

TOWN OF TROPHY CLUB, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2010

As Prepared By The
FINANCE DEPARTMENT

**TOWN OF TROPHY CLUB, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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Town of Trophy Club
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Trophy Club, TX 76262
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February 23, 2011

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, 2010, 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 reliable information for the preparation of the Town's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, 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 for the fiscal year ended September 30, 2010, are free of material misstatement. 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 unqualified opinion that the Town's financial statements for the fiscal year ended September 30, 2010, 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 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 planned community and 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 8,000.

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. Policy-making and legislative authority are vested in the Town Council consisting of the Mayor and five other council members. The Town Council is responsible for, among other things, passing ordinances, adopting the budget, appointing boards and committees, and hiring both 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 Councilmember shall be elected to and occupy a place on the Council, such Places being numbered (e.g., Place 1, Place 2, Place 3, etc.). The Mayor and five (5) Council members shall be elected and serve in the following manner: The Mayor shall have a three-year term beginning with the May 2011 election. Council members elected at the May 2009 election shall draw lots to determine Places 1 and 2. Places 1 and 2 shall receive a two-year term at the May 2009 election; thereafter, Places 1 and 2 shall have three year terms. 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 has, in recent years, been one of the identifying characteristics of the Town. Trophy Club's location is ideal for both businesses and residents, many of whom commute to Dallas, Denton, Las Colinas, and Fort Worth. Trophy Club maintains a small-town feel while having the advantages of nearby metro areas and offers an outstanding quality of life, with great educational and recreational amenities. Two 18-hole premier golf courses are available, including the only course designed by Ben Hogan.

The region possesses a varied manufacturing and industrial base that has added 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 North Central Texas unemployment rate of 8.0 percent while the national unemployment rate is 9.5%.

Trophy Club is positioned for a bright future with new families and businesses joining existing residents and companies and building on the Town's foundation of pleasant residential neighborhoods, excellent educational institutions, and numerous recreational activities to truly establish itself as a "a great place to call home."

Long-Term Financial Planning

The Town Council called an election for November 2009 to allow citizens to vote on a Park Capital Improvement Bond Program. The park improvements included a spray pad at a community park, pool facility upgrades, a nature trail, sports fields, and a dog park. The citizens of Trophy Club authorized the Town to issue \$5,000,000 in General Obligation Bonds to fund the program and the associated General Obligation bonds were issued in late March of 2010.

A drainage study and master plan are to be completed during the 2010-2011 fiscal year to identify future projects. Also, the Capital Improvement Program identifies street projects scheduled over the next five 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

Major Initiatives

The Town Council completed a strategic planning process during the fiscal year and identified goals and objectives for long range planning. The Town's Management Team used these goals and objectives to create their respective departmental business plans.

Awards and Acknowledgements

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 for their dedicated assistance in producing this report.

