is in excess of baseline funding, must be submitted as a separate request or "package." These packages may be either a new or restoration request for resources, depending upon the budgeting unit's funding target.

#### *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 draft of departmental budgets to present to the Budget Team, which is comprised of the Town Manager, Assistant Town Manager, Director of Finance, and Budget Analyst. 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, no later than July 31 each year (Charter Section 9.02), 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*

A budget work session is held with the Town Council to review and discuss the proposed budget. Discussions and study may follow at subsequent work sessions up until budget adoption.

#### *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 two public hearings on the tax rate 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 in August and September.

Budget adoption occurs in September after Town Council deliberations and the public hearings. 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**

During Fiscal Year 2010, the Town established a Cash Management Program and Policy for the purpose of ensuring adequate internal controls to account for the handling of Town cash and to maintain public trust.

Staff also 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 December 2013, Town Council adopted a debt management policy in order to provide parameters for the issuance and management of debt used to construct or acquire major capital assets.

### **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.

The Town recently completed Vision Trophy Club which was a citizen committee tasked with planning the next 20 years. It is anticipated that an updated Comprehensive Plan primarily focused on redevelopment will occur within the next two years.

### **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 CAFR for the fiscal year ended September 30, 2012. This was the third 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 CAFR. 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 CAFR 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 preparation of this report could not be accomplished without the dedicated services of the entire staff of the Finance Department. We would also like to express our appreciation to all staff members who assisted and contributed to the preparation of this report. Acknowledgement is also given to representatives of Weaver, LLP, Certified Public Accountants.

Special acknowledgement is given to the Mayor and the members of the Town Council for their support for maintaining the highest standards of professionalism in the management of the Town of Trophy Club finances.

Respectively submitted,



Mike Slye  
Town Manager



Steven Glickman  
Director of Finance



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

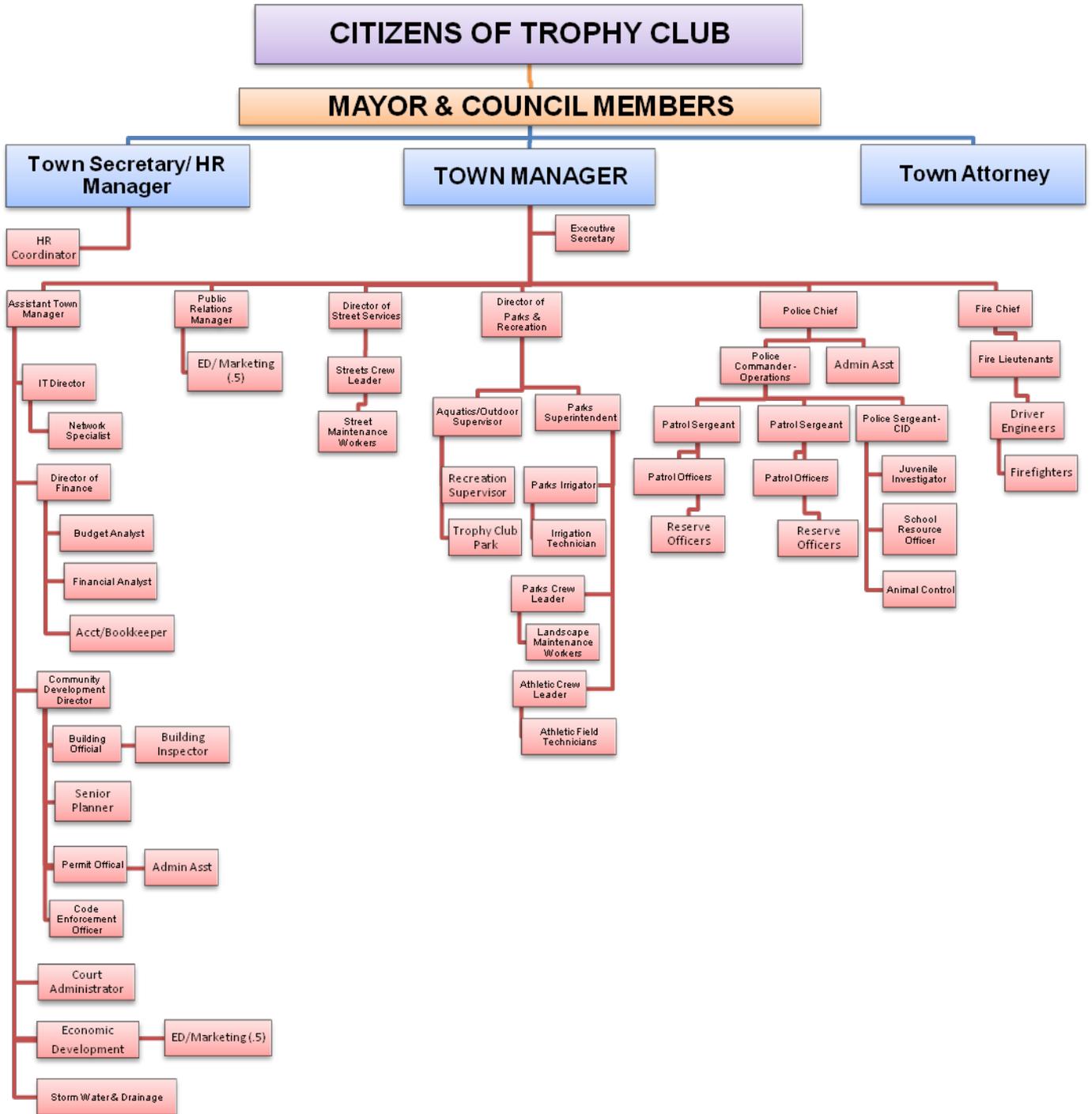
Presented to

**Town of Trophy Club  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2012**

Executive Director/CEO



## ELECTED OFFICIALS

Mayor	Connie White
Mayor Pro Tem	Jeannette Tiffany
Council Member	Bill Rose
Council Member	Danny Mayer
Council Member	Greg Lamont
Council Member	Phillip Shoffner

## APPOINTED OFFICIALS

Town Manager	Mike Slye
Town Attorney	Patricia Adams
Town Secretary/HR Manager	Tammy Ard
Municipal Judge	Honorable Mark Chambers

## KEY STAFF

Assistant Town Manager	Stephen Seidel
Community Development Director	Carolyn Huggins
Emergency Medical Services & Fire Chief	Danny Thomas
Finance Director	Steven Glickman
Information Systems Director	Mike Pastor
Parks & Recreation Director	Adam Adams
Police Chief	Scott Kniffen
Public Information Officer/Marketing Manager	April Reiling
Streets Director	Ed Helton



## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor,  
Town Council, and Town Manager  
Town of Trophy Club, TX

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Trophy Club (the Town), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town, as of September 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matters**

As discussed in Note 14 to the financial statements, beginning fund balance of the general fund and net position of the governmental activities have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 5-11), schedules of funding progress (pages 56-57), and budgetary comparison information (pages 58-59) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and budgetary comparison schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Town of Trophy Club  
March 28, 2014

Page 3

The combining and budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

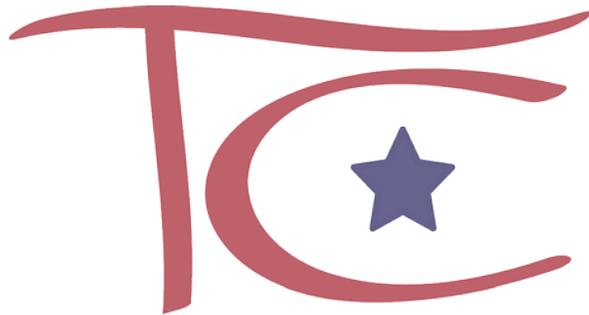
**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2014, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Weaver and Tidwell, L.L.P.".

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
March 28, 2014



TOWN OF  
TROPHY CLUB

**TOWN OF TROPHY CLUB, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2013**

As management of the Town of Trophy Club, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Trophy Club for the fiscal year ended September 30, 2013. 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 through v of this report.

**Financial Highlights**

- The assets of the Town exceeded its liabilities at the close of the fiscal year ended September 30, 2013, by \$57,921,329 (net position). Of this amount, \$3,127,266 (unrestricted net position) may be used to meet the government's ongoing obligations to its citizens and creditors.
- The Town's total net position increased by \$4,473,639 primarily as a result of developer contributions in the amount of \$4,377,980.
- The Town's governmental funds reported combined ending fund balances of \$5,021,201.
- The unassigned portion of the General Fund balance at the end of the year was \$2,398,330 or 31.9% of total General Fund expenditures.
- The governmental long-term debt obligations of the Town decreased by \$937,817 during the fiscal year. This decrease was comprised primarily of debt service principal payments and defeasances totaling \$2,294,000 offset by the addition of \$1,300,000 in certificates of obligation.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements**--The government-wide financial statements are designed to provide readers with a broad overview of the Town of Trophy Club's finances. This is done 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 and liabilities with the difference between the two 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.

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 in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

**TOWN OF TROPHY CLUB, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2013**

Both of the government-wide statements distinguish between governmental activities and business-type activities. Governmental activities primarily account for those activities supported by taxes and intergovernmental revenues. On the other hand, business-type activities are primarily supported by user fees and charges. Most Town services are reported in governmental activities while Proprietary Funds are reported in the business-type activities.

In the above statements, the Town's operations are presented as Governmental Activities - where most of the Town's basic activities are reported, including police, emergency medical services, public works, court, council and administration. Normally, these operations are financed by property taxes, sales taxes, and franchise fees.

The 4A Economic Development Corporation and 4B Economic Development Corporation are considered (discretely presented) component units of the Town. Their balances and activities have been combined and reported separately from those of the Town in the above statements.

**Fund financial statements**--The Town, like other state and local governments, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. 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. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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 evaluating 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 ten 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 Grant Fund, all of which are considered to be major funds. Data from the other six funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

*Proprietary funds*--The Town maintains two proprietary funds: the Trophy Club Park Fund and the Town Storm Drainage Fund. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses proprietary funds to account for parks and recreation and storm water operations. Proprietary fund financial statements provide the same type of information as the government-wide financial statements only in more detail.

**TOWN OF TROPHY CLUB, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2013**

The 4A Economic Development Corporation and 4B Economic Development Corporation are reported as discretely presented component units. Information on these component units is presented in the Statement of Net Position - Component Units and the Statement of Activities – Component Units.

The Town adopts annual appropriated budgets for the general fund, debt service fund and the Trophy Club Park Enterprise Fund. Budgets for capital projects funds are adopted on a project length basis. A budgetary comparison statement is provided for each budgeted governmental fund to demonstrate compliance with its budget.

**Notes to the financial statements**--The notes provide additional information that is essential to gain a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-53.

**Other information**--In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found after the notes to the financial statements on pages 56-59.

**Government-wide Financial Analysis**

At the end of fiscal year 2013, the Town's net position (assets exceeding liabilities) totaled \$57,921,329. This analysis focuses on the net position (Table 1) and changes in net position (Table 2).

**Net Position**--The largest portion of the Town's net position, \$54,478,583 or 94.1%, reflects its net investment in capital assets (land, buildings, improvements other than buildings, machinery and equipment, construction in progress), less any related debt used to acquire those assets that is still outstanding. The Town uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the Town reports its capital assets net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. A portion of the Town's net position, \$315,480 or 0.5% represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$3,127,266 or 5.4% may be used to meet the government's ongoing obligations to citizens and creditors.

**Table 1  
Net Position**

	Governmental Activities		Business Type Activities		Total	
	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012
Current and other assets	\$ 6,259,874	\$ 5,522,719	\$ 1,950,844	\$ 62,621	\$ 8,210,718	\$ 5,585,340
Capital assets	63,539,371	61,175,876	96,304	-	63,635,675	61,175,876
<b>Total Assets</b>	<b>69,799,245</b>	<b>66,698,595</b>	<b>2,047,148</b>	<b>62,621</b>	<b>71,846,393</b>	<b>66,761,216</b>
Long-term liabilities outstanding	11,227,570	12,165,387	1,743,456	-	12,971,026	12,165,387
Other liabilities	933,786	1,132,384	20,252	15,755	954,038	1,148,139
<b>Total Liabilities</b>	<b>12,161,356</b>	<b>13,297,771</b>	<b>1,763,708</b>	<b>15,755</b>	<b>13,925,064</b>	<b>13,313,526</b>
<b>Net Position</b>						
Net investment in						
capital assets	54,425,735	50,050,855	52,848	-	54,478,583	50,050,855
Restricted	315,480	1,191,411	-	-	315,480	1,191,411
Unrestricted	2,896,674	2,158,558	230,592	46,866	3,127,266	2,205,424
<b>Total Net Position</b>	<b>\$ 57,637,889</b>	<b>\$ 53,400,824</b>	<b>\$ 283,440</b>	<b>\$ 46,866</b>	<b>\$ 57,921,329</b>	<b>\$ 53,447,690</b>

**TOWN OF TROPHY CLUB, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2013**

**Changes in Net Position**--The net position of the Town increased by \$4,473,639 for the fiscal year ended September 30, 2013.

*Governmental Activities.* Governmental activities increased the Town's net position by \$4,237,065 from the prior year. This was primarily the result of increased capital grants and contributions.

*Business-type Activities.* From the prior year, net position from business-type activities increased by \$236,574. This increase is primarily due to a \$216,929 increase in net position in the Town Storm Drainage fund despite a \$37,344 transfer to other funds.

**Table 2  
Changes in Net Position**

	Governmental Activities		Business Type Activities		Total	
	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 1,761,490	\$ 1,984,623	\$ 506,205	\$ 325,380	\$ 2,267,695	\$ 2,310,003
Operating grants and contributions	952,648	342,894	-	-	952,648	342,894
Capital grants and contributions	4,793,132	2,682,302	-	-	4,793,132	2,682,302
General revenues:						
Ad valorem taxes	5,334,140	4,897,615	-	-	5,334,140	4,897,615
Sales and mixed beverage taxes	781,054	754,105	-	-	781,054	754,105
Franchise taxes	720,168	685,522	-	-	720,168	685,522
Occupancy taxes	108,170	20,543	-	-	108,170	20,543
Investment income	7,193	7,983	-	-	7,193	7,983
Miscellaneous revenues	379,896	301,269	-	-	379,896	301,269
<b>Total revenues</b>	<b>14,837,891</b>	<b>11,676,856</b>	<b>506,205</b>	<b>325,380</b>	<b>15,344,096</b>	<b>12,002,236</b>
<b>Expenses:</b>						
General government	51,412	179,110	-	-	51,412	179,110
Storm drainage	227,067	187,400	-	-	227,067	187,400
Emergency medical services	783,795	699,230	-	-	783,795	699,230
Manager's office	762,013	637,218	-	-	762,013	637,218
Human resources	102,361	94,065	-	-	102,361	94,065
Finance	372,496	525,494	-	-	372,496	525,494
Information systems	367,838	273,673	-	-	367,838	273,673
Legal	171,157	154,236	-	-	171,157	154,236
Police	2,046,422	1,613,833	-	-	2,046,422	1,613,833
Court	68,520	79,735	-	-	68,520	79,735
Recreation	543,672	838,138	-	-	543,672	838,138
Facilities management	75,344	120,341	-	-	75,344	120,341
Parks	1,493,918	726,522	-	-	1,493,918	726,522
Community development	341,566	253,761	-	-	341,566	253,761
Planning and zoning	258,306	231,853	-	-	258,306	231,853
Streets	2,234,140	1,642,399	-	-	2,234,140	1,642,399
Water and sewer	261,106	92	-	-	261,106	92
Interest on long-term debt	489,337	498,569	-	-	489,337	498,569
Trophy Club Park	-	-	98,718	130,185	98,718	130,185
Town storm drainage	-	-	121,269	96,488	121,269	96,488
<b>Total expenses</b>	<b>10,650,470</b>	<b>8,755,669</b>	<b>219,987</b>	<b>226,673</b>	<b>10,870,457</b>	<b>8,982,342</b>
<b>Increase (decrease) in net position before transfers</b>	<b>4,187,421</b>	<b>2,921,187</b>	<b>286,218</b>	<b>98,707</b>	<b>4,473,639</b>	<b>3,019,894</b>
<b>Transfers</b>	<b>49,644</b>	<b>64,382</b>	<b>(49,644)</b>	<b>(64,382)</b>	<b>-</b>	<b>-</b>
<b>Increase (decrease) in net position</b>	<b>4,237,065</b>	<b>2,985,569</b>	<b>236,574</b>	<b>34,325</b>	<b>4,473,639</b>	<b>3,019,894</b>
<b>Net Position - Beginning, as restated</b>	<b>53,400,824</b>	<b>50,415,255</b>	<b>46,866</b>	<b>12,541</b>	<b>53,447,690</b>	<b>50,427,796</b>
<b>Net Position - Ending</b>	<b>\$ 57,637,889</b>	<b>\$ 53,400,824</b>	<b>\$ 283,440</b>	<b>\$ 46,866</b>	<b>\$ 57,921,329</b>	<b>\$ 53,447,690</b>

**Financial Analysis of the Government's Funds**

**Governmental funds**--The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements.

**TOWN OF TROPHY CLUB, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2013**

In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Town's governmental funds reported a combined fund balance of \$5,021,201.