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,

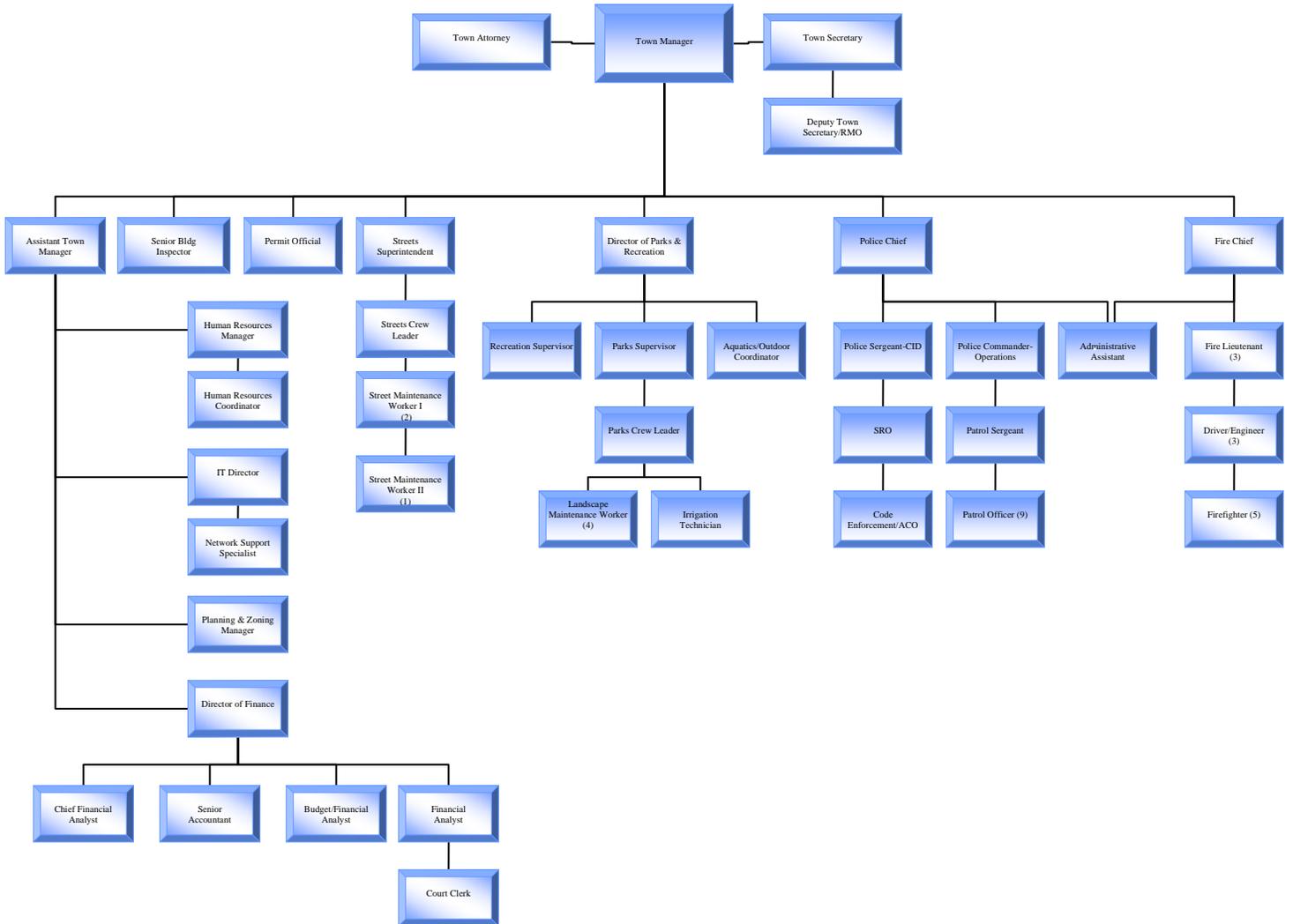


Stephen Seidel
Acting Town Manager



Kathy DuBose
Director of Finance

TOWN OF TROPHY CLUB ORGANIZATION STRUCTURE



ELECTED OFFICIALS

Mayor	Connie White
Mayor Pro Tem	Bill Rose
Council Member	Margi Cantrell
Council Member	Larry Hoover
Council Member	J. D. Stotts
Council Member	Glenn Strothers

APPOINTED OFFICIALS

Acting Town Manager	Stephen Seidel
Town Attorney	Patricia Adams
Town Secretary	Lisa Hennek
Municipal Judge	Honorable Mark Chambers

KEY STAFF

Community Development Director	Carolyn Huggins
Emergency Medical Services & Fire Chief	Danny Thomas
Finance Director	Kathy DuBose
Information Systems Manager	Mike Pastor
Parks & Recreation Director	Adam Adams
Police Chief	Scott Kniffen
Streets Director	Ed Helton



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Town Council
TOWN OF TROPHY CLUB, TEXAS

We have audited the accompanying financial statements of the governmental activities, each major fund, the discretely presented component units, and the aggregate remaining fund information of the Town of Trophy Club, Texas, (the Town), as of and for the year ended September 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. 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 *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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the discretely presented component units, and the aggregate remaining fund information of the Town of Trophy Club, Texas as of September 30, 2010, and the changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

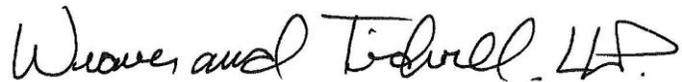
The management's discussion and analysis, and general fund budgetary comparison information on pages 3 through 9 and 38 through 39, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have issued a report dated February 23, 2011 on our consideration of the Town's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Town of Trophy Club, Texas

Page 2

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Town of Trophy Club's basic financial statements. The accompanying combining financial statements and budgetary comparison schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The accompanying combining financial statements and budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Weaver and Tidwell, L.L.P." with a stylized flourish at the end.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
February 23, 2011

TOWN OF TROPHY CLUB, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2010

The Town of Trophy Club, Texas (the "Town") Management's Discussion and Analysis is a narrative overview and analysis designed to provide the reader a means to identify and understand the financial activity of the Town and changes in the Town's financial position during the fiscal year ended September 30, 2010.