The General Fund is the main operating fund of the Town. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$2,398,330. The fund balance of the General Fund decreased by \$503,838 during the fiscal year. The decrease can be attributed to transfers out of \$780,734 that were used to defease debt primarily in the Economic Development Corporations 4A and 4B, for which the 4B will repay over the next fifteen years. The transfers out were offset by increased revenue in the amount of \$251,554. Revenue categories experiencing significant increases/decrease include:

- Property tax revenue increased from the previous year - \$ 297,026
- Licenses and permits decreased from the previous year - \$ 159,949

The Debt Service Fund experienced an increase of \$25,455 in fund balance. Funds are restricted for the payment of debt service. The Capital Projects Fund experienced an increase in fund balance of \$1,069,334, which is due to the issuance of \$1,300,000 in certificates of obligation. The Grant Fund had an increase in fund balance of \$245,833. Other governmental funds had an increase in fund balance of \$90,577. This increase was primarily due to increased collection of hotel occupancy taxes and a newly created Crime Control and Prevention District, which collected two months of sales taxes in FY 13, net of decreased fund balance in the Street Maintenance Sales Tax Fund.

In the General Fund, the Town budgeted for a fund balance decrease in the current year of \$796,826. Due primarily to actual revenues being more than budgeted, the actual budget basis fund balance variance from budget was an increase of \$292,988 for fiscal year 2013.

**Proprietary funds**--The Town's proprietary funds provide the same type of information found in the government-wide statements, but in more detail.

The unrestricted net position of the Trophy Club Park Fund amounted to (\$6,470) at year end while the unrestricted net position of the Town Storm Drainage Fund amounted to \$237,062. Other factors concerning the finances of these two funds have already been addressed in the discussion of the Town's business-type activities.

**General Fund Budgetary Highlights**

**Revenue:** Significant variances between budgeted and actual revenues included: franchise taxes were \$43,298 over budget; licenses and permits were \$91,600 over budget; revenues from charges for services were \$110,907 over budget; miscellaneous revenue was \$135,563 over budget, and grant revenue was \$75,599 over budget. Overall, the Town's actual revenues exceeded final budgeted amounts by \$480,037.

**Expenditures:** Overall expenditures exceeded the budgeted amount by \$227,065 in fiscal year 2013. The Police Department exceeded its budget by \$213,800 primarily due to unexpected necessary renovations to the police facility due to water damage that was mostly offset by insurance proceeds. The Planning and Zoning Department exceeded its budget by \$92,518 primarily related to engineering expenditures that were offset by increased developer's fees. The Recreation Department ended fiscal year 2013 \$67,789 under budget primarily due to savings related to personnel, utilities, and property maintenance.

**TOWN OF TROPHY CLUB, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2013**

**Capital Assets**

**Capital Assets:** The Town's investment in capital assets for its governmental and business-type activities as of September 30, 2013, amounts to \$63,635,675 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements other than buildings, utility system, machinery and equipment, and construction in progress. The total increase in the Town's investment in capital assets for the current year was 4.0%.

Major capital asset events during the current fiscal year included the following:

- Town completed construction of the Roundabout
- Town completed Independence Park improvements
- Town completed two Bocce Ball courts at Harmony Park
- Town purchased and installed outdoor warning sirens at the dog park
- Town purchased new vehicles
- Town purchased new lawnmowers and a Kawasaki mule for Parks
- Town purchased in-car video equipment for Police
- Town redesigned the Town website, increasing its functionality
- Town purchased CPR and lifesaving training equipment for EMS

**Table 3  
Capital Assets at Year-End**

	Governmental Activities		Business Type Activities		Total	
	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012
Land	\$ 9,099,889	\$ 3,500,349	\$ -	\$ -	\$ 9,099,889	\$ 3,500,349
Construction in progress	140,523	22,012,233	96,304	-	236,827	22,012,233
Buildings	1,359,569	1,410,199	-	-	1,359,569	1,410,199
Improvements other than buildings	36,795,038	24,486,478	-	-	36,795,038	24,486,478
Machinery and equipment	746,486	797,624	-	-	746,486	797,624
Vehicles	350,025	332,107	-	-	350,025	332,107
Water system	4,849,140	2,005,053	-	-	4,849,140	2,005,053
Infrastructure	10,198,701	6,631,833	-	-	10,198,701	6,631,833
<b>Total</b>	<b>\$ 63,539,371</b>	<b>\$ 61,175,876</b>	<b>\$ 96,304</b>	<b>\$ -</b>	<b>\$ 63,635,675</b>	<b>\$ 61,175,876</b>

Additional information on the Town's capital assets can be found in Note 4 on pages 42-43 of this report.

**Debt Administration**

At the end of the current fiscal year, the Town of Trophy Club had total debt outstanding of \$12,971,026. Of this amount, \$9,400,000 comprises bonded debt backed by the full faith and credit of the Town and \$3,365,000 represents contractual obligations.

The Town maintains fair ratings from bond rating agencies as follows.

Bond Ratings:

	Standard & Poor's	Moody's
General obligation bonds	AA	Aa3
Contractual obligations	AA	Aa3

**TOWN OF TROPHY CLUB, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2013**

The Town's General obligation, contractual obligations, compensated absence obligations, and OPEB obligations are as follows.

**Table 4  
Outstanding Debt at Year-End**

	Governmental Activities		Business Type Activities		Total	
	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012
General obligation bonds	\$9,400,000	\$11,425,000	\$ -	\$ -	\$9,400,000	\$11,425,000
Contractual obligations	1,665,000	634,000	1,700,000	-	3,365,000	634,000
Issuance premium	97,495	80,149	43,456	-	140,951	80,149
Deferred loss on refunding	(50,250)	(67,001)	-	-	(50,250)	(67,001)
OPEB Liability	41,995	32,099	-	-	41,995	32,099
Compensated absences	73,330	61,140	-	-	73,330	61,140
Totals	<u>\$11,227,570</u>	<u>\$12,165,387</u>	<u>\$ 1,743,456</u>	<u>\$ -</u>	<u>\$12,971,026</u>	<u>\$12,165,387</u>

Additional information on the Town's long-term debt can be found in the Note 6 on pages 44-46 of this report.

**Economic Factors and Next Year's Budgets and Rates**

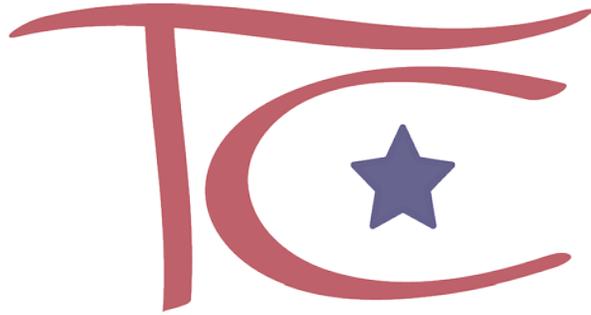
The Town continues to experience high residential growth as well as limited commercial and retail development. The Town issued 268 residential construction permits in FY 2013, a decrease of 70 from the previous year. The permits are averaging approximately \$490,000. The Town budgeted for 265 residential building permits for FY14. Residential development is expected to decrease significantly beginning in FY 2015 as the Town approaches substantial build out.

In addition to the strong residential growth, the Town is experiencing strong commercial development as well. The Town opened a new hotel in March 2013, with two more set to begin construction in FY 14. The Town anticipates three more office developments during 2014. Finally, the Town Council rezoned a 26 acre tract to a Mixed-Use Planned Development in January 2012. Town staff continues to work with the property owner to develop that tract that will add an estimated \$150 million to the commercial tax base.

In fiscal year 2013, General Fund revenues are budgeted to increase 4.4% over FY 2013 estimated revenues while expenditures are budgeted to increase by 5.9% over FY 2013 estimated expenditures. An increase of approximately 16.14% in the assessed valuation of taxable property was realized for fiscal year 2014. The fiscal year 2014 budget decreased the ad valorem tax rate to \$0.4993 per hundred dollars of assessed value, down from \$0.518543 in fiscal year 2013.

**Requests for Information**

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 Finance Director, 100 Municipal Drive, Trophy Club, Texas, 76262. This information can also be accessed on the Town of Trophy Club's website at [www.trophyclub.org](http://www.trophyclub.org).



TOWN OF  
TROPHY CLUB

## **BASIC FINANCIAL STATEMENTS**



**TOWN OF TROPHY CLUB, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2013**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 7,187,062	\$ 207,937	\$ 7,394,999	\$ 302,772
Receivables:				
Sales taxes	143,562	-	143,562	46,015
Ad valorem taxes	45,291	-	45,291	-
Franchise fees	97,547	-	97,547	-
Accounts, net	209,612	30,644	240,256	-
Other	2,616	-	2,616	-
Due from other governments	71,248	9,568	80,816	38,797
Internal balances	(1,658,733)	1,658,733	-	-
Prepaid items	796	6,198	6,994	-
Unamortized debt issue cost	160,873	37,764	198,637	-
Capital assets:				
Land	9,099,889	-	9,099,889	-
Construction in progress	140,523	96,304	236,827	-
Buildings	1,993,440	-	1,993,440	-
Improvements other than buildings	51,667,087	-	51,667,087	-
Machinery and equipment	1,669,037	-	1,669,037	-
Vehicles	962,566	-	962,566	-
Water system	5,252,201	-	5,252,201	-
Infrastructure	13,880,230	-	13,880,230	-
Accumulated depreciation	(21,125,602)	-	(21,125,602)	-
<b>TOTAL ASSETS</b>	<b>\$ 69,799,245</b>	<b>\$ 2,047,148</b>	<b>\$ 71,846,393</b>	<b>\$ 387,584</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 432,998	\$ 12,712	\$ 445,710	\$ 20,984
Accrued liabilities	215,460	80	215,540	-
Interest payable	33,621	7,460	41,081	-
Unearned revenue, franchise fees	212,910	-	212,910	-
Due to other governments	38,797	-	38,797	-
Noncurrent liabilities:				
Debt due within one year	1,008,086	144,419	1,152,505	-
Debt due in more than one year	10,219,484	1,599,037	11,818,521	-
<b>TOTAL LIABILITIES</b>	<b>12,161,356</b>	<b>1,763,708</b>	<b>13,925,064</b>	<b>20,984</b>
<b>NET POSITION</b>				
Net investment in capital assets	54,425,735	52,848	54,478,583	-
Restricted for debt service	95,507	-	95,507	-
Restricted for crime control and prevention	23,007	-	23,007	-
Restricted for tourism	87,225	-	87,225	-
Restricted for street maintenance	46,700	-	46,700	-
Restricted for anniversary events	2,114	-	2,114	-
Restricted for court	60,927	-	60,927	-
Unrestricted	2,896,674	230,592	3,127,266	366,600
<b>TOTAL NET POSITION</b>	<b>\$ 57,637,889</b>	<b>\$ 283,440</b>	<b>\$ 57,921,329</b>	<b>\$ 366,600</b>

The Notes to Basic Financial Statements are an integral part of this statement.

**TOWN OF TROPHY CLUB, TEXAS  
STATEMENT OF ACTIVITIES  
YEAR ENDING SEPTEMBER 30, 2013**

<b>Program Activities</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
Governmental activities:				
General government	\$ 51,412	\$ 215,646	\$ 41,116	\$ -
Storm drainage	227,067	-	-	744,236
Emergency medical services	783,795	133,663	-	-
Manager's office	762,013	-	-	-
Human resources	102,361	-	-	-
Finance	372,496	-	-	-
Information systems	367,838	-	-	-
Legal	171,157	-	-	-
Police	2,046,422	-	129,384	-
Court	68,520	205,905	-	-
Recreation	543,672	237,991	52,239	-
Facilities management	75,344	-	-	-
Parks	1,493,918	-	-	-
Community development	341,566	949,195	-	-
Planning and zoning	258,306	19,090	-	-
Water and sewer	261,106	-	-	1,694,038
Streets	2,234,140	-	-	2,354,858
Interest on long-term debt	489,337	-	729,909	-
<b>Total governmental activities</b>	<b>10,650,470</b>	<b>1,761,490</b>	<b>952,648</b>	<b>4,793,132</b>
Business-type activities:				
Trophy Club Park	98,718	130,663	-	-
Town Storm Drainage	121,269	375,542	-	-
<b>Total business-type activities</b>	<b>219,987</b>	<b>506,205</b>	<b>-</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 10,870,457</b>	<b>\$ 2,267,695</b>	<b>\$ 952,648</b>	<b>\$ 4,793,132</b>
Component units:				
4A Economic Development Corporation	\$ 496,375	\$ -	\$ -	\$ -
4B Economic Development Corporation	441,001	-	-	-
<b>Total component units</b>	<b>\$ 937,376</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
General Revenues and transfers:				
Taxes:				
Ad valorem				
Sales and mixed beverage				
Franchise taxes				
Occupancy taxes				
Investment income				
Miscellaneous revenues				
Transfers				
<b>Total general revenues and transfers</b>				
Change in net position				
Net Position - beginning of year, as restated				
Net Position - end of year				

The Notes to Basic Financial Statements are an integral part of this statement.

<b>Net (Expenses) Revenues and Changes in Net Position</b>			
<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Units</b>
\$ 205,350	\$ -	\$ 205,350	\$ -
517,169	-	517,169	-
(650,132)	-	(650,132)	-
(762,013)	-	(762,013)	-
(102,361)	-	(102,361)	-
(372,496)	-	(372,496)	-
(367,838)	-	(367,838)	-
(171,157)	-	(171,157)	-
(1,917,038)	-	(1,917,038)	-
137,385	-	137,385	-
(253,442)	-	(253,442)	-
(75,344)	-	(75,344)	-
(1,493,918)	-	(1,493,918)	-
607,629	-	607,629	-
(239,216)	-	(239,216)	-
1,432,932	-	1,432,932	-
120,718	-	120,718	-
240,572	-	240,572	-
<u>(3,143,200)</u>	<u>-</u>	<u>(3,143,200)</u>	<u>-</u>
-	31,945	31,945	-
-	254,273	254,273	-
-	286,218	286,218	-
<u>(3,143,200)</u>	<u>286,218</u>	<u>(2,856,982)</u>	<u>-</u>
-	-	-	(496,375)
-	-	-	(441,001)
-	-	-	(937,376)
5,334,140	-	5,334,140	-
781,054	-	781,054	421,470
720,168	-	720,168	-
108,170	-	108,170	-
7,193	-	7,193	-
379,896	-	379,896	-
49,644	(49,644)	-	-
<u>7,380,265</u>	<u>(49,644)</u>	<u>7,330,621</u>	<u>421,470</u>
4,237,065	236,574	4,473,639	( 515,906)
53,400,824	46,866	53,447,690	882,506
<u>\$ 57,637,889</u>	<u>\$ 283,440</u>	<u>\$ 57,921,329</u>	<u>\$ 366,600</u>

**TOWN OF TROPHY CLUB, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2013**

	<u>General</u>	<u>Debt Service</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,047,434	\$ 158,519
Receivables		
Sales taxes	97,548	-
Ad valorem taxes	35,885	9,406
Franchise fees	97,547	-
Accounts, net	188,187	-
Miscellaneous	-	-
Due from other governments	71,248	-
Due from other funds	97,170	-
Prepays	796	-
<b>Total assets</b>	<u><u>\$ 3,635,815</u></u>	<u><u>\$ 167,925</u></u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>		
Liabilities		
Accounts payable	\$ 415,252	\$ -
Accrued liabilities	212,160	-
Due to other governments	-	38,797
Due to other funds	-	-
Deferred revenue	381,139	9,406
<b>Total liabilities</b>	<u><u>1,008,551</u></u>	<u><u>48,203</u></u>
Fund balances (deficits)		
Nonspendable for:		
Prepays	796	-
Restricted for:		
Debt service	-	119,722
Capital projects	-	-
Tourism	-	-
Street maintenance	-	-
Crime Control and Prevention	-	-
Town 25th anniversary	-	-
Court	-	-
Assigned for:		
Capital expenditures	228,138	-
Unassigned	2,398,330	-
<b>Total fund balances (deficits)</b>	<u><u>2,627,264</u></u>	<u><u>119,722</u></u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u><u>\$ 3,635,815</u></u>	<u><u>\$ 167,925</u></u>

The Notes to Basic Financial Statements are an integral part of this statement.