The Management's Discussion and Analysis (MD&A) is supplemental to, and should be considered along with the Town's financial statements.

FINANCIAL HIGHLIGHTS

At the close of the fiscal year, the assets of the Town exceeded its liabilities by \$41,099,368. Of this amount, \$4,569,344 is unrestricted net assets and may be used to meet the Town's ongoing commitments to its citizens and creditors.

The Town's net assets increased by \$465,425 as a result of operations and contributions from the Public Improvement District #1.

At the end of the fiscal year, the Town's governmental funds reported a combined fund balance of \$9,107,826.

For the year ended September 30, 2010, the unreserved fund balance for the General Fund was \$2,056,334, 37.8% of the total expenditures for the General Fund for 2010.

The governmental long-term debt obligations of the Town increased by \$4,906,820. This increase was comprised of debt service, note and capital lease payments, and a decrease in compensated absences totaling \$653,180 during the fiscal year; and the addition of \$5,560,000 in general obligations bonds and tax notes.

OVERVIEW OF THE FINANCIAL STATEMENTS

The MD&A is intended to introduce the reader to the Town's basic financial statements, which are comprised of three components: 1. Government-Wide Financial Statements, 2. Fund Financial Statements, and 3. Notes to Basic Financial Statements. The report also contains other required supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements – the government-wide financial statements are designed to provide the reader with a general overview of the Town's finances in a way that is comparable with financial statements from the private sector. The government-wide financial statements consist of two statements:

1. **The Statement of Net Assets** – (Page 10) this statement presents information on all of the Town's assets and liabilities; the difference between the two is reported as net assets. Over an extended period, the increase or decrease in net assets will serve as a good indicator of whether the financial position of the Town is improving or deteriorating.

TOWN OF TROPHY CLUB, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2010

OVERVIEW OF THE FINANCIAL STATEMENTS - CONTINUED

2. **The Statement of Activities** – (Page 11) gives information showing how the Town's net assets have changed during the fiscal year. All revenues and expenses are reported on the full accrual basis so certain revenue and expense items will result in cash flows in future fiscal periods (such as uncollected taxes or unused vacation leave).

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 - A fund is a grouping of related accounts that is used to maintain control over resources that have been set aside for specific activities or objectives. Fund financial statements provide detailed information about the most important funds and not about the Town as a whole as in the government-wide financial statements.

The Town uses fund accounting to demonstrate compliance with finance related legal requirements which can be categorized into two activities – governmental funds and proprietary funds.

Governmental Funds – All of the Town's activities are reported in governmental funds. They are used to account for those functions known as government activities. But unlike government-wide financial statements, governmental funds financial statements focus on how monies flow into and out of those funds and their resulting balances at the end of the fiscal year. Statements of governmental funds provide a detailed short-term view of the Town's general government operations and the basic services it provides. Such information can be useful in evaluating a government's short-term financing requirements.

The Town maintains three major governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Debt Service Fund, and Capital Projects Fund.

The 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 Assets - Discretely Presented Component Units, and the Statement of Activities – Discretely Presented Component Units.

TOWN OF TROPHY CLUB, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2010

OVERVIEW OF THE FINANCIAL STATEMENTS - CONTINUED

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data presented in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 - 37.

Government-wide Financial Analysis

This statement highlights the information provided in the Statement of Net Assets in the government-wide financial statements. Increases or decreases in net assets may serve over an extended period of time, as a useful indicator of the Town's financial position. At the end of the fiscal year, the Town's assets exceeded liabilities by \$41,099,368. Of this amount, \$36,491,021 reflects the Town's investment in capital assets (e.g., land, buildings, machinery and equipment, net of accumulated depreciation) less any related outstanding debt used to acquire those assets. The Town uses these capital assets to provide services to the community; therefore these assets are not available for future spending.

Table 1
Condensed Statement of Net Assets

	Governmental Activities 2010	Governmental Activities 2009
	<u> </u>	<u> </u>
Current and other	\$ 10,204,423	\$ 7,562,181
Capital assets	<u>44,841,426</u>	<u>41,789,507</u>
Total assets	\$ 55,045,849	\$ 49,351,688
Long-term liabilities	\$ 13,316,980	\$ 8,410,160
Other liabilities	<u>629,501</u>	<u>1,260,522</u>
Total liabilities	<u>13,946,481</u>	<u>9,670,682</u>
Net assets:		
Invested in capital assets, net of related debt	36,491,021	33,443,249
Restricted	39,003	40,716
Unrestricted	<u>4,569,344</u>	<u>6,197,041</u>
Total net assets	<u><u>\$ 41,099,368</u></u>	<u><u>\$ 39,681,006</u></u>

TOWN OF TROPHY CLUB, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2010

OVERVIEW OF THE FINANCIAL STATEMENTS - CONTINUED

Town Operational Analysis – The following table provides a summary analysis of the Town's government-wide operations for the fiscal year ended September 30, 2010. Governmental activities have increased the Town's net assets by \$465,425 which amounts to a 1% increase in total net assets for the year.

Table 2
Changes in Net Assets

	Governmental Activities 2010	Governmental Activities 2009
Revenue:		
Program revenue		
Charges for services	\$ 1,708,054	\$ 1,551,633
Operating grants and contributions	385,429	55,801
Capital grants and contributions	323,822	3,736,920
General revenue		
Ad valorem taxes	3,889,157	3,639,192
Sales and mixed beverage taxes	674,131	588,362
Franchise taxes	519,959	546,271
Occupancy taxes	17,685	17,069
Intergovernmental revenue	409,454	260,507
Unrestricted investment earnings	17,634	85,800
Miscellaneous	126,949	163,192
Total revenue	<u>8,072,274</u>	<u>10,644,747</u>
Expenses:		
General government	61,251	17,040
Storm drainage	133,251	131,921
Emergency medical services	666,073	611,799
Manager's office	604,649	474,005
Human resources	44,137	38,376
Finance	255,564	237,327
Information systems	135,496	166,257
Legal	146,431	246,297
Police	1,545,035	1,402,023
Court	74,040	60,929
Recreation	798,588	414,006
Facilities management	73,369	101,514
Parks	798,031	810,515
Community development	201,788	197,765
Planning and zoning	152,106	100,522
Streets	1,202,423	1,195,065
Water and sewer	310,929	80,197
Administrative	12,095	-
Interest on long term debt	391,593	391,346
Total expenses	<u>7,606,849</u>	<u>6,676,904</u>
Increase in net assets	<u>\$ 465,425</u>	<u>\$ 3,967,843</u>

TOWN OF TROPHY CLUB, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2010

OVERVIEW OF THE FINANCIAL STATEMENTS – CONTINUED

Financial Analysis of the Town's Funds

Governmental Funds - the main focus of the Town's governmental funds is to provide information on the flow of monies to and from the funds; and to note the unreserved fund balance, which is a good indicator of resources available for spending in the near term. The information derived from these funds is highly useful in assessing the Town's financial requirements. The unreserved fund balance may serve as a useful measure of the governments net resources available for use at the fiscal year end.

At the end of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$9,107,826 of which 24%, or \$2,208,304, is unreserved and available to the Town for future spending. The remaining fund balance is not available for spending and is reserved to pay debt service, capital projects, and other items.

Major Funds

Although the general and debt service funds did not experience significant change during fiscal year 2010, the fund balance in the capital projects fund increased by \$3,007,196, primarily due to the issuance of \$5,560,000 general obligation bonds and tax notes.

General Fund Budgetary Highlights

Revenue: Significant variances between budgeted and actual revenues included: sales and mixed beverage taxes were \$36,633 over budget; licenses and permits were \$265,558 over budget due to building permits; charges for services were \$424,557 under budget due to the netting of the pass-through transactions for trash and recycling which had been budgeted as revenue and expense.

Expenses: Savings from vacancies during the year are reflected in actual expenses under budget in several departments including the Manager's Office, Finance, and Parks. Insurance premium savings and unexpended budget for repairs and maintenance are reflected in the Facilities management department. The netting of the pass-through transactions for trash and recycling which had been budgeted as revenue and expense is reflected in the savings in the Community Development department. Additional costs for engineering required by the tremendous growth in development is reflected in the Planning department. Overall: The Town had a net positive savings of \$531,866.