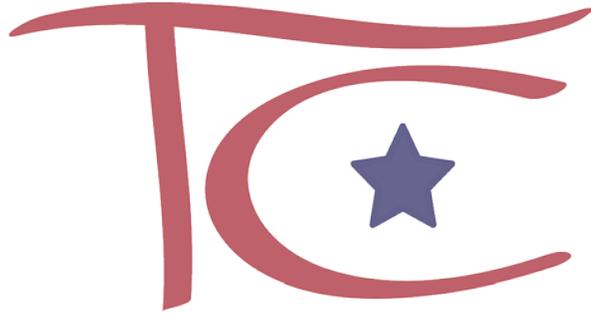
<u>Capital Projects</u>	<u>Grant Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 3,785,809	\$ 41,364	\$ 153,936	\$ 7,187,062
-	-	46,014	143,562
-	-	-	45,291
-	-	-	97,547
-	-	21,425	209,612
-	2,616	-	2,616
-	-	-	71,248
-	-	-	97,170
-	-	-	796
<u>\$ 3,785,809</u>	<u>\$ 43,980</u>	<u>\$ 221,375</u>	<u>\$ 7,854,904</u>
\$ 16,750	\$ 597	\$ 399	\$ 432,998
3,300	-	-	215,460
-	-	-	38,797
1,700,000	54,900	1,003	1,755,903
-	-	-	390,545
<u>1,720,050</u>	<u>55,497</u>	<u>1,402</u>	<u>2,833,703</u>
-	-	-	796
-	-	-	119,722
2,065,759	-	-	2,065,759
-	-	87,225	87,225
-	-	46,700	46,700
-	-	23,007	23,007
-	-	2,114	2,114
-	-	60,927	60,927
-	-	-	228,138
-	(11,517)	-	2,386,813
<u>2,065,759</u>	<u>(11,517)</u>	<u>219,973</u>	<u>5,021,201</u>
<u>\$ 3,785,809</u>	<u>\$ 43,980</u>	<u>\$ 221,375</u>	<u>\$ 7,854,904</u>

**TOWN OF TROPHY CLUB, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2013**

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Total fund balances - governmental funds	\$ 5,021,201
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	63,539,371
Costs associated with the issuance of governmental long-term debt are expensed when incurred in the fund financial statements and capitalized and amortized over the life of the debt in the government-wide financial statements.	160,873
Interest payable on long-term debt does not require current financial resources; therefore, interest payable is not reported as a liability in the governmental funds balance sheet.	(33,621)
Revenues earned but not available within sixty days of year-end are not recognized as revenue in the fund financial statements.	177,635
Compensated absences are not due and payable in the current period and, therefore, are not reported in the fund financial statements.	(73,330)
OPEB liability has not been included in the governmental fund financial statements, as this liability does not require current financial resources.	(41,995)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund financial statements. This amount is the net effect of:	
o General obligation bonds	(9,400,000)
o Contractual obligations	(1,665,000)
o Issuance premium	(97,495)
o Deferred loss on refunding	50,250
	<u>(11,112,245)</u>
Net position of governmental activities	<u>\$ 57,637,889</u>

The Notes to Basic Financial Statements are an integral part of this statement.



TOWN OF  
TROPHY CLUB

**TOWN OF TROPHY CLUB, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2013**

	<u>General</u>	<u>Debt Service</u>
<b>Revenues:</b>		
Ad valorem taxes	\$ 4,149,900	\$ 1,180,878
Sales and mixed beverage taxes	609,888	-
Franchise taxes	718,952	-
Occupancy taxes	-	-
Licenses and permits	968,285	-
Intergovernmental	158,987	729,909
Charges for services	592,146	-
Fines	160,614	-
Investment income	4,921	832
Miscellaneous	336,497	-
Grant revenue	75,599	-
Contributions	-	-
<b>Total revenues</b>	<u>7,775,789</u>	<u>1,911,619</u>
<b>Expenditures:</b>		
Current:		
General government	-	-
Emergency medical services	768,367	-
Manager's office	707,166	-
Human resources	102,771	-
Finance	372,816	-
Information systems	342,319	-
Legal	171,157	-
Police	2,068,309	-
Court	68,731	-
Parks	947,734	-
Recreation	543,762	-
Facilities management	75,344	-
Community development	319,168	-
Planning and zoning	257,138	-
Streets	766,411	-
Capital outlay	-	-
Debt service:		
Principal retirement	-	2,294,000
Interest and fiscal charges	-	456,417
Bond issuance costs	-	-
<b>Total expenditures</b>	<u>7,511,193</u>	<u>2,750,417</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>264,596</u>	<u>(838,798)</u>
<b>Other financing sources (uses):</b>		
Transfers in	12,300	864,253
Transfers out	(780,734)	-
Issuance of long-term debt	-	-
Premium on issuance of long-term debt	-	-
<b>Total other financing sources (uses)</b>	<u>(768,434)</u>	<u>864,253</u>
<b>Net change in fund balances</b>	<u>(503,838)</u>	<u>25,455</u>
<b>Fund Balances (Deficit) - beginning of year, as restated</b>	<u>3,131,102</u>	<u>94,267</u>
<b>Fund Balances (Deficit) - end of year</b>	<u>\$ 2,627,264</u>	<u>\$ 119,722</u>

The Notes to Basic Financial Statements are an integral part of this statement.

<b>Capital Projects</b>	<b>Grant Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ -	\$ 5,330,778
-	-	171,166	781,054
-	-	-	718,952
-	-	108,170	108,170
-	-	-	968,285
-	-	-	888,896
-	-	-	592,146
-	-	10,965	171,579
1,429	-	11	7,193
30,000	22,397	-	388,894
28,758	386,493	-	490,850
1,472	-	-	1,472
<u>61,659</u>	<u>408,890</u>	<u>290,312</u>	<u>10,448,269</u>
-	-	22,277	22,277
-	516	-	768,883
51,089	-	-	758,255
-	-	-	102,771
-	-	-	372,816
-	-	-	342,319
-	-	-	171,157
-	-	-	2,068,309
-	-	-	68,731
-	-	-	947,734
-	-	-	543,762
-	-	-	75,344
-	-	-	319,168
-	-	-	257,138
-	162,541	139,010	1,067,962
237,936	-	-	237,936
-	-	-	2,294,000
-	-	-	456,417
<u>29,367</u>	<u>-</u>	<u>-</u>	<u>29,367</u>
<u>318,392</u>	<u>163,057</u>	<u>161,287</u>	<u>10,904,346</u>
<u>(256,733)</u>	<u>245,833</u>	<u>129,025</u>	<u>(456,077)</u>
-	-	-	876,553
(7,727)	-	(38,448)	(826,909)
1,300,000	-	-	1,300,000
<u>33,794</u>	<u>-</u>	<u>-</u>	<u>33,794</u>
<u>1,326,067</u>	<u>-</u>	<u>(38,448)</u>	<u>1,383,438</u>
1,069,334	245,833	90,577	927,361
<u>996,425</u>	<u>(257,350)</u>	<u>129,396</u>	<u>4,093,840</u>
<u>\$ 2,065,759</u>	<u>\$ (11,517)</u>	<u>\$ 219,973</u>	<u>\$ 5,021,201</u>

**TOWN OF TROPHY CLUB, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2013**

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Net change in fund balances - total governmental funds	\$ 927,361
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period.	605,390
Depreciation expense on capital assets reported in the statement of activities does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.	(2,619,875)
The issuance of long-term debt (i.e. bonds) provides current financial resources to governmental funds, while the repayment of principal consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of the following:	
o Bond proceeds - (\$1,300,000)	
o Payment of principal on bonds and capital leases - \$2,294,000	994,000
Losses as a result of refunding debt are not recorded in the governmental funds. The effect of recording current year's amortization of the loss is to decrease net position.	(16,751)
Changes in the other post employment benefit assets and liabilities are not reported at the fund level; however they are reported at the government-wide level.	(9,896)
Costs associated with the issuance of governmental long-term debt are expensed when incurred in the fund financial statements and capitalized and amortized over the life of the debt in the government-wide financial statements. This amount is the net effect of current year issuance costs (\$29,367) less current year amortization (\$36,260).	(6,893)
Premiums and discounts are recognized as other financing sources or uses in the fund financial statements, but they are amortized over the term of the bonds in the government-wide financial statements. This amount is the net effect of current year premium's (\$33,794) less current year amortization (\$16,448).	(17,346)
Current year changes in the long-term liability for compensated absences do not require the use of current financial resources; and, therefore, are not reported as expenditures in the governmental funds.	(12,190)
Governmental funds do not recognize assets contributed by developers. However, in the statement of activities, the fair market value of those assets is recognized as revenue, then allocated over their estimated useful lives and reported as depreciation expense.	4,377,980
Current year changes in accrued interest payable do not require the use of current financial resources; and, therefore, are not reported as expenditures in governmental funds.	3,643
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.	11,642
Change in net position of governmental activities	<u>\$ 4,237,065</u>

The Notes to Basic Financial Statements are an integral part of this statement.

**TOWN OF TROPHY CLUB, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2013**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Trophy Club Park</b>	<b>Town Storm Drainage</b>	<b>Total</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 31,521	\$ 176,416	\$ 207,937
Accounts receivable	-	30,644	30,644
Due from other funds	-	1,700,000	1,700,000
Due from other governments	-	9,568	9,568
Prepays	6,196	2	6,198
<b>Total current assets</b>	<b>37,717</b>	<b>1,916,630</b>	<b>1,954,347</b>
<b>NONCURRENT ASSETS:</b>			
Unamortized debt issue cost	-	37,764	37,764
Capital assets			
Construction in Progress	-	96,304	96,304
<b>Total noncurrent assets</b>	<b>-</b>	<b>134,068</b>	<b>134,068</b>
<b>TOTAL ASSETS</b>	<b>\$ 37,717</b>	<b>\$ 2,050,698</b>	<b>\$ 2,088,415</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable	\$ 4,418	\$ 8,294	\$ 12,712
Accrued liabilities	80	-	80
Accrued interest	-	7,460	7,460
Due to other funds	39,689	1,578	41,267
Current portion of long-term debt	-	144,419	144,419
<b>Total current liabilities</b>	<b>44,187</b>	<b>161,751</b>	<b>205,938</b>
<b>NONCURRENT LIABILITIES:</b>			
Noncurrent portion of long-term debt	-	1,599,037	1,599,037
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>1,599,037</b>	<b>1,599,037</b>
<b>TOTAL LIABILITIES</b>	<b>44,187</b>	<b>1,760,788</b>	<b>1,804,975</b>
<b>NET POSITION</b>			
Net investment in capital assets	-	52,848	52,848
Unrestricted	(6,470)	237,062	230,592
<b>TOTAL NET POSITION</b>	<b>(6,470)</b>	<b>289,910</b>	<b>283,440</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 37,717</b>	<b>\$ 2,050,698</b>	<b>\$ 2,088,415</b>

The Notes to Basic Financial Statements are an integral part of this statement.

**TOWN OF TROPHY CLUB, TEXAS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED SEPTEMBER 30, 2013**

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Trophy Club Park</u>	<u>Town Storm Drainage</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
<b>Charges for service:</b>			
Park fees	\$ 130,663	\$ -	\$ 130,663
Storm drainage fees	-	375,542	375,542
<b>Total operating revenue</b>	<u>130,663</u>	<u>375,542</u>	<u>506,205</u>
<b>OPERATING EXPENSES</b>			
Salaries and benefits	48,917	34,156	83,073
Supplies and materials	12,376	8,755	21,131
Repairs and maintenance	6,594	23,278	29,872
Utilities	7,847	-	7,847
Other operating expenses	22,984	52,031	75,015
<b>Total operating expenses</b>	<u>98,718</u>	<u>118,220</u>	<u>216,938</u>
Operating income	<u>31,945</u>	<u>257,322</u>	<u>289,267</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest expense	-	(3,049)	(3,049)
<b>Total nonoperating revenues (expenses)</b>	<u>-</u>	<u>(3,049)</u>	<u>(3,049)</u>
Income before transfers	<u>31,945</u>	<u>254,273</u>	<u>286,218</u>
<b>TRANSFERS</b>			
Transfers out	<u>(12,300)</u>	<u>(37,344)</u>	<u>(49,644)</u>
Change in net position	19,645	216,929	236,574
<b>NET POSITION, beginning of year</b>	<u>(26,115)</u>	<u>72,981</u>	<u>46,866</u>
<b>NET POSITION, end of year</b>	<u>\$ (6,470)</u>	<u>\$ 289,910</u>	<u>\$ 283,440</u>

The Notes to Basic Financial Statements are an integral part of this statement.

**TOWN OF TROPHY CLUB, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED SEPTEMBER 30, 2013**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Trophy Club Park</b>	<b>Town Storm Drainage</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 130,663	\$ 375,007	\$ 505,670
Cash paid to employees	(48,917)	(34,156)	(83,073)
Cash paid to suppliers	(62,180)	(79,097)	(141,277)
<b>Net cash provided by operating activities</b>	<b>19,566</b>	<b>261,754</b>	<b>281,320</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Repayments of amounts due from other funds	(293)	(1,689,338)	(1,689,631)
Transfers to other funds	(12,300)	(37,344)	(49,644)
<b>Net cash used in noncapital financing activities</b>	<b>(12,593)</b>	<b>(1,726,682)</b>	<b>(1,739,275)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Proceeds from issuance of long-term debt	-	1,700,000	1,700,000
Bond Issuance Costs	-	(37,764)	(37,764)
Premium on issuance of long-term debt	-	43,456	43,456
Capital expenditures	-	(96,304)	(96,304)
Interest paid on debt	-	4,411	4,411
<b>Net cash provided by capital and related financing activities</b>	<b>-</b>	<b>1,613,799</b>	<b>1,613,799</b>
<b>Net increase in cash</b>	<b>6,973</b>	<b>148,871</b>	<b>155,844</b>
Cash and cash equivalents, beginning of year	24,548	27,545	52,093
Cash and cash equivalents, end of year	<u>\$ 31,521</u>	<u>\$ 176,416</u>	<u>\$ 207,937</u>

	<b>Business-type Activities -Enterprise Funds</b>		
	<b>Trophy Club Park</b>	<b>Town Storm Drainage</b>	<b>Total</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating income	\$ 31,945	\$ 257,322	\$ 289,267
Adjustments to reconcile operating income to cash provided by operating activities:			
Increase in accounts receivable	-	(535)	(535)
Increase in prepaid expenses	(4,449)	-	(4,449)
Increase in accounts payable	(7,930)	4,967	(2,963)
<b>Net cash provided by operating activities</b>	<b>\$ 19,566</b>	<b>\$ 261,754</b>	<b>\$ 281,320</b>

The Notes to Basic Financial Statements are an integral part of this statement.

**TOWN OF TROPHY CLUB, TEXAS  
STATEMENT OF FIDUCIARY NET POSITION  
AGENCY FUND  
SEPTEMBER 30, 2013**

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	<u>Agency Fund</u>
	<u>PID No. 1</u>
	<u>Debt Service</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 4,298,547
<b>Total assets</b>	<u>4,298,547</u>
<b>LIABILITIES</b>	
Due to debt holders	<u>4,298,547</u>
<b>Total liabilities</b>	<u>\$ 4,298,547</u>

The Notes to Basic Financial Statements are an integral part of this statement.

**TOWN OF TROPHY CLUB, TEXAS  
 COMBINING STATEMENT OF NET POSITION  
 DISCRETELY PRESENTED COMPONENT UNITS  
 SEPTEMBER 30, 2013**

	<b>4A Economic Development Corporation</b>	<b>4B Economic Development Corporation</b>	<b>Totals September 30, 2013</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 143,473	\$ 159,299	\$ 302,772
Receivables, net:			
Sales taxes	-	46,015	46,015
Due from other governments	34,423	4,374	38,797
<b>TOTAL ASSETS</b>	<b>\$ 177,896</b>	<b>\$ 209,688</b>	<b>\$ 387,584</b>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 20,984	\$ 20,984
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>20,984</b>	<b>20,984</b>
<b>NET POSITION</b>			
Unrestricted	177,896	188,704	366,600
<b>TOTAL NET POSITION</b>	<b>\$ 177,896</b>	<b>\$ 188,704</b>	<b>\$ 366,600</b>

The Notes to Basic Financial Statements are an integral part of this statement.

**TOWN OF TROPHY CLUB, TEXAS  
COMBINING STATEMENT OF ACTIVITIES  
DISCRETELY PRESENTED COMPONENT UNITS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	<u>Expenses</u>	<u>Net (Expenses) Revenues and Changes in Net Position</u>		
		<u>4A Economic Development Corporation</u>	<u>4B Economic Development Corporation</u>	<u>Total</u>
4A Economic Development Corporation				
General government	\$ 496,375	\$ (496,375)	\$ -	\$ (496,375)
4B Economic Development Corporation				
General government	441,001	-	(441,001)	(441,001)
<b>Total component units</b>	<u>\$ 937,376</u>	<u>(496,375)</u>	<u>(441,001)</u>	<u>(937,376)</u>
General Revenues:				
Sales taxes		174,473	246,997	421,470
<b>Total general revenues</b>		<u>174,473</u>	<u>246,997</u>	<u>421,470</u>
Change in net position		(321,902)	(194,004)	(515,906)
Net Position - beginning of year		499,798	382,708	882,506
Net Position - end of year		<u>\$ 177,896</u>	<u>\$ 188,704</u>	<u>\$ 366,600</u>

The Notes to Basic Financial Statements are an integral part of this statement.

## **TOWN OF TROPHY CLUB, TEXAS NOTES TO BASIC FINANCIAL STATEMENTS**

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

#### **A. General Statement**

The Town of Trophy Club (the "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: council, public safety (police and emergency medical services), parks, public works (public improvements, streets, planning and zoning), and general administrative services.