Capital Asset and Debt Administration

The Town's investments of capital assets for its governmental activities as of September 30, 2010 amounted to \$44,841,426 net of accumulated depreciation. They represent a broad range of capital assets including, but not limited to land, buildings, police, and EMS equipment, park facilities, streets, water lines and a storm water drainage system. Significant increases came from contributions from Trophy Club Public Improvement District #1. During the fiscal year, a physical inventory of capital assets was completed which identified several assets which had been retired, yet were still included in the Town's capital assets register. There were also several assets which were reclassified due to the review. The capital assets activity for the year is captured in Note 4 (pg 29).

TOWN OF TROPHY CLUB, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2010

OVERVIEW OF THE FINANCIAL STATEMENTS - CONTINUED

Table 3
 Capital Assets at Year-End
 Net of Accumulated Depreciation

	Governmental Activities 2010	Governmental Activities 2009
Land	\$ 3,445,349	\$ 3,334,724
Buildings	1,451,586	1,474,685
Improvements other than buildings	16,463,819	12,506,216
Machinery and equipment	582,370	501,920
Vehicles	402,934	286,357
Water System	30,078	31,822
Infrastructure	2,732,007	2,865,258
Construction in progress	19,733,283	20,788,525
Totals	\$ 44,841,426	\$ 41,789,507

Major additions to capital assets for the fiscal year include the following:

Description	Amount
Bobcat Boulevard	\$ 3,896,184
Parks Machinery and Equipment	16,231
Police Vehicles	55,000

Additional information about capital assets may be found in Note 4 in the notes to financial statements beginning on page 29 of this report.

Debt Administration

Long-Term Debt - at the end of fiscal year 2010, the Town had \$13,316,980 in bonded debt, notes payable and capital lease obligations, an increase of 58% from the previous fiscal year. The majority of the increase is due to the issuance of \$5,000,000 of General Obligation bonds for park improvements approved by the Town's voters in November 2009. Of the total outstanding debt amount, \$13,182,000 is backed by the full faith and credit of the government. The Town's general obligation debt is rated as "AA" by Standard and Poors and "Aa3" by Moody's investor services.

**TOWN OF TROPHY CLUB, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2010**

OVERVIEW OF THE FINANCIAL STATEMENTS - CONTINUED

Table 4
Outstanding Debt at Year-End

	Governmental Activities 2010	Governmental Activities 2009
General obligation bonds	\$ 12,400,000	\$ 7,310,000
Contractual obligations	782,000	852,000
Capital leases	92,240	198,756
Compensated absences	42,740	49,404
Total	<u>\$ 13,316,980</u>	<u>\$ 8,410,160</u>

Economic Factors and Next Year's Budgets and Rates

In the budget for the next fiscal year, revenues have been projected to increase by .7%. The two largest sources of revenue: property tax receipts and sales tax receipts were budgeted to increase 5.8%, and 5.5%, respectively. Expenditures are expected to increase by 1.8%.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all interested parties. Questions concerning any of the information in this report or requests for additional information should be directed to the Town of Trophy Club, Director of Finance, 100 Municipal Drive, Trophy Club, Texas 76262.

BASIC FINANCIAL STATEMENTS

**TOWN OF TROPHY CLUB, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2010**

	Primary Governmental Activities	Component Units
ASSETS		
Cash and cash equivalents	\$ 9,285,417	\$ 667,898
Receivables:		
Sales taxes	103,399	77,550
Ad valorem taxes	37,850	-
Franchise fees	305,738	-
Accounts, net of \$369,896 allowance	179,940	-
Other	11,794	-
Due from other governments	123,091	-
Prepaid items	36,277	-
Bond issuance costs	120,917	-
Capital assets:		
Land	3,445,349	-
Construction in progress	19,733,283	-
Buildings	1,934,264	-
Improvements other than buildings	26,194,803	-
Machinery and equipment	1,158,565	-
Vehicles	1,120,434	-
Water system	43,600	-
Infrastructure	5,330,030	-
Accumulated depreciation	(14,118,902)	-
TOTAL ASSETS	\$ 55,045,849	\$ 745,448
LIABILITIES		
Accounts payable	\$ 445,662	\$ 1,972
Accrued liabilities	115,061	-
Interest payable	50,685	-
Due to other governments	18,093	-
Noncurrent liabilities:		
Debt due within one year	863,167	-
Debt due in more than one year	12,453,813	-
TOTAL LIABILITIES	13,946,481	1,972
NET ASSETS		
Invested in capital assets, net of related debt	36,491,021	-
Restricted for debt service	39,003	-
Unrestricted	4,569,344	743,476
TOTAL NET ASSETS	\$ 41,099,368	\$ 743,476