The accounting and reporting policies of the Town relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB). The more significant accounting policies of the Town are described below.

#### **B. 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. Discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the government.

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

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

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

**TOWN OF TROPHY CLUB, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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

**B. Financial Reporting Entity – Continued**

Some organizations are included as component units because of their fiscal dependency on the primary government. An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval by the primary government.

The following entities were found to be discretely presented component units of the Town and are included in the financial statements:

**Discretely Presented Component Units**

The 4A Economic Development Corporation (4A) 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 4A and affect the day-to-day operations of the 4A by removing appointed board members at will. The scope of public service of 4A benefits the Town and its citizens and is operated primarily within the geographic boundaries of the Town. In May 2013, voters approved to dissolve the 4A and replace it with a Crime Control Prevention District (CCPD).

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 primarily within the geographic boundaries of the Town.

Separate financial statements for the individual component units are not prepared.

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

**Government-Wide Financial Statements**

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Town. As a general rule, the effect of interfund activity has been removed from these statements. However, interfund services provided and used are not eliminated in the consolidation process.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

**TOWN OF TROPHY CLUB, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

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

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

**Fund Financial Statements**

The Town segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental, proprietary and fiduciary activities. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. A separate financial statement is provided for the agency fund even though it is excluded from the government-wide statements.

**1. Governmental Funds:**

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

The Town has presented 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.

**Grant Fund**

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

In addition, the Town reports the following non-major governmental funds:

**Hotel/Motel Fund**

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

**TOWN OF TROPHY CLUB, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

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

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

**Fund Financial Statements – Continued**

**Street Maintenance Sales Tax Fund**

Accounts for sales taxes specifically restricted for street improvements.

**25<sup>th</sup> Anniversary Fund**

Accounts for contributions restricted for the Town's 25<sup>th</sup> anniversary celebration.

**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.

**Crime Control and Prevention District**

Accounts for sales taxes specifically restricted for crime control and prevention.

**2. Proprietary Funds:**

Proprietary Funds are accounted for using an economic resources measurement focus. The accounting objectives are a determination of net income, financial position, and changes in cash flows. All assets and liabilities associated with a proprietary fund's activities are included on its statement of net position.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 Trophy Club Park enterprise fund and the Town Storm Drainage enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and service, administrative expenses, and repairs and maintenance. All revenues and expenses not meeting the above definitions are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

The Town has presented the following major Proprietary funds:

**Trophy Club Park Fund**

This fund is utilized to account for funds received and expended for the maintenance of park land.

**Town Storm Drainage Fund**

Accounts for the storm drainage utility fee designated for the maintenance of the Town's storm drainage system.

**TOWN OF TROPHY CLUB, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

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

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

**3. Fiduciary Funds:**

The Town reports the following fiduciary fund:

**Public Improvement District (PID) No. 1 Debt Service Agency Fund**

This fund accounts for bond proceeds, assessments and related debt associated with the issuance of bonds issued by the Town as an agent for the Public Improvement District.

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

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The government-wide and proprietary fund financial statements follow the accounting set forth by the Government Accounting Standards Board.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. The fiduciary fund financial statements are reported using the accrual basis of accounting, but have no measurement focus. 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

**E. Cash 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, these investments are considered to be cash equivalents.

**TOWN OF TROPHY CLUB, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

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

**E. Cash and Investments – Continued**

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.

**F. Prepaid Items**

Prepaid items represent costs such as postage deferred to subsequent periods.

**G. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the governmental and business-type activities columns in the government-wide financial statements as well as in the proprietary fund financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Assets capitalized, not including infrastructure assets, have an original cost of \$5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	30 Years
Improvements other than buildings	10-30 Years
Improvements other than buildings (streets)	30 Years
Machinery and equipment	7-15 Years
Vehicles	6 Years
Water system	25 Years
Infrastructure (storm drainage system)	40 Years

**H. 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.

**TOWN OF TROPHY CLUB, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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

**I. 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 or business-type activities statement of net position. Bond premiums and discounts, as well as issuance costs and any deferred loss on the refunding of bonds are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums and discounts received on debt issuances are reported as other financing sources or uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**J. Fund Equity**

The Town has adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing government fund type definitions. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe the constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications under GASB 54 are Nonspendable, Restricted, Committed, Assigned, and Unassigned.

Nonspendable fund balance represents fund balance that is (a) not in a spendable form such as prepaid items or (b) legally or contractually required to be maintained intact such as an endowment.

Restricted fund balance consists of amounts that can be spent only on the specific purposes stipulated by law or by the external providers of those resources.

Committed fund balances are self-imposed limitations set in place prior to the end of the fiscal period. These amounts can be used only for the specific purposes determined and approved by formal action of the Town Council, which is the highest level of decision-making authority for the Town. The same level of formal action is required to remove the constraint.

Assigned fund balance consists of amounts that are subject to a purpose constraint that represents an intended use established by the Town Council or by their designated body or the Finance Director. The intention of use must be provided, in writing, by the Town Council or their designated body to the Finance Director, or by the Finance Director to the Town Council or their designated body.

Unassigned fund balance represents the residual classification of fund balance and includes all spendable amounts not contained within the other classifications.

When multiple categories of fund balance are available for expenditure, the Town will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

**TOWN OF TROPHY CLUB, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

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

**J. Fund Equity - Continued**

Additionally, the implementation of GASB No. 54 required the Town to evaluate the classification of Special Revenue Funds. In accordance with GASB No. 54 Special Revenue Funds are used only to account for specific revenue sources that are externally restricted or committed by the government's highest level of decision making authority for specific purposes other than debt service or capital projects.

**K. Net Position**

In the government-wide financial statements, net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**NOTE 2. CASH AND INVESTMENTS**

At September 30, 2013, the carrying amount of the Town's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$5,595,339 and the bank balance was \$5,597,439. The Town's cash deposits at September 30, 2013 and during the year ended September 30, 2013 were entirely covered by FDIC insurance or by pledged collateral held by the Town's agent bank in the Town's name.

**Legal and contractual provisions governing deposits and investments**

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

**TOWN OF TROPHY CLUB, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

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

**Legal and contractual provisions governing deposits and investments – Continued**

Statutes and the Town's investment policy authorized the Town to invest in the following investments as summarized in the table below:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
U.S. Treasury Obligations	2 years	85%	NA
U.S. Agencies Securities	2 years	85%	NA
State of Texas Securities	2 years	85%	NA
Certificates of Deposits	2 years	85%	NA
Municipal Securities	2 years	85%	NA
Money Market	2 years	50%	NA
Mutual Funds	2 years	50%	NA
Investment pools	2 years	100%	NA

The Act also requires the Town to have independent auditors perform test procedures related to investment practices as provided by the Act. The Town is in substantial compliance with the requirements of the Act and with local policies.

Cash and investments as of September 30, 2013 are classified in the accompanying financial statements as follows:

Statement of Net Position

Primary Government:

Cash	\$ 966,940
Cash equivalents	6,428,059

Fiduciary Fund:

Cash	4,298,547
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Component Unit:

Cash equivalents	<u>302,772</u>
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Total cash and investments	<u><u>\$ 11,996,318</u></u>
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Cash and investments as of September 30, 2013 consist of the following:

Cash on hand	\$ 2,099
Deposits with financial institutions	5,595,339
Investments	<u>6,398,880</u>
Total cash and investments	<u><u>\$ 11,996,318</u></u>

**TOWN OF TROPHY CLUB, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

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

**Disclosures relating to interest rate risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Town manages its exposure to interest rate risk is by investing mainly in investment pools which purchase a combination of shorter term investments with an average maturity of less than 60 days, thus reducing the interest rate risk. The Town monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The Town has no specific limitations with respect to this metric.

As of September 30, 2013, the Town had the following investments:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity</u>
Texpool	<u>\$ 6,398,880</u>	60 days
Total Investments	<u><u>\$ 6,398,880</u></u>	

As of September 30, 2013, the Town did not invest in any securities which are highly sensitive to interest rate fluctuations.

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

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Rating as of Year End</u>
Texpool	<u>\$ 6,398,880</u>	N/A	AAAm
Total Investments	<u><u>\$ 6,398,880</u></u>		

**Concentration of credit risk**

The investment policy of the Town contains no limitations on the amount that can be invested in any one issuer. As of September 30, 2013, other than external investment pools, the Town did not have 5% or more of its investment with one issuer.

**Custodial credit risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

**TOWN OF TROPHY CLUB, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

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

**Custodial credit risk – Continued**

The Public Funds Investment Act and the Town’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less FDIC insurance at all times.

As of September 30, 2013, the Town deposits with financial institutions in excess of federal depository insurance limits were fully collateralized.

**Investment in state investment pools**

The Town is a voluntary participant in TexPool. The State Comptroller of Public Accounts exercises responsibility over TexPool. This oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool operates in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized costs rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

**NOTE 3. RECEIVABLES**

Year-end receivable balances for the government’s individual major funds and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Debt Service	Grant Fund	Nonmajor Governmental Funds	Town Storm Drainage
Governmental Funds					
Receivables					
Property taxes	\$ 35,885	\$ 9,406	\$ -	\$ -	\$ -
Franchise taxes	97,547	-	-	-	-
Sales Taxes	97,548	-	-	46,014	-
Accounts	986,271	-	-	21,425	30,644
Grants	27,812	-	-	-	-
Other	63,883	-	2,616	-	-
Gross receivables	1,308,946	9,406	2,616	67,439	30,644
Less: allowance	(889,779)	-	-	-	-
Net total receivables	<u>\$ 419,167</u>	<u>\$ 9,406</u>	<u>\$ 2,616</u>	<u>\$ 67,439</u>	<u>\$ 30,644</u>

The September 30, 2013 Due from Other Governments of governmental activities balance is comprised of \$29,710 due from the PID administrator for purchases made by the Town and \$41,538 due from Trophy Club Municipal Utility District No. 1 for permitting services rendered and Fire payroll reimbursements. The September 30, 2013 Due from Other Governments of business-type activities balance is comprised of amounts due from the Trophy Club Municipal District No. 1 for stormwater drainage services rendered while the balance of component units is comprised of amounts due from the Debt Service Fund.

**TOWN OF TROPHY CLUB, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 4. CAPITAL ASSETS**

The governmental activities' beginning capital assets were restated in 2013. The restatement adjusted water system, and infrastructure assets and the corresponding accumulated depreciation to include developer contributions conveyed to the Town. In addition, the restatement adjusted accumulated depreciation related to Public Improvement District #1 assets completed and accepted by the Town in prior periods. For more information about the restatement, refer to Note 15.

Capital asset activity for the year ended September 30, 2013, was as follows:

	Beginning Balance	Adjustments/ Reclassifications	Balance As Restated	Additions	Retirements/ Transfers	Ending Balance
<b>Governmental Activities:</b>						
Capital assets not depreciated:						
Land	\$ 3,500,349	\$ -	\$ 3,500,349	\$ -	\$ 5,599,540	\$ 9,099,889
Construction in progress	22,012,233	-	22,012,233	166,178	(22,037,888)	140,523
Total capital assets not depreciated	25,512,582	-	25,512,582	166,178	(16,438,348)	9,240,412
Capital assets being depreciated:						
Buildings	1,993,440	-	1,993,440	-	-	1,993,440
Improvements other than buildings	37,511,136	-	37,511,136	2,178,457	11,977,494	51,667,087
Machinery and equipment	1,591,089	-	1,591,089	115,045	(37,097)	1,669,037
Vehicles	1,149,442	-	1,149,442	85,416	(272,292)	962,566
Water system	1,874,028	381,940	2,255,968	721,667	2,274,566	5,252,201
Infrastructure	9,384,876	592,459	9,977,335	1,716,607	2,186,288	13,880,230
Total capital assets being depreciated	53,504,011	974,399	54,478,410	4,817,192	16,128,959	75,424,561
Less accumulated depreciation for:						
Buildings	(583,241)	-	(583,241)	(50,630)	-	(633,871)
Improvements other than buildings	(12,231,079)	(793,579)	(13,024,658)	(1,847,391)	-	(14,872,049)
Machinery and equipment	(793,465)	-	(793,465)	(129,071)	(15)	(922,551)
Vehicles	(817,335)	-	(817,335)	(104,610)	309,404	(612,541)
Water system	(117,389)	(133,526)	(250,915)	(152,146)	-	(403,061)
Infrastructure	(3,131,673)	(213,829)	(3,345,502)	(336,027)	-	(3,681,529)
Total accumulated depreciation	(17,674,182)	(1,140,934)	(18,815,116)	(2,619,875)	309,389	(21,125,602)
Total capital assets being depreciated, net	35,829,829	(166,535)	35,663,294	2,197,317	16,438,348	54,298,959
Governmental activities capital assets, net	\$ 61,342,411	\$ (166,535)	\$ 61,175,876	\$ 2,363,495	\$ -	\$ 63,539,371

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

General government	\$ 37,809
Emergency medical services	50,810
Information systems	23,720
Police	61,459
Parks and recreation	607,615
Community development	21,804
Streets and Drainage	1,555,552
Water and sewer	261,106
Total depreciation expense	\$ 2,619,875

**TOWN OF TROPHY CLUB, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 4. CAPITAL ASSETS – CONTINUED**

	Beginning Balance	Additions	Retirements/ Transfers	Ending Balance
<u>Business-Type Activities:</u>				
Capital assets not depreciated:				
Construction in progress	\$ -	\$ 96,304	\$ -	\$ 96,304
Total capital assets not depreciated	-	96,304	-	96,304
Business-type activities capital assets, net	<u>\$ -</u>	<u>\$ 96,304</u>	<u>\$ -</u>	<u>\$ 96,304</u>

**NOTE 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

A summary of interfund receivables and payables balances at September 30, 2013 is as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Grant Fund	\$ 54,900	Reimbursable expenditures moved to General Fund
General Fund	Trophy Club Park Fund	39,689	Transfers for administrative and public safety services
General Fund	Storm Drainage Fund	1,578	Reimbursable expenditures moved to General Fund
General Fund	Nonmajor Governmental Funds	1,003	Reimbursable expenditures moved to General Fund
Storm Drainage	Capital Projects	<u>1,700,000</u>	Storm Drainage Portion of 2013 CO Proceeds
	Total	<u>\$ 1,797,170</u>	

Transfers between funds during the year are as follows:

Transfer In	Transfer Out	Amount	Purpose
Debt Service	Nonmajor Governmental Funds	\$ 38,448	Debt service payments
Debt Service	Town Storm Drainage	37,344	Debt service payments & accrued interest on 2013 CO
General Fund	Trophy Club Park	12,300	Support services
Debt Service	Capital Projects	7,727	Accrued interest on 2013 CO
Debt Service	General Fund	<u>780,734</u>	Debt defeasance and payments
	Total	<u>\$ 876,553</u>	

**TOWN OF TROPHY CLUB, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 6. LONG-TERM DEBT**

The Town periodically issues general obligation bonds and contractual obligations to provide funds for general government purposes. The Town also periodically utilizes notes and capital leases to provide financing for general government purposes.

At September 30, 2013, the Town's long-term debt consisted of the following:

Governmental Activities:

Description	Interest Rate		Year of Issue	Final Maturity	Average Annual Payment	Original Amount	Balance 9/30/2013
General Obligation Bonds:							
Improvements	4.00-5.00 %		2007	2027	175,000	3,260,000	\$ 2,600,000
Improvements	3.00-4.13 %		2010	2030	250,000	5,000,000	4,550,000
Refunding	2.00-4.00 %		2010	2022	232,500	2,790,000	1,870,000
Tax notes	4.24 %		2012	2015	166,667	500,000	380,000
							<u>\$ 9,400,000</u>

Contractual Obligations:

Combination Tax and Revenue-Series 2004	3.50-4.75 %		2004	2024	45,620	650,000	\$ 365,000
Certificates of Obligation Series 2013	2.50-3.25 %		2013	2028	86,667	1,300,000	1,300,000
							<u>\$ 1,665,000</u>

Business-type Activities:

Description	Interest Rate		Year of Issue	Final Maturity	Average Annual Payment	Original Amount	Balance 9/30/2013
Contractual Obligations:							
Certificates of Obligation Series 2013	2.50-3.00 %		2013	2024	170,000	1,700,000	1,700,000
							<u>\$ 1,700,000</u>

During the year ended September 30, 2013, the Town issued \$3,000,000 Certificates of Obligation (CO), Series 2013. The 2013 CO includes \$1,300,000 for street reconstruction backed by the full faith and credit of the Town, and \$1,700,000 for drainage improvements serviced by drainage utility fund revenue. The obligations are payable over the next fifteen years.