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

**TOWN OF TROPHY CLUB, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2010**

Program Activities	Expenses	Program Revenues			Net (Expenses) Revenues and	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Component Units
Governmental activities:						
General government	\$ 61,251	\$ 32,818	\$ 385,429	\$ 323,822	\$ 680,818	\$ -
Storm drainage	133,251	128,880	-	-	(4,371)	-
Emergency medical services	666,073	137,286	-	-	(528,787)	-
Manager's office	604,649	-	-	-	(604,649)	-
Human resources	44,137	-	-	-	(44,137)	-
Finance	255,564	-	-	-	(255,564)	-
Information systems	135,496	-	-	-	(135,496)	-
Legal	146,431	-	-	-	(146,431)	-
Police	1,545,035	-	-	-	(1,545,035)	-
Court	74,040	120,151	-	-	46,111	-
Recreation	798,588	172,124	-	-	(626,464)	-
Facilities management	73,369	-	-	-	(73,369)	-
Parks	798,031	91,902	-	-	(706,129)	-
Community development	201,788	713,920	-	-	512,132	-
Planning and zoning	152,106	5,413	-	-	(146,693)	-
Streets	1,202,423	-	-	-	(1,202,423)	-
Water and sewer	310,929	305,560	-	-	(5,369)	-
Administrative	12,095	-	-	-	(12,095)	-
Interest on long-term debt	391,593	-	-	-	(391,593)	-
Total governmental activities	7,606,849	1,708,054	385,429	323,822	(5,189,544)	-
Component units:						
4A Economic Development Corporation	202,018	-	-	-	-	(202,018)
4B Economic Development Corporation	91,378	-	-	-	-	(91,378)
Total component units	\$ 293,396	\$ -	\$ -	\$ -	-	(293,396)
General Revenues:						
Taxes:						
Ad valorem					3,889,157	-
Sales and mixed beverage					674,131	397,261
Franchise taxes					519,959	-
Occupancy taxes					17,685	-
Intergovernmental revenue					409,454	-
Investment income					17,634	1,351
Miscellaneous revenues					126,949	-
Total general revenues					5,654,969	398,612
Change in net assets						
Net Assets - beginning of year, as restated					465,425	105,216
					40,633,943	638,260
					\$ 41,099,368	\$ 743,476

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

**TOWN OF TROPHY CLUB, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 2,120,229	\$ 82,567	\$ 6,924,732	\$ 157,889	\$ 9,285,417
Receivables					
Sales taxes	103,399	-	-	-	103,399
Ad valorem taxes	31,229	6,621	-	-	37,850
Franchise fees	305,738	-	-	-	305,738
Accounts (net of \$369,896 allowance for uncollectible accounts)	92,764	-	-	87,176	179,940
Miscellaneous	11,794	-	-	-	11,794
Due from other governments	92,211	-	-	30,880	123,091
Due from other funds	133,124	500	20,000	10,746	164,370
Prepays	34,710	-	-	1,567	36,277
Total assets	<u>\$ 2,925,198</u>	<u>\$ 89,688</u>	<u>\$ 6,944,732</u>	<u>\$ 288,258</u>	<u>\$ 10,247,876</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 268,964	\$ -	\$ 123,436	\$ 53,262	\$ 445,662
Accrued liabilities	114,367	-	-	694	115,061
Due to other governments	17,804	-	-	289	18,093
Due to other funds	20,000	-	63,894	80,476	164,370
Deferred revenue	390,243	6,621	-	-	396,864
Total liabilities	<u>811,378</u>	<u>6,621</u>	<u>187,330</u>	<u>134,721</u>	<u>1,140,050</u>
Fund balances					
Reserved for debt service	-	83,067	-	-	83,067
Reserved for TCLEOSE training	4,822	-	-	-	4,822
Reserved for Child Safety/ Veh Reg program	5,625	-	-	-	5,625
Reserved for parks	2,325	-	-	-	2,325
Reserved for prepaids	34,710	-	-	1,567	36,277
Reserved for encumbrances	10,004	-	48,000	-	58,004
Reserved for capital projects	-	-	6,709,402	-	6,709,402
Unreserved and undesignated reported in:					
General fund	2,056,334	-	-	-	2,056,334
Special revenue fund	-	-	-	151,970	151,970
Total fund balances	<u>2,113,820</u>	<u>83,067</u>	<u>6,757,402</u>	<u>153,537</u>	<u>9,107,826</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,925,198</u>	<u>\$ 89,688</u>	<u>\$ 6,944,732</u>	<u>\$ 288,258</u>	<u>\$ 10,247,876</u>