**TOWN OF TROPHY CLUB, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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

The following is a summary of long-term debt transactions of the Town for the year ended September 30, 2013:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
General Obligation Bonds	\$ 11,425,000	\$ -	\$ (2,025,000)	\$ 9,400,000	\$ 965,000
Contractual Obligations	634,000	1,300,000	(269,000)	1,665,000	33,000
Issuance Premium	80,149	33,794	(16,448)	97,495	15,762
Deferred Loss on Refunding	(67,001)	-	16,751	(50,250)	(16,751)
OPEB Liability	32,099	9,896	-	41,995	-
Compensated Absences	61,140	251,559	(239,369)	73,330	11,075
<b>Total Governmental Activities</b>					
Long-term Liabilities	<u>\$ 12,165,387</u>	<u>\$ 1,595,249</u>	<u>\$ (2,533,066)</u>	<u>\$ 11,227,570</u>	<u>\$ 1,008,086</u>
<b>Business-type Activities:</b>					
Contractual Obligations	\$ -	\$ 1,700,000	\$ -	\$ 1,700,000	\$ 140,000
Issuance Premium	-	44,193	(737)	43,456	4,419
<b>Total Business-type Activities</b>					
Long-term Liabilities	<u>\$ -</u>	<u>\$ 1,744,193</u>	<u>\$ (737)</u>	<u>\$ 1,743,456</u>	<u>\$ 144,419</u>

The annual requirements to amortize long-term debt outstanding of governmental activities as of September 30, 2013, are as follows:

**General Obligation Bonds**

<b>Year Ending September 30,</b>	<b>Governmental Activities</b>		<b>Total Requirements</b>
	<b>Principal</b>	<b>Interest</b>	
2014	\$ 965,000	\$ 341,920	\$ 1,306,920
2015	610,000	316,697	926,697
2016	525,000	300,074	825,074
2017	545,000	283,699	828,699
2018	570,000	265,799	835,799
2019-2023	2,985,000	1,010,576	3,995,576
2024-2028	2,475,000	444,766	2,919,766
2029-2033	725,000	45,169	770,169
<b>Total</b>	<u>\$ 9,400,000</u>	<u>\$ 3,008,700</u>	<u>\$ 12,408,700</u>

**TOWN OF TROPHY CLUB, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

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

**Contractual Obligations**

<b>Year Ending eptember 30,</b>	<b>Governmental Activites</b>		<b>Total Requirements</b>
	<b>Principal</b>	<b>Interest</b>	
2014	\$ 33,000	\$ 57,025	\$ 90,025
2015	103,000	51,527	154,527
2016	103,000	48,226	151,226
2017	108,000	44,785	152,785
2018	113,000	41,259	154,259
2019-2023	605,000	150,145	755,145
2024-2028	600,000	49,115	649,115
Total	<u>\$ 1,665,000</u>	<u>\$ 442,083</u>	<u>\$ 2,107,083</u>

The annual requirements to amortize long-term debt outstanding of business-type activities as of September 30, 2013, are as follows:

**Contractual Obligations**

<b>Year Ending eptember 30,</b>	<b>Business-type Activities</b>		<b>Total Requirements</b>
	<b>Principal</b>	<b>Interest</b>	
2014	\$ 140,000	\$ 46,147	\$ 186,147
2015	140,000	38,962	178,962
2016	145,000	35,400	180,400
2017	145,000	31,775	176,775
2018	150,000	28,088	178,088
2019-2023	805,000	80,919	885,919
2024-2028	175,000	2,625	177,625
Total	<u>\$ 1,700,000</u>	<u>\$ 263,916</u>	<u>\$ 1,963,916</u>

The general fund has been used to liquidate compensated absences and capital lease liabilities.

**NOTE 7. PROPERTY TAX**

Property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all residential and commercial property located in the Town. Taxable assessed value represents the appraisal value less applicable exemptions authorized by the Town Council.

Taxes are due on October 1, the levy date, and are delinquent if unpaid by the following January 31; after which time the Town has an enforceable lien with respect to both real and personal property.

Under state law, property taxes levied on real property constitute a perpetual lien which cannot be forgiven without specific approval of the State Legislature. Penalties and interest are included for any payment received after January 31.

**TOWN OF TROPHY CLUB, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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**NOTE 7. PROPERTY TAX – CONTINUED**

Property taxes at the fund level are recorded as receivables and deferred 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 have been recognized as revenue. Property taxes are recorded net of the allowance for uncollectible taxes. Uncollectible personal property taxes can be written off upon expiration of the five year statute of limitations.

**NOTE 8. PENSION PLAN**

**Texas Municipal Retirement System**

**Plan Description**

The Town of Trophy Club provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and Town-financed monetary credits, with interest. At the date the plan began, the Town granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percentage (200%) of the employee's accumulated contributions.

In addition, the Town can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and the Town matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

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:

Deposit rate	7%
Matching ratio (Town to employee)	2-1
A member is vested after	5 years

Members can retire at certain ages, based on the years of service with the Town. The service retirement eligibilities for the Town are 5 years at 60 years of age, or 20 years at any age.

**TOWN OF TROPHY CLUB, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 8. PENSION PLAN – CONTINUED**

**Texas Municipal Retirement System – Continued**

**Contributions**

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member’s projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases. Both the employees and the Town make contributions monthly.

Since the Town needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect (i.e. December 31, 2012 valuation is effective for rates beginning January 2014).

**Annual Pension Cost**

Three Year Trend Information

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension (Obligation) Asset
2011	\$ 427,029	100%	\$ -
2012	\$ 467,621	100%	\$ -
2013	\$ 526,301	100%	\$ -

As of December 31, 2012, the most recent actuarial valuation date, the plan was 71.2% funded. The actuarial accrued liability for benefits was \$14,114,964, and the actuarial value of assets was \$10,054,928 resulting in an unfunded actuarial accrued liability (UAAL) of \$4,060,036. The covered payroll (annual payroll of active employees covered by the plan) was \$4,957,838, and the ratio of the UAAL to the covered payroll was 81.9%.

The following actuarial assumptions were used:

Actuarial Cost Method	Projected unit credit
Amortization Method	Level percent of payroll
Remaining Amortization	25.2 years – closed period
Asset Valuation Method	10-year smoothed market
Investment Rate of Return	7.0%
Projected Salary Increases	Varies by age and service
Includes Inflation at	3.0%
Cost of Living Adjustments	2.1% (3.0% CPI)

All assumptions for the December 31, 2012 valuations are contained in the 2012 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153.

**TOWN OF TROPHY CLUB, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 9. OTHER POSTEMPLOYMENT BENEFITS**

**Plan Description**

The Town provides post-employment medical, dental, and vision benefits (OPEB) for eligible retirees, their spouses and dependents through TML Intergovernmental Employee Benefits Pool, which covers both active and retired members.

As of September 30, 2013, membership consisted of:

Retirees and beneficiaries receiving benefits	1
Active employees	66
Total	<u>67</u>

The three optional benefit levels, TML Plan P85-50-20, TML Plan P85-100-25 and TML Plan P96-200-5, are the same for retirees as those afforded to active employees. Regular full-time employees retiring from the Town have the option to continue medical insurance coverage until the retiree becomes eligible for Medicare or is eligible to be covered under another medical plan.

**Funding Policy**

The benefit levels and contribution rates are approved annually by the Town management and the Town Council as part of the budget process. By the Town not contributing anything toward this plan in advance, the Town employs a pay-as-you-go method through ensuring the annual retiree contributions are equal to the benefits that are paid on behalf of the retirees.

The monthly Retiree health coverage contribution rates for offered benefit levels are as follows:

	TML Plan P85-50-20	TML Plan P85-100-25	TML Plan P96-200-5
Single Coverage	\$ 442	\$ 378	\$ 293
Single + Spouse	\$ 1,231	\$ 1,012	\$ 782
Single + Children	\$ 864	\$ 717	\$ 555
Single + Family	\$ 1,559	\$ 1,276	\$ 986

An irrevocable trust has not been established; therefore, the plan is not accounted for as a trust fund. The plan does not issue a separate financial report.

**Annual OPEB Cost and Net OPEB Obligation**

The Town's annual OPEB cost is calculated based on the annual required contribution of the Town (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

The following table shows the components of the Town's annual OPEB cost for the year, the amount contributed to the plan, and changes in the Town's net OPEB obligation.

**TOWN OF TROPHY CLUB, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 9. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED**

Annual required contribution	\$ 13,990
Interest on net OPEB obligation	1,444
Adjustment to annual required contribution	<u>(1,444)</u>
Annual OPEB cost	13,990
Contributions Made	<u>4,094</u>
Change in OPEB obligation	9,896
Net OPEB obligation (asset) - beginning of year	<u>32,099</u>
Net OPEB obligation (asset) - end of year	<u><u>\$ 41,995</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011, 2012, and 2013 were as follows:

Fiscal Year	Annual OPEB Costs	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 18,497	32.30%	\$ 25,682
2012	\$ 16,274	60.57%	\$ 32,099
2013	\$ 13,990	29.26%	\$ 41,995

**Funded Status and Funding Progress**

As of November 21, 2013, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$81,122, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) for fiscal year 2013 was \$3,887,477, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 2.09%.

**Actuarial Methods and Assumptions**

Projections of benefits are based on substantive plan (the plan understood by the employer and plan members) and include the type of benefits in force at the valuation date and the pattern of sharing benefits between the Town and the plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and actuarial value of assets, consistent with the long-term perspective of the calculations.

In the November 21, 2013 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.0% initially, reduced by decrements to an ultimate rate of 4.5% after 7 years. The rate of inflation is assumed to be 3%.

**NOTE 10. Contributions**

The Town received contributions of \$495,376 and \$234,533, respectively, from the 4A Economic Development Corporation (4A) and 4B Economic Development Corporation (4B) during the year ended September 30, 2013 in order to defease debt related to the both the 4A and 4B. Additionally, the Town received contributions in the amount of \$55,200 from 4B during the year ended September 30, 2013. These contributions represent payment for various items such as property maintenance and administrative services. The contributions have been recorded as part of intergovernmental revenue in the Town's statement of revenues, expenditures, and changes in fund balance – governmental funds, and as expenses in the statement of activities for 4A and 4B.

**TOWN OF TROPHY CLUB, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

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**NOTE 11. RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has purchased commercial insurance to protect against these various risks of loss. There was no significant reduction in insurance coverage from the previous year. Settled claims for risks have not exceeded insurance coverage for the past three years.

**NOTE 12. PUBLIC UTILITY DISTRICT 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 Public Improvement District 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.

On December 13, 2007 the Trophy Club Town Council approved the issuance and sale of \$27,500,000 in bonds, known as Trophy Club Public Improvement No. 1 Special Assessment Revenue Bonds, Series 2007. These bonds were authorized in order to finance the authorized improvements found in the Service and Assessment Plan. An Assessment on each property located in the District will repay the bonds. The Town is acting only as an agent and has no obligation to support payment of the bonds, directly or indirectly.

The Service and Assessment Plan included the following projects: Thoroughfare Improvements, Water Distribution System Improvements, Wastewater Collection System Improvements, Trails and Open Space, Elevated Water Storage, Thoroughfare Landscaping and Irrigation, Screening Walls and Entry Features, Public Parks, Drainage Improvements, and Construction Administration.

**NOTE 13. TROPHY CLUB MUNICIPAL UTILITY DISTRICT No.1**

The Town entered into an agreement with Trophy Club Municipal Utility District No.1 ("the District") in 2011 to provide support services to the District. Total payments received for services provided to the District under this agreement totaled \$85,465 during the fiscal year ended September 30, 2013, and are recorded as miscellaneous revenue of the General Fund in the Town's statement of revenues, expenditures and changes in fund balance.

**NOTE 14. RESTATEMENT OF BEGINNING NET POSITION AND FUND BALANCE**

In 2013, the Town restated the net position of the governmental activities. An accounting error related to the period allocation of annual electric franchise fee payments resulted in net position being overstated by \$457,750. Additionally, as a result of prior year developer contributions not being captured as capital assets, water system and infrastructure assets were understated by \$974,399 and the corresponding accumulated depreciation was understated by \$120,388 as of October 1, 2012. Public Improvement District #1 assets completed and accepted by the Town in previous periods were disclosed as construction in progress rather than depreciable assets. The accumulated depreciation from prior periods related to these assets, which comprise improvements other than buildings, water system, and infrastructure assets, totals \$1,020,546 as of October 1, 2012. The correction of these errors resulted in a \$659,285 total decrease in beginning governmental activities net position. The governmental activities net position has been restated on the government-wide financial statements as follows:

**TOWN OF TROPHY CLUB, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 14. RESTATEMENT OF BEGINNING NET POSITION AND FUND BALANCE - CONTINUED**

	Governmental Activities
Net position, October 1, 2012, as previously presented	\$ 54,025,109
To correct franchise accounting error	(457,750)
To correct capital asset balances	(166,535)
Net position, October 1, 2012, as restated	<u>\$ 53,400,824</u>

In 2013, the Town restated the fund balance of the general fund. An accounting error related to the period allocation of annual electric franchise payments resulted in fund balance being overstated by \$217,750.

	General Fund
Fund Balance, October 1, 2012, as previously presented	\$ 3,348,852
To correct franchise accounting error	(217,750)
Fund Balance, October 1, 2012, as restated	<u>\$ 3,131,102</u>

**NOTE 15. NEW AND FUTURE FINANCIAL REPORTING REQUIREMENTS**

The Governmental Accounting Standards Board (GASB) has issued the following statement which became effective for fiscal year 2013 and is presented in the Town's financial statements.

Statement No. 63 "*Financial Report of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*" – This statement will standardize the presentation of deferred outflows of resources and deferred inflows of resources and their effect on a government's net position. The only impact of the implementation of this standard was changing financial statement items previously called "net assets" to be titled "net position". The Town has no items that are required by this statement to be presented as deferred outflows of resources or deferred inflows of resources.

The GASB has issued the following statements which will become effective in future years.

Statement No. 65 "*Items Previously Reported as Assets and Liabilities.*" – The objective of Statement No. 65 is to either properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or to recognize certain items that were previously reported as assets and liabilities as outflows of resources or inflows of resources. This statement will become effective for the Town in fiscal year 2014.

Statement No. 68, "*Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27.*" – This statement changes the focus of pension accounting for employers from whether they are responsibly funding their plan over time to a point-in-time liability that is reflected in the employer's financial statements for any actuarially unfunded portion of pension benefits earned to date. This statement will become effective for the Town in fiscal year 2015.

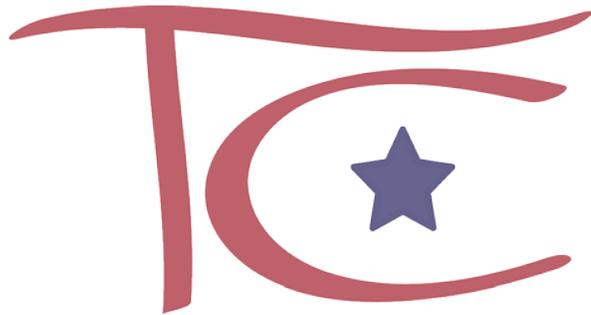
Management has not yet determined the effect of these statements on the financial statements; however, the impact of Statement No. 68 is expected to be significant as they will now reflect a previously unrecorded liability. The Town also expects the largest deferred inflows and outflows to be pension related.

**TOWN OF TROPHY CLUB, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

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**NOTE 16. SUBSEQUENT EVENTS**

The Town has evaluated all events and transactions that have occurred from October 1, 2013 up until March 28, 2014, the date the financial statements were issued, and determined that there are no transactions requiring additional recognition or disclosure.



TOWN OF  
TROPHY CLUB

**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF TROPHY CLUB, TEXAS  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
SCHEDULE OF FUNDING PROGRESS  
YEAR ENDED SEPTEMBER 30, 2013**

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	<u>FY2012-13</u>	<u>FY2011-12</u>	<u>FY2010-11</u>
	<u>12/31/2012</u>	<u>12/31/2011</u>	<u>12/31/2010</u>
Actuarial valuation date			
Actuarial value of assets	\$ 10,054,928	\$ 8,701,754	\$ 7,520,704
Actuarial accrued liability	14,114,964	12,685,291	11,489,027
Percentage funded	71.2%	68.6%	65.5%
Unfunded actuarial accrued liability	4,060,036	3,983,537	3,968,323
Annual covered payroll	4,957,838	4,465,244	4,200,873
Unfunded actuarial accrued liability as a percentage of covered payroll	81.9%	89.2%	94.5%
Net pension obligation at beginning of period	-	-	-
Annual pension cost:			
Annual required contribution	526,301	467,621	427,029
Less: contributions made	<u>(526,301)</u>	<u>(467,621)</u>	<u>(427,029)</u>
Net pension obligation at end of period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**TOWN OF TROPHY CLUB, TEXAS  
RETIREE HEALTH PLAN  
SCHEDULE OF FUNDING PROGRESS  
YEAR ENDED SEPTEMBER 30, 2013**

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	2013	2012	2011
Annual required contribution	\$ 13,990	\$ 16,274	\$ 18,497
Interest on prior year Net OPEB obligation	1,444	1,156	592
Adjustment to annual required contribution	<u>(1,444)</u>	<u>(1,156)</u>	<u>(592)</u>
Annual OPEB cost	13,990	16,274	18,497
Contributions made	<u>4,094</u>	<u>9,857</u>	<u>5,975</u>
Increase in net OPEB obligation	9,896	6,417	12,522
Net Obligation - beginning of year	<u>32,099</u>	<u>25,682</u>	<u>13,160</u>
Net Obligation - end of year	<u><u>\$ 41,995</u></u>	<u><u>\$ 32,099</u></u>	<u><u>\$ 25,682</u></u>
Percentage of OPEB costs contributed	29.26%	60.57%	32.30%
Actuarial accrued liability	\$ 81,122	\$ 109,475	\$ 101,926
Actuarial value of plan assets	<u>-</u>	<u>-</u>	<u>-</u>
Unfunded actuarial accrued liability	<u><u>\$ 81,122</u></u>	<u><u>\$ 109,475</u></u>	<u><u>\$ 101,926</u></u>
Funded ratio	0.0%	0.0%	0.0%
Covered payroll	3,887,477	4,465,244	4,200,873
Unfunded actuarial accrued liability as a percentage of covered payroll	2.09%	2.45%	2.43%

**TOWN OF TROPHY CLUB, TEXAS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED SEPTEMBER 30, 2013**

	Budgeted amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues</b>				
Ad valorem taxes	\$ 4,135,536	\$ 4,135,536	\$ 4,149,900	\$ 14,364
Sales and mixed beverage taxes	634,170	634,170	609,888	(24,282)
Franchise taxes	675,654	675,654	718,952	43,298
Licenses and permits	876,685	876,685	968,285	91,600
Intergovernmental	147,534	147,534	158,987	11,453
Charges for services	481,239	481,239	592,146	110,907
Fines	140,000	140,000	160,614	20,614
Investment income	4,000	4,000	4,921	921
Grant Revenue	-	-	75,599	75,599
Miscellaneous	200,934	200,934	336,497	135,563
<b>Total revenues</b>	<b>7,295,752</b>	<b>7,295,752</b>	<b>7,775,789</b>	<b>480,037</b>
<b>Expenditures:</b>				
Current				
Emergency medical services	783,015	764,484	768,367	(3,883)
Manager's office	691,823	691,823	707,166	(15,343)
Human resources	113,906	113,906	102,771	11,135
Finance	368,303	368,303	372,816	(4,513)
Information systems	352,134	352,134	342,319	9,815
Legal	168,638	168,638	171,157	(2,519)
Police	1,874,509	1,854,509	2,068,309	(213,800)
Court	83,946	83,946	68,731	15,215
Parks	938,753	933,824	947,734	(13,910)
Recreation	611,551	611,551	543,762	67,789
Facilities management	72,961	72,961	75,344	(2,383)
Community development	329,026	329,026	319,168	9,858
Planning and zoning	164,620	164,620	257,138	(92,518)
Streets	754,403	774,403	766,411	7,992
<b>Total expenditures</b>	<b>7,307,588</b>	<b>7,284,128</b>	<b>7,511,193</b>	<b>(227,065)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(11,836)</b>	<b>11,624</b>	<b>264,596</b>	<b>252,972</b>
<b>Other financing sources (uses):</b>				
Transfer in	12,300	12,300	12,300	-
Transfer out	-	(820,750)	(780,734)	40,016
<b>Total other financing uses</b>	<b>12,300</b>	<b>(808,450)</b>	<b>(768,434)</b>	<b>40,016</b>
<b>Net change in fund balance</b>	<b>464</b>	<b>(796,826)</b>	<b>(503,838)</b>	<b>292,988</b>
<b>Fund Balances - beginning of year, as restated</b>	<b>3,131,102</b>	<b>3,131,102</b>	<b>3,131,102</b>	<b>-</b>
<b>Fund Balances - end of year</b>	<b>\$ 3,131,566</b>	<b>\$ 2,334,276</b>	<b>\$ 2,627,264</b>	<b>\$ 292,988</b>

**TOWN OF TROPHY CLUB, TEXAS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED SEPTEMBER 30, 2013**

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**NOTE 1. BUDGETARY CONTROL**

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

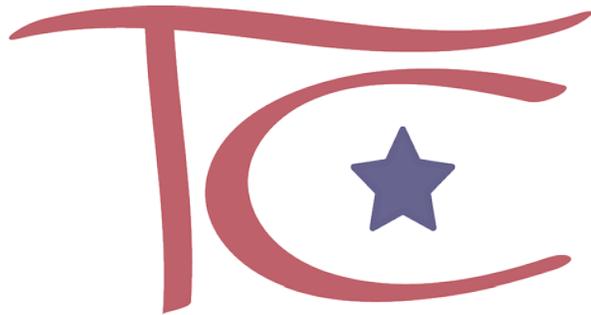
1. Prior to September 1, the Town Manager submits to the Town Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of an ordinance.
4. The Town Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Town Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund.

Annual Appropriated budgets are consistent with U.S. generally accepted accounting principles and are legally adopted for the general fund, the Trophy Club park fund and the debt service fund.

All appropriations lapse on September 30 of the fiscal year.

Expenditures were in excess of appropriations for the following:

- Emergency Medical Services (\$3,883)
- Manager's Office (\$15,343)
- Finance (\$4,513)
- Legal (\$2,519)
- Police (\$213,800)
- Facilities Management (\$2,383)
- Parks (\$13,910)
- Planning and zoning (\$92,518)



TOWN OF  
TROPHY CLUB

## **COMBINING AND BUDGETARY COMPARISON SCHEDULE**

**TOWN OF TROPHY CLUB, TEXAS  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED SEPTEMBER 30, 2013**

	Budgeted amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Ad valorem taxes	\$ 1,164,968	\$ 1,164,968	\$ 1,180,878	\$ 15,910
Investment income	1,000	1,000	832	(168)
Miscellaneous	10,650	10,650	-	(10,650)
Intergovernmental revenue	223,437	729,909	729,909	-
<b>Total revenues</b>	<u>1,400,055</u>	<u>1,906,527</u>	<u>1,911,619</u>	<u>5,092</u>
<b>Expenditures:</b>				
Debt service:				
Principal	1,027,000	2,294,000	2,294,000	-
Interest and fiscal charges	447,681	453,717	456,417	(2,700)
<b>Total expenditures</b>	<u>1,474,681</u>	<u>2,747,717</u>	<u>2,750,417</u>	<u>(2,700)</u>
<b>Deficiency of revenues under expenditures</b>	<u>(74,626)</u>	<u>(841,190)</u>	<u>(838,798)</u>	<u>2,392</u>
<b>Other financing sources (uses):</b>				
Transfer in	79,626	846,224	864,253	18,029
<b>Total other financing sources</b>	<u>79,626</u>	<u>846,224</u>	<u>864,253</u>	<u>18,029</u>
<b>Net change in fund balance</b>	5,000	5,034	25,455	20,421
<b>Fund Balances - beginning of year</b>	<u>94,267</u>	<u>94,267</u>	<u>94,267</u>	<u>-</u>
<b>Fund Balances - end of year</b>	<u>\$ 99,267</u>	<u>\$ 99,301</u>	<u>\$ 119,722</u>	<u>\$ 20,421</u>

## **NON-MAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

#### **HOTEL/ MOTEL FUND**

Accounts for occupancy taxes charged to hotels.

#### **STREET MAINTENANCE SALES TAX FUND**

Accounts for sales taxes specifically restricted for street improvements.

#### **25<sup>TH</sup> ANNIVERSARY FUND**

Accounts for contributions designated for the Town's 25<sup>th</sup> anniversary celebration.

#### **COURT TECHNOLOGY FUND**

Accounts for court fees specifically restricted for court technology expenditures.

#### **COURT SECURITY FUND**

Accounts for court fees specifically restricted for court security expenditures.

#### **CRIME CONTROL AND PREVENTION DISTRICT FUND**

Accounts for sales taxes specifically restricted for crime control and prevention.

**TOWN OF TROPHY CLUB, TEXAS  
COMBINING BALANCE SHEET-  
NON MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2013**

	<u>Hotel/Motel Fund</u>	<u>Street Maintenance Sales Tax Fund</u>	<u>25th Anniversary Fund</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 65,800	\$ 25,095	\$ 2,114
Sales taxes receivable	-	23,007	-
Accounts receivable (net of allowance for uncollectibles)	21,425	-	-
<b>Total assets</b>	<u>\$ 87,225</u>	<u>\$ 48,102</u>	<u>\$ 2,114</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Accounts payable	\$ -	\$ 399	\$ -
Due to other funds	-	1,003	-
<b>Total liabilities</b>	<u>-</u>	<u>1,402</u>	<u>-</u>
<b>FUND BALANCES</b>			
Restricted for:			
Tourism	87,225	-	-
Street maintenance	-	46,700	-
Town 25th anniversary	-	-	2,114
Crime Control and Prevention Court	-	-	-
<b>Total fund balances</b>	<u>87,225</u>	<u>46,700</u>	<u>2,114</u>
<b>Total liabilities and fund balances</b>	<u>\$ 87,225</u>	<u>\$ 48,102</u>	<u>\$ 2,114</u>

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<b>Court Technology Fund</b>	<b>Court Security Fund</b>	<b>Crime Control Prevention District Fund</b>	<b>Total Non-major Governmental Funds</b>
\$ 38,780	\$ 22,147	\$ -	\$ 153,936
-	-	23,007	46,014
-	-	-	21,425
<u>\$ 38,780</u>	<u>\$ 22,147</u>	<u>\$ 23,007</u>	<u>\$ 221,375</u>
\$ -	\$ -	\$ -	\$ 399
-	-	-	1,003
-	-	-	1,402
-	-	-	87,225
-	-	-	46,700
-	-	-	2,114
38,780	22,147	23,007	23,007
<u>38,780</u>	<u>22,147</u>	<u>-</u>	<u>60,927</u>
<u>38,780</u>	<u>22,147</u>	<u>23,007</u>	<u>219,973</u>
<u>\$ 38,780</u>	<u>\$ 22,147</u>	<u>\$ 23,007</u>	<u>\$ 221,375</u>

**TOWN OF TROPHY CLUB, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NON MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2013**

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	<u>Hotel/Motel Fund</u>	<u>Street Maintenance Sales Tax Fund</u>	<u>25th Anniversary Fund</u>
<b>Revenues:</b>			
Occupancy taxes	\$ 108,170	\$ -	\$ -
Sales Taxes	-	148,159	-
Fines	-	-	-
Investment income	11	-	-
<b>Total revenues</b>	<u>108,181</u>	<u>148,159</u>	<u>-</u>
<b>Expenditures:</b>			
General government	22,277	-	-
Streets	-	139,010	-
<b>Total expenditures</b>	<u>22,277</u>	<u>139,010</u>	<u>-</u>
<b>Excess of revenues over expenditures</b>	<u>85,904</u>	<u>9,149</u>	<u>-</u>
<b>Other financing sources (uses):</b>			
Transfer out	-	(38,448)	-
<b>Total Other financing sources (uses)</b>	<u>-</u>	<u>(38,448)</u>	<u>-</u>
Net change in fund balances	85,904	(29,299)	-
Fund balances - beginning	1,321	75,999	2,114
Fund balances - ending	<u>\$ 87,225</u>	<u>\$ 46,700</u>	<u>\$ 2,114</u>

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<b>Court Technology Fund</b>	<b>Court Security Fund</b>	<b>Crime Control Prevention District Fund</b>	<b>Total Non-major Governmental Funds</b>
\$ -	\$ -	\$ -	\$ 108,170
-	-	23,007	171,166
6,266	4,699	-	10,965
-	-	-	11
<u>6,266</u>	<u>4,699</u>	<u>23,007</u>	<u>290,312</u>
-	-	-	22,277
-	-	-	139,010
-	-	-	161,287
<u>6,266</u>	<u>4,699</u>	<u>23,007</u>	<u>129,025</u>
-	-	-	(38,448)
-	-	-	(38,448)
6,266	4,699	23,007	90,577
32,514	17,448	-	129,396
<u>\$ 38,780</u>	<u>\$ 22,147</u>	<u>\$ 23,007</u>	<u>\$ 219,973</u>

## **FIDUCIARY FUND**

### **PUBLIC IMPROVEMENT DISTRICT (PID) NO. 1 DEBT SERVICE AGENCY FUND**

Accounts for bond proceeds, assessments and related debt associated with the issuance of bonds issued by the town as an agent for the Public Improvement District.

**TOWN OF TROPHY CLUB, TEXAS  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
YEAR ENDED SEPTEMBER 30, 2013**

PID No. 1 Debt Service	Balance September 2012	ADDITIONS	DEDUCTIONS	Balance September 2013
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 4,306,341	\$ -	\$ 7,794	\$ 4,298,547
<b>Total Assets</b>	<u>\$ 4,306,341</u>	<u>\$ -</u>	<u>\$ 7,794</u>	<u>\$ 4,298,547</u>
<b>LIABILITIES:</b>				
Due to debt holders	\$ 4,306,341	\$ -	\$ 7,794	\$ 4,298,547
<b>Total Liabilities</b>	<u>\$ 4,306,341</u>	<u>\$ -</u>	<u>\$ 7,794</u>	<u>\$ 4,298,547</u>

## **DISCRETELY PRESENTED COMPONENT UNITS**

### **4A ECONOMIC DEVELOPMENT FUND**

Accounts for the use of 4A economic development sales tax revenue.

### **4B ECONOMIC DEVELOPMENT FUND**

Accounts for the use of 4B economic development sales tax revenue.

**TOWN OF TROPHY CLUB, TEXAS  
4A ECONOMIC DEVELOPMENT FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED SEPTEMBER 30, 2013**

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Sales taxes	\$ 313,045	\$ 313,045	\$ 174,473	\$ (138,572)
Investment income	200	200	-	(200)
<b>Total revenues</b>	<u>313,245</u>	<u>313,245</u>	<u>174,473</u>	<u>(138,772)</u>
<b>Expenditures:</b>				
General government	313,245	496,376	496,375	1
<b>Total expenditures</b>	<u>313,245</u>	<u>496,376</u>	<u>496,375</u>	<u>1</u>
<b>Excess of revenues over expenditures</b>	-	(183,131)	(321,902)	(138,771)
<b>Fund Balance - beginning of year</b>	<u>499,798</u>	<u>499,798</u>	<u>499,798</u>	<u>-</u>
<b>Fund Balance - end of year</b>	<u>\$ 499,798</u>	<u>\$ 316,667</u>	<u>\$ 177,896</u>	<u>\$ (138,771)</u>

**TOWN OF TROPHY CLUB, TEXAS  
4B ECONOMIC DEVELOPMENT FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED SEPTEMBER 30, 2013**

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive (Negative)</u>
<b>Revenues</b>				
Charges for services	\$ 40,000	\$ 40,000	\$ -	\$ (40,000)
Sales taxes	156,523	156,523	246,997	90,474
Investment income	100	100	-	(100)
<b>Total revenues</b>	<u>196,623</u>	<u>196,623</u>	<u>246,997</u>	<u>50,374</u>
<b>Expenditures:</b>				
General government	<u>196,623</u>	<u>454,373</u>	<u>441,001</u>	<u>13,372</u>
<b>Total expenditures</b>	<u>196,623</u>	<u>454,373</u>	<u>441,001</u>	<u>13,372</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	-	(257,750)	(194,004)	63,746
<b>Fund Balances - beginning of year</b>	<u>382,708</u>	<u>382,708</u>	<u>382,708</u>	<u>-</u>
<b>Fund Balances - end of year</b>	<u>\$ 382,708</u>	<u>\$ 124,958</u>	<u>\$ 188,704</u>	<u>\$ 63,746</u>

## **STATISTICAL SECTION**

# **STATISTICAL SECTION**

This part of the Town of Trophy Club's comprehensive annual 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 government's overall financial health.

<b>Contents</b>	<b>Tables</b>
Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	1-4
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	5-8
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	9-11
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	12-13
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	14-15

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

**TOWN OF TROPHY CLUB, TEXAS  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

**TABLE 1**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental activities</b>										
Net investment in capital assets	\$ 12,798,201	\$ 12,937,027	\$ 18,482,623	\$ 12,598,102	\$ 24,467,178	\$ 33,443,249	\$ 36,491,021	\$ 47,668,302	\$ 50,050,855	\$ 54,425,735
Restricted for debt service	879,984	-	663	42,164	130,709	40,716	39,003	57,471	65,590	95,507
Restricted for capital projects	-	-	-	-	-	-	-	-	996,425	-
Restricted for crime control and prevention	-	-	-	-	-	-	-	-	-	23,007
Restricted for tourism	-	-	-	-	-	-	-	-	1,321	87,225
Restricted for street maintenance	-	-	-	-	-	-	-	-	75,999	46,700
Restricted for anniversary events	-	-	-	-	-	-	-	-	2,114	2,114
Restricted for court	-	-	-	-	-	-	-	-	49,962	60,927
Unrestricted	1,675,338	1,740,263	(4,334,834)	1,689,440	11,115,277	6,197,041	4,569,344	2,689,482	2,158,558	2,896,674
<b>Total governmental activities net position</b>	<b>\$ 15,353,523</b>	<b>\$ 14,677,290</b>	<b>\$ 14,148,452</b>	<b>\$ 14,329,706</b>	<b>\$ 35,713,164</b>	<b>\$ 39,681,006</b>	<b>\$ 41,099,368</b>	<b>\$ 50,415,255</b>	<b>\$ 53,400,824</b>	<b>\$ 57,637,889</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,848
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-	12,541	46,866	230,592
<b>Total business-type activities net position</b>	<b>\$ -</b>	<b>\$ 12,541</b>	<b>\$ 46,866</b>	<b>\$ 283,440</b>						
<b>Primary government</b>										
Net investment in capital assets	\$ 12,798,201	\$ 12,937,027	\$ 18,482,623	\$ 12,598,102	\$ 24,467,178	\$ 33,443,249	\$ 36,491,021	\$ 47,668,302	\$ 50,050,855	\$ 54,478,583
Restricted for debt service	879,984	-	663	42,164	130,709	40,716	39,003	57,471	65,590	95,507
Restricted for capital projects	-	-	-	-	-	-	-	-	996,425	-
Restricted for crime control and prevention	-	-	-	-	-	-	-	-	-	23,007
Restricted for tourism	-	-	-	-	-	-	-	-	1,321	87,225
Restricted for street maintenance	-	-	-	-	-	-	-	-	75,999	46,700
Restricted for anniversary events	-	-	-	-	-	-	-	-	2,114	2,114
Restricted for court	-	-	-	-	-	-	-	-	49,962	60,927
Unrestricted	1,675,338	1,740,263	(4,334,834)	1,689,440	11,115,277	6,197,041	4,569,344	2,702,023	2,205,424	3,127,266
<b>Total primary governmental net position</b>	<b>\$ 15,353,523</b>	<b>\$ 14,677,290</b>	<b>\$ 14,148,452</b>	<b>\$ 14,329,706</b>	<b>\$ 35,713,164</b>	<b>\$ 39,681,006</b>	<b>\$ 41,099,368</b>	<b>\$ 50,427,796</b>	<b>\$ 53,447,690</b>	<b>\$ 57,921,329</b>

Source: City audited financial records

(1) The Town implemented the GASB 34 model of reporting fiscal year ending September 30, 2004.

Note: The Town did not have business-type activities prior to fiscal year 2011.

**TOWN OF TROPHY CLUB, TEXAS  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

**TABLE 2**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
Governmental activities:										
General government	\$ 1,267,005	\$ 1,165,820	\$ 1,009,358	\$ 1,026,163	\$ 1,475,709	\$ 1,421,942	\$ 1,717,961	\$ 2,807,237	\$ 1,984,137	\$ 2,129,688
Public safety	2,089,858	2,315,846	2,380,610	2,312,318	3,041,753	2,013,822	2,211,108	2,275,778	2,392,798	2,898,737
Highways & streets	150,095	142,116	198,671	131,922	526,621	1,326,986	1,335,674	1,372,501	1,829,799	2,234,140
Community development	2,301,253	388,260	1,405,385	982,406	415,552	298,287	353,894	345,804	485,614	599,872
Water and sewer	-	-	-	-	-	-	-	617,001	92	261,106
Culture and recreation	-	1,682,217	1,176,295	1,539,859	1,930,105	1,224,521	1,596,619	1,844,573	1,564,660	2,037,590
Interest on long-term debt	277,816	266,346	249,829	261,125	2,532,457	391,346	391,593	558,473	498,569	489,337
<b>Total governmental activities expenses</b>	<b>6,086,027</b>	<b>5,960,605</b>	<b>6,420,148</b>	<b>6,253,793</b>	<b>9,922,197</b>	<b>6,676,904</b>	<b>7,606,849</b>	<b>9,821,367</b>	<b>8,755,669</b>	<b>10,650,470</b>
Business-type activities:										
Trophy Club Park	-	-	-	-	-	-	-	98,935	130,185	98,718
Town Storm Drainage	-	-	-	-	-	-	-	156,461	96,488	121,269
<b>Total business-type activities expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>255,396</b>	<b>226,673</b>	<b>219,987</b>
<b>Total primary government expenses</b>	<b>\$ 6,086,027</b>	<b>\$ 5,960,605</b>	<b>\$ 6,420,148</b>	<b>\$ 6,253,793</b>	<b>\$ 9,922,197</b>	<b>\$ 6,676,904</b>	<b>\$ 7,606,849</b>	<b>\$ 10,076,763</b>	<b>\$ 8,982,342</b>	<b>\$ 10,870,457</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
Community Development	-	-	-	-	-	-	713,920	792,065	1,128,234	968,285
Water and Sewer	-	-	-	-	-	-	305,580	612,722	2,040	-
Other	581,763	710,275	687,476	931,685	1,284,324	1,551,633	688,554	669,827	854,349	793,205
Operating grants and contributions	677,451	799,680	895,044	909,784	977,774	55,801	385,429	340,748	342,894	952,648
Capital grants and contributions	1,507,105	-	-	-	27,776,510	3,736,920	323,822	10,627,098	2,682,302	4,793,132
<b>Total governmental activities program revenues</b>	<b>2,766,319</b>	<b>1,509,955</b>	<b>1,582,520</b>	<b>1,841,469</b>	<b>30,038,608</b>	<b>5,344,354</b>	<b>2,417,305</b>	<b>13,042,460</b>	<b>5,009,819</b>	<b>7,507,270</b>
Business-type activities:										
Charges for services	-	-	-	-	-	-	-	253,034	325,380	506,205
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
<b>Total business-type activities program revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>253,034</b>	<b>325,380</b>	<b>506,205</b>
<b>Total primary government program revenues</b>	<b>\$ 2,766,319</b>	<b>\$ 1,509,955</b>	<b>\$ 1,582,520</b>	<b>\$ 1,841,469</b>	<b>\$ 30,038,608</b>	<b>\$ 5,344,354</b>	<b>\$ 2,417,305</b>	<b>\$ 13,295,494</b>	<b>\$ 5,335,199</b>	<b>\$ 8,013,475</b>

(continued)

**TOWN OF TROPHY CLUB, TEXAS  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

**TABLE 2 – CONTINUED**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Net (Expenses) Revenue</b>										
Governmental activities	\$ (3,319,708)	\$ (4,450,650)	\$ (4,837,628)	\$ (4,412,324)	\$ 20,116,411	\$ (1,332,550)	\$ (5,189,544)	\$ 3,221,093	\$ (3,745,850)	\$ (3,143,200)
Business-type activities	-	-	-	-	-	-	-	(2,362)	98,707	286,218
<b>Total primary government net expenses</b>	<u>\$ (3,319,708)</u>	<u>\$ (4,450,650)</u>	<u>\$ (4,837,628)</u>	<u>\$ (4,412,324)</u>	<u>\$ 20,116,411</u>	<u>\$ (1,332,550)</u>	<u>\$ (5,189,544)</u>	<u>\$ 3,218,731</u>	<u>\$ (3,647,143)</u>	<u>\$ (2,856,982)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property taxes	\$ 2,469,138	\$ 2,531,828	\$ 2,650,351	\$ 2,906,229	\$ 3,217,051	\$ 3,639,192	\$ 3,889,157	\$ 4,480,999	\$ 4,897,615	\$ 5,334,140
Sales and mixed beverage taxes	774,176	347,716	430,950	605,776	608,218	588,362	674,131	631,561	754,105	781,054
Other taxes	395,739	404,337	466,794	455,944	515,205	563,340	537,644	648,400	706,065	828,338
Intergovernmental revenue	-	271,190	264,885	280,086	254,572	260,507	409,454	-	-	-
Investment income	35,256	80,815	91,439	176,939	465,064	85,800	17,634	15,162	7,983	7,193
Miscellaneous revenues	33,810	138,531	159,487	168,604	629,225	163,192	126,949	333,497	301,269	379,896
Transfers	-	-	-	-	(4,422,288)	-	-	75,819	64,382	49,644
<b>Total governmental activities</b>	<u>3,708,119</u>	<u>3,774,417</u>	<u>4,063,906</u>	<u>4,593,578</u>	<u>1,267,047</u>	<u>5,300,393</u>	<u>5,654,969</u>	<u>6,185,438</u>	<u>6,731,419</u>	<u>7,380,265</u>
Business-type activities:										
Investment Income	-	-	-	-	-	-	-	78	-	-
Special Items	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	(75,819)	(64,382)	(49,644)
<b>Total business-type activities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(75,741)</u>	<u>(64,382)</u>	<u>(49,644)</u>
<b>Total primary government</b>	<u>\$ 3,708,119</u>	<u>\$ 3,774,417</u>	<u>\$ 4,063,906</u>	<u>\$ 4,593,578</u>	<u>\$ 1,267,047</u>	<u>\$ 5,300,393</u>	<u>\$ 5,654,969</u>	<u>\$ 6,109,697</u>	<u>\$ 6,667,037</u>	<u>\$ 7,330,621</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 388,411	\$ (676,233)	\$ (773,722)	\$ 181,254	\$ 21,383,458	\$ 3,967,843	\$ 465,425	\$ 9,406,531	\$ 2,985,569	\$ 4,237,065
Business-type activities	-	-	-	-	-	-	-	(78,103)	34,325	236,574
<b>Total primary government</b>	<u>\$ 388,411</u>	<u>\$ (676,233)</u>	<u>\$ (773,722)</u>	<u>\$ 181,254</u>	<u>\$ 21,383,458</u>	<u>\$ 3,967,843</u>	<u>\$ 465,425</u>	<u>\$ 9,328,428</u>	<u>\$ 3,019,894</u>	<u>\$ 4,473,639</u>

Source: Town audited financial records

(1) The Town implemented the GASB 34 model of reporting fiscal year ending September 30, 2004.

**TOWN OF TROPHY CLUB, TEXAS  
 FUND BALANCES, GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
 (UNAUDITED)**

	2004	2005	2006	2007
<b>General Fund</b>				
Nonspendable for prepaids	\$ -	\$ -	\$ -	\$ -
Assigned for capital expenditures				
Unassigned				
Reserved	26,202	27,564	122,236	71,195
Unreserved	1,647,522	1,452,181	1,005,073	1,335,796
<b>Total general fund</b>	<b>\$ 1,673,724</b>	<b>\$ 1,479,745</b>	<b>\$ 1,127,309</b>	<b>\$ 1,406,991</b>
<b>All Other Governmental Funds</b>				
Restricted for:				
Debt Service	\$ -	\$ -	\$ -	\$ -
Capital Projects	-	-	-	-
Tourism	-	-	-	-
Street Maintenance	-	-	-	-
Town 25th anniversary	-	-	-	-
Water Services	-	-	-	-
Court	-	-	-	-
Crime Control and Prevention	-	-	-	-
Unassigned	-	-	-	-
Reserved for:				
Debt service	\$ -	\$ 10,009	\$ 13,326	\$ 74,060
Prepaid items	-	-	-	-
Encumbrances	-	-	-	-
Capital projects funds	-	-	-	-
Unreserved, reported in:				
Debt service	8,875	-	-	-
Special revenue funds	192,201	7,482	246	(1,531)
Capital projects funds	869,180	811,140	80	3,065,681
<b>Total all other governmental funds</b>	<b>\$ 1,070,256</b>	<b>\$ 828,631</b>	<b>\$ 13,652</b>	<b>\$ 3,138,210</b>

**Source:** Town audited financial records

(1) The Town implemented the GASB 34 model of reporting fiscal year ending September 30, 2004.

**TABLE 3**

2008	2009	2010	2011	2012	2013
\$ -	\$ -	\$ -	\$ 2,620	\$ 796	\$ 796
			228,138	228,138	228,138
			2,412,034	2,902,168	2,398,330
97,355	56,968	57,486	-	-	-
1,830,233	2,010,869	2,056,334	-	-	-
<u>\$ 1,927,588</u>	<u>\$ 2,067,837</u>	<u>\$ 2,113,820</u>	<u>\$ 2,642,792</u>	<u>\$ 3,131,102</u>	<u>\$ 2,627,264</u>
\$ -	\$ -	\$ -	\$ 85,388	\$ 94,267	\$ 119,722
-	-	-	1,599,988	996,425	2,065,759
-	-	-	1,890	1,321	87,225
-	-	-	34,750	75,999	46,700
-	-	-	2,114	2,114	2,114
-	-	-	12,788	-	-
-	-	-	-	49,962	60,927
-	-	-	-	-	23,007
-	-	-	(26,477)	(257,350)	(11,517)
\$ 152,253	\$ 63,305	\$ 83,067	\$ -	\$ -	\$ -
-	-	1,567	-	-	-
-	-	48,000	-	-	-
-	3,750,206	6,709,402	-	-	-
-	-	-	-	-	-
18,607	8,231	151,970	-	-	-
10,193,492	-	-	-	-	-
<u>\$ 10,364,352</u>	<u>\$ 3,821,742</u>	<u>\$ 6,994,006</u>	<u>\$ 1,710,441</u>	<u>\$ 962,738</u>	<u>\$ 2,393,937</u>

**TOWN OF TROPHY CLUB, TEXAS  
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
 (UNAUDITED)**

	2004	2005	2006	2007
<b>Revenues</b>				
Taxes				
Ad valorem taxes	\$ 2,475,244	\$ 2,525,331	\$ 2,627,333	\$ 2,903,193
Sales and mixed beverage taxes	774,176	347,716	430,950	605,776
Franchise taxes	395,739	400,759	444,095	447,956
Hotel/motel	-	-	-	-
Licenses, permits & fees	197,595	331,218	207,539	215,251
Inter-governmental	1,272,648	1,084,687	1,173,462	1,104,134
Charges for services	219,135	304,499	320,926	570,063
Fines	89,268	88,950	138,801	99,541
Contributions	-	-	-	-
Investment Income	35,256	80,814	91,439	176,939
Grant revenue	-	-	-	-
Sales taxes	-	-	-	-
Miscellaneous	96,143	128,964	159,412	207,719
<b>Total revenues</b>	<b>5,555,204</b>	<b>5,292,938</b>	<b>5,593,957</b>	<b>6,330,572</b>
<b>Expenditures</b>				
Current:				
General government	1,290,456	1,247,417	1,034,432	1,091,305
Public safety	2,243,084	2,310,747	2,415,056	2,360,669
Highways & Streets	19,059	10,195	66,750	-
Community development	1,366,414	419,919	847,830	871,553
Water and sewer	-	-	-	-
Culture & Recreation	-	1,025,036	1,057,322	1,229,661
Debt Service:				
Principal	265,000	280,000	290,000	305,000
Interest	278,331	266,701	250,897	291,924
Other Charges	1,431	-	-	-
Capital Outlay	313,236	736,589	820,629	629,681
<b>Total expenditures</b>	<b>5,777,011</b>	<b>6,296,604</b>	<b>6,782,916</b>	<b>6,779,793</b>
Excess of revenues over (under) expenditures	(221,807)	(1,003,666)	(1,188,959)	(449,221)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from capital lease obligation	73,198	72,743	21,544	119,461
Proceeds from contractual obligations	-	-	-	474,000
Proceeds of bank loan	-	-	-	-
Proceeds from bonds	-	688,000	-	3,260,000
Premium on bonds	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Transfer from other funds	347,748	129,146	-	60,002
Transfer to other funds	(347,748)	(129,146)	-	(60,002)
<b>Total other financing sources (uses)</b>	<b>73,198</b>	<b>760,743</b>	<b>21,544</b>	<b>3,853,461</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (148,609)</b>	<b>\$ (242,923)</b>	<b>\$ (1,167,415)</b>	<b>\$ 3,404,240</b>
Debt service as a percentage of non-capital expenditures	14.97%	14.52%	12.33%	13.38%

Source: Town audited financial records

(1) The Town implemented the GASB 34 model of reporting fiscal year ending September 30, 2004.

TABLE 4

	2008	2009	2010	2011	2012	2013
\$	3,219,061	\$ 3,623,124	\$ 3,890,927	\$ 4,457,829	\$ 4,916,886	\$ 5,330,778
	608,218	588,362	541,711	631,561	754,105	781,054
	481,459	546,271	519,959	608,806	693,722	718,952
	25,705	17,069	17,685	22,644	20,543	108,170
	376,628	631,895	719,333	798,520	1,128,234	968,285
	1,232,346	235,715	237,756	375,749	342,894	888,896
	776,088	794,185	868,571	1,140,556	670,186	592,146
	106,092	140,553	120,151	167,461	157,143	171,579
	27,415,006	3,736,920	709,251	265,426	322,536	1,472
	465,064	85,800	17,634	15,162	7,983	7,193
	361,504	50,191	171,698	318,954	1,400,252	490,850
	-	-	132,420	-	-	-
	659,254	178,594	126,949	335,796	82,057	388,894
	<u>35,726,425</u>	<u>10,628,679</u>	<u>8,074,045</u>	<u>9,138,464</u>	<u>10,496,541</u>	<u>10,448,269</u>
	1,458,474	1,523,604	1,722,229	1,763,048	1,968,287	1,844,939
	3,082,797	1,944,643	2,169,477	2,237,263	2,408,103	2,905,923
	593,444	791,304	568,619	811,854	2,017,548	1,067,962
	317,973	265,162	344,278	189,425	481,473	576,306
	-	-	-	617,001	92	-
	1,296,752	1,230,193	1,393,751	1,523,133	1,659,656	1,491,496
	447,000	515,000	540,000	803,000	885,000	2,294,000
	460,741	389,921	371,721	551,955	475,266	456,417
	2,078,496	-	82,245	74,324	21,200	29,367
	14,078,557	10,394,523	3,223,478	5,390,630	1,403,691	237,936
	<u>23,814,234</u>	<u>17,054,350</u>	<u>10,415,798</u>	<u>13,961,633</u>	<u>11,320,316</u>	<u>10,904,346</u>
	11,912,191	(6,425,671)	(2,341,753)	(4,823,169)	(823,775)	(456,077)
	256,836	23,310	-	-	-	-
	-	-	5,560,000	-	-	-
	-	-	-	-	-	-
	-	-	-	2,790,000	500,000	1,300,000
	-	-	-	118,904	-	33,794
	-	-	-	(2,825,503)	-	-
	123,280	104,700	276,317	185,835	191,878	876,553
	(4,545,568)	(104,700)	(276,317)	(110,016)	(127,496)	(826,909)
	<u>(4,165,452)</u>	<u>23,310</u>	<u>5,560,000</u>	<u>159,220</u>	<u>564,382</u>	<u>1,383,438</u>
\$	<u>7,746,739</u>	<u>(6,402,361)</u>	<u>3,218,247</u>	<u>(4,663,949)</u>	<u>(259,393)</u>	<u>927,361</u>
	17.16%	14.47%	12.79%	16.66%	16.93%	26.71%

**TOWN OF TROPHY CLUB, TEXAS  
 ASSESSED VALUE AND ESTIMATED ACTUAL  
 VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)**

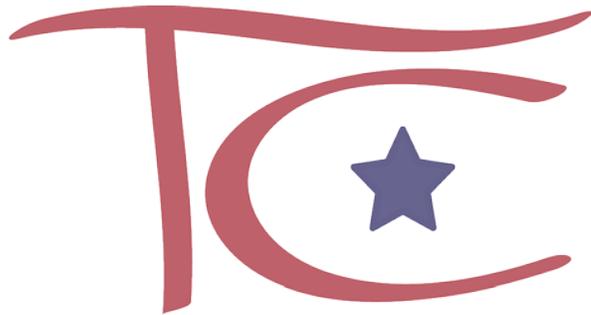
**TABLE 5**

Fiscal Year	Estimated Market Value		Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property	Non Real Property			
2004	549,351,537	11,795,494	12,242,025	548,905,006	0.43051
2005	563,361,650	12,932,189	13,860,232	562,433,607	0.43051
2006	557,098,576	20,565,996	14,477,096	563,187,476	0.43051
2007	669,790,841	15,603,238	18,941,759	666,452,320	0.43051
2008	728,292,523	31,439,675	30,732,229	728,999,969	0.43051
2009*	802,085,464	30,781,322	43,426,286	789,440,500	0.45551
2010	861,983,993	28,133,834	49,316,322	840,801,505	0.47000
2011	901,333,893	24,792,616	52,794,045	873,332,464	0.51500
2012	971,822,347	23,862,338	54,212,507	941,472,178	0.53000
2013	1,068,605,127	24,460,719	59,911,204	1,033,154,642	0.51854

Source: Denton & Tarrant County Central Appraisal District Certified Roll  
 (1) The Town implemented the GASB 34 model of reporting fiscal year ending  
 September 30, 2004.

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

\* Tarrant County included beginning in FY 2009 (Tax year 2008)



TOWN OF  
TROPHY CLUB

**TOWN OF TROPHY CLUB, TEXAS  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
(PER \$100 OF ASSESSED VALUE)  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Fiscal Year	Town of Trophy Club			Northwest ISD	Trophy Club MUD #1	Trophy Club MUD #2	Denton County
	Operating Mileage	Debt Service Mileage	Total City Mileage				
2004	0.377510	0.053000	0.430510	1.834810	0.280000	0.339000	0.247170
2005	0.377510	0.053000	0.430510	1.819300	0.280000	0.349000	0.254800
2006	0.359630	0.070880	0.430510	1.819300	0.280000	0.349000	0.246480
2007	0.367230	0.063280	0.430510	1.665000	0.250000	0.299000	0.231920
2008	0.351040	0.079470	0.430510	1.335050	0.230000	0.279230	0.235890
2009	0.374310	0.081200	0.455510	1.335000	0.225000	0.264230	0.235770
2010	0.388380	0.081620	0.470000	1.355000	0.205000	0.205000	0.249800
2011	0.397220	0.117780	0.515000	1.375000	0.195000	-	0.273900
2012	0.415013	0.114987	0.530000	1.375000	0.175000	-	0.277357
2013	0.403543	0.115000	0.518543	1.375000	0.133390	-	0.282867

Source: Denton & Tarrant County Appraisal Districts

(1) The Town implemented the GASB 34 model of reporting fiscal year ending September 30, 2004.

**TABLE 6**

Overlapping Rates						Total
Trophy Club PID #1 ESD	Tarrant County	Tarrant County College	Tarrant County Hospital	Total MUD #1 Mileage	Total MUD #2 Mileage	Direct & Overlapping Rates
-	-	-	-	\$ 2.845490	\$ 2.851490	\$ 3.131490
-	-	-	-	\$ 2.837610	\$ 2.853610	\$ 3.133610
-	-	-	-	\$ 2.847170	\$ 2.845290	\$ 3.125290
-	-	-	-	\$ 2.640710	\$ 2.626430	\$ 2.876430
-	-	-	-	\$ 2.310920	\$ 2.280680	\$ 2.510680
-	0.264000	0.137960	0.227897	\$ 2.734440	\$ 2.920367	\$ 3.145367
0.109140	0.264000	0.137670	0.227897	\$ 2.872230	\$ 3.018507	\$ 3.223507
0.109250	0.264000	0.137640	0.227897	\$ 2.987570	N/A	\$ 3.097687
0.109250	0.264000	0.148970	0.227897	\$ 2.994564	N/A	\$ 3.107474
0.104000	0.264000	0.149500	0.227897	\$ 2.942300	N/A	\$ 3.055197

**TOWN OF TROPHY CLUB, TEXAS  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT FISCAL YEAR AND NINE YEARS EARLIER  
(UNAUDITED)**

**TABLE 7**

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value (2)	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value (3)
Cnl Retmt CRSI Trophy Cl Tx LP	17,000,000	1	1.65%			
Trophy Club 12 LLC	14,800,000	2	1.43%			
Armored Trophy Club LLC	6,903,991	3	0.67%			
Trophy Club Medical Center	5,881,466	4	0.57%			
Standard Pacific of Texas LP	5,816,090	5	0.56%			
Oncor Electric Delivery Company	5,175,310	6	0.50%			
4663 Okeechobee Blvd. and Palm Beach Holdings	5,000,000	7	0.48%			
Clubcorp Golf Tex LP P/S	4,370,072	8	0.42%			
Lennar Homes of Texas Land & Construction LTD	4,209,803	9	0.41%			
Trophy Club Equities	3,575,000	10	0.35%			
Clubcorp Golf Tex LP P/S				6,799,998	1	1.24%
Beck Property Trophy Club LP				5,053,898	2	0.92%
Oncor Electric Delivery Company				3,860,530	3	0.70%
TC Plantations LTD P/S				3,420,880	4	0.62%
Trophy Club 114 LP P/S				3,337,610	5	0.61%
Terra/Knoll LTD				2,923,447	6	0.53%
TC Quorum LTD P/S				1,885,360	7	0.34%
Trophy Club Exec				1,885,000	8	0.34%
Oakmont Ent Inc				1,771,367	9	0.32%
TC Indian Creek LTD P/S				1,614,170	10	0.29%
Totals	<u>\$ 72,731,732</u>		<u>7.04%</u>	<u>\$ 32,552,260</u>		<u>5.93%</u>

Source: Denton County Appraisal District and Tarrant County Appraisal District

(1) The Town implemented the GASB 34 model of reporting fiscal year ending September 30, 2004.

(2) Total taxable value including real and personal property for tax year 2012 (fiscal year 2013) is \$1,033,154,642

(3) Total taxable value including real and personal property for tax year 2003 (fiscal year 2004) is \$548,905,006

**TOWN OF TROPHY CLUB, TEXAS  
AD VALOREM TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

**TABLE 8**

<u>Fiscal Year</u>	<u>Total Tax Levy for Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of levy</u>		<u>Amount</u>	<u>Percentage of levy</u>
2004	2,526,645	2,499,357	98.92%	26,858	2,526,215	99.98%
2005	2,634,681	2,609,652	99.05%	24,458	2,634,109	99.98%
2006	2,881,601	2,851,921	98.97%	29,841	2,881,762	100.01%
2007	3,196,891	3,161,725	98.90%	35,694	3,197,419	100.02%
2008	3,650,949	3,621,376	99.19%	28,133	3,649,509	99.96%
2009	3,563,202	3,525,248	98.93%	35,693	3,560,941	99.94%
2010	3,864,014	3,836,568	99.29%	23,937	3,860,505	99.91%
2011	4,446,960	4,414,699	99.27%	22,926	4,437,625	99.79%
2012	4,858,136	4,838,092	99.59%	9,863	4,847,955	99.79%
2013	5,259,719	5,244,699	99.71%	-	5,244,699	99.71%

Source: Denton County Tax Assessor Collector

(1) The Town implemented the GASB 34 model of reporting fiscal year ending September 30, 2004.

**TOWN OF TROPHY CLUB, TEXAS  
RATIOS OF OUTSTANDING BONDED DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

**TABLE 9**

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income (2)	Per Capita
	General Obligation Bonds	Certificates of Obligation	Capital Leases	General Obligation Bonds	Certificates of Obligation	Capital Leases			
2004	5,750,000	-	-	-	-	-	5,750,000	4.73%	803
2005	5,470,000	620,000	-	-	-	-	6,090,000	2.87%	809
2006	5,180,000	590,000	-	-	-	-	5,770,000	2.35%	749
2007	8,135,000	989,000	-	-	-	-	9,124,000	3.62%	1,175
2008	7,755,000	922,000	-	-	-	-	8,677,000	3.40%	1,152
2009	7,310,000	852,000	-	-	-	-	8,162,000	3.28%	1,074
2010	12,400,000	782,000	92,240	-	-	-	13,274,240	4.92%	1,618
2011	11,735,000	709,000	30,570	-	-	-	12,474,570	3.66%	1,519
2012	11,425,000	634,000	-	-	-	-	12,059,000	3.00%	1,339
2013	9,400,000	1,665,000	-	-	1,700,000	-	12,765,000	2.78%	1,216

(1) The Town implemented the GASB 34 model of reporting fiscal year ending September 30, 2004.

(2) Personal Income and Population found on Table 15 of the statistical section

**TOWN OF TROPHY CLUB, TEXAS  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

**TABLE 10**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Certificates of Obligation</b>	<b>Percentage of Actual Taxable Value of Property<sup>a</sup></b>	<b>Per Capita<sup>b</sup></b>
2004	5,750,000	-	1.05%	\$ 803
2005	5,470,000	620,000	1.08%	\$ 809
2006	5,180,000	590,000	1.02%	\$ 749
2007	8,135,000	989,000	1.37%	\$ 1,175
2008	7,755,000	922,000	1.19%	\$ 1,152
2009	7,310,000	852,000	1.03%	\$ 1,074
2010	12,400,000	782,000	1.57%	\$ 1,607
2011	11,735,000	709,000	1.42%	\$ 1,516
2012	11,425,000	634,000	1.28%	\$ 1,339
2013	9,400,000	1,665,000	1.07%	\$ 1,054

<sup>a</sup> Property values are from table 5.

<sup>b</sup> Populations are from table 12.

**TOWN OF TROPHY CLUB, TEXAS  
DIRECT AND OVERLAPPING DEBT  
AS OF SEPTEMBER 30, 2013  
(UNAUDITED)**

**TABLE 11**

Governmental Unit	Debt Principal Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Denton County	\$ 596,845,000	1.36%	\$ 8,117,092
Northwest Independent School District	627,557,392	9.65%	60,559,288
Tarrant County	336,635,000	0.05%	168,318
Tarrant County College District	15,485,000	0.05%	7,743
Tarrant County Hospital District	49,780,000	0.05%	24,890
Trophy Club MUD #1	5,945,000	72.13%	4,288,129
Subtotal, overlapping debt	\$ 1,632,247,392		\$ 73,165,460
Town of Trophy Club, direct debt	11,065,000	100.00%	11,065,000
Total Direct and Overlapping Debt Principal	\$ 1,643,312,392		\$ 84,230,460

**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  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN CALENDAR YEARS  
 (UNAUDITED)**

**TABLE 12**

<b>Year</b>	<b>Estimated Population<sup>a</sup></b>	<b>Total Households<sup>a</sup></b>	<b>Median Household Income</b>	<b>Total Personal Income</b>
2004	7,162	2,740	N/A	N/A
2005	7,530	2,690	92,492	248,803,480
2006	7,703	2,824	92,492	261,197,408
2007	7,763	2,850	92,492	263,602,200
2008	7,531	2,289	92,492	211,714,188
2009	7,600	2,763	92,492	255,555,396
2010	8,204	2,930	92,492	271,001,560
2011	8,210	3,179	107,150	340,629,850
2012	9,005	3,395	118,595	402,630,025
2013	10,500	3,750	122,539	459,521,250

Sources: a Data provided by the 2010 US Census

(1) The Town implemented the GASB 34 model of reporting fiscal year ending September 30, 2004.

**TOWN OF TROPHY CLUB, TEXAS  
 PRINCIPAL EMPLOYERS  
 CURRENT YEAR AND EIGHT YEARS AGO  
 (UNAUDITED)**

**TABLE 13**

2013			2005		
Employer	Employees	Percentage of Total City Employment	Employer	Employees	Percentage of Total City Employment
Northwest Independent School District	353	29.66%	Trophy Club Country Club	100	13.50%
Trophy Club Country Club	169	14.20%	Tom Thumb	75	10.12%
Baylor Medical Center at Trophy Club	130	10.92%	Town of Trophy Club	73	9.85%
Tom Thumb	97	8.15%	Ivy Glen	31	4.18%
Town of Trophy Club	86	7.23%	Blockbuster	12	1.62%
Cristina's Mexican Restaurant	47	3.94%	Bank of America	7	0.94%
Respiratory Sleep Solutions	42	3.53%	Texas National Bank	6	0.81%
Premier Academy - Trophy Club	40	3.36%	Quizno's	4	0.54%
Fellowship United Methodist Church Church at Trophy Lake	39	3.28%	Beck Properties/Centurion	4	0.54%
	30	2.52%			
<b>Total</b>	<b>1,033</b>	<b>86.80%</b>		<b>312</b>	<b>42.11%</b>

(1) The Town implemented the GASB 34 model of reporting fiscal year ending September 30, 2004.

(2) Staff estimated total city employment of 1,190 for fiscal year 2013

(3) Staff estimated total city employment of 741 for fiscal year 2005 (Data for 2004 was not available)

**TOWN OF TROPHY CLUB, TEXAS  
 FULL-TIME CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)**

**TABLE 14**

Function	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government and Administration	10.00	8.50	7.50	10.00	9.00	9.00	10.00	12.00	12.80	12.00
Public Safety	24.00	25.50	26.00	25.00	29.00	21.87	21.80	22.30	23.10	27.60
Streets		-	-	-	5.00	6.00	4.90	4.90	4.90	5.00
Parks and Recreation	7.00	10.67	12.19	13.28	10.00	11.00	11.00	11.00	16.30	16.00
Community Development	3.00	1.00	4.00	6.00	4.00	2.50	2.50	3.00	4.50	6.00
<b>Total</b>	<b>44.00</b>	<b>45.67</b>	<b>49.69</b>	<b>54.28</b>	<b>57.00</b>	<b>50.37</b>	<b>50.20</b>	<b>53.20</b>	<b>61.60</b>	<b>66.60</b>

Source: Departmental records

(1) The Town implemented the GASB 34 model of reporting fiscal year ending September 30, 2004.

**TOWN OF TROPHY CLUB, TEXAS  
 OPERATING INDICATORS BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)**

Function	2004	2005	2006	2007
Public Safety				
Police				
Number of stations	1	1	1	1
Number of police personnel	14	14	15	15
Number of arrests	62	73	82	81
Number of traffic stops	1,541	2,083	2,379	2,346
Fire				
Number of stations	1	1	1	1
Number of fire personnel	14	14	14	14
Number of calls answered	408	561	633	608
Developmental				
Miles of streets <sup>a</sup>	N/A	N/A	N/A	31
Cultural/Recreational Changes				
Parks	6	6	6	5
Park acreage	916	916	916	907

Source: Departmental records

(1) The Town implemented the GASB 34 model of reporting fiscal year ending September 30, 2004.

**TABLE 15**

2008	2009	2010	2011	2012	2013
1	1	1	1	1	1
15	15	16	17	15	18
152	121	125	128	102	101
2,939	3,608	2,696	2,821	2,602	2,443
1	1	1	1	1	1
14	14	14	14	14	14
597	689	651	741	845	945
34	36	39	42	43	43
8	8	8	7	6	6
1,037	1,037	1,037	1,037	1,039	1,039