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

**TOWN OF TROPHY CLUB, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2010**

Total fund balances - governmental funds	\$ 9,107,826
Amounts reported for governmental activities in the statement of net assets 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.	44,841,426
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.	120,917
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.	(50,685)
Revenues earned but not available within sixty days of year-end are not recognized as revenue in the fund financial statements.	396,864
Compensated absences are not due and payable in the current period and, therefore, are not reported in the fund financial statements.	(42,740)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the fund financial statements.	<u>(13,274,240)</u>
Net assets of governmental activities	<u><u>\$ 41,099,368</u></u>

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

**TOWN OF TROPHY CLUB, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Ad valorem taxes	\$ 3,215,161	\$ 675,766	\$ -	\$ -	\$ 3,890,927
Sales and mixed beverage taxes	541,711	-	-	132,420	674,131
Franchise taxes	519,959	-	-	-	519,959
Occupancy taxes	-	-	-	17,685	17,685
Licenses and permits	719,333	-	-	-	719,333
Intergovernmental	76,526	161,230	-	-	237,756
Charges for services	357,593	-	-	510,978	868,571
Fines	120,151	-	-	-	120,151
Investment income	5,662	6,471	5,444	57	17,634
Miscellaneous	98,331	-	20,000	8,618	126,949
Grant revenue	-	-	-	171,698	171,698
Contributions	-	-	694,837	14,414	709,251
Total revenues	<u>5,654,427</u>	<u>843,467</u>	<u>720,281</u>	<u>855,870</u>	<u>8,074,045</u>
Expenditures:					
Current:					
General government	19,888	-	1,271	20,054	41,213
Emergency medical services	646,249	-	-	-	646,249
Manager's office	607,341	-	-	-	607,341
Human resources	44,304	-	-	-	44,304
Finance	257,275	-	-	-	257,275
Information systems	155,490	-	-	-	155,490
Legal	146,431	-	-	-	146,431
Police	1,402,229	-	-	120,999	1,523,228
Court	73,782	-	-	-	73,782
Parks	777,463	-	-	104,568	882,031
Recreation	511,720	-	-	-	511,720
Facilities management	73,369	-	-	-	73,369
Community development	183,383	-	-	-	183,383
Planning and zoning	160,895	-	-	-	160,895
Streets	375,124	-	-	193,495	568,619
Water	-	-	-	310,929	310,929
Administrative	-	-	-	12,095	12,095
Capital outlay	-	-	3,223,478	-	3,223,478
Debt service:					
Principal retirement	-	540,000	-	-	540,000
Interest and fiscal charges	-	371,721	-	-	371,721
Bond issuance costs	-	-	82,245	-	82,245
Total expenditures	<u>5,434,943</u>	<u>911,721</u>	<u>3,306,994</u>	<u>762,140</u>	<u>10,415,798</u>
Excess (deficiency) of revenues over expenditures	<u>219,484</u>	<u>(68,254)</u>	<u>(2,586,713)</u>	<u>93,730</u>	<u>(2,341,753)</u>
Other financing sources (uses):					
Transfers in	17,400	88,016	54,489	116,412	276,317
Transfers out	(190,901)	-	(20,580)	(64,836)	(276,317)
Issuance of general obligation bonds	-	-	5,560,000	-	5,560,000
Total other financing sources (uses)	<u>(173,501)</u>	<u>88,016</u>	<u>5,593,909</u>	<u>51,576</u>	<u>5,560,000</u>
Net change in fund balances	45,983	19,762	3,007,196	145,306	3,218,247
Fund Balances - beginning of year	<u>2,067,837</u>	<u>63,305</u>	<u>3,750,206</u>	<u>8,231</u>	<u>5,889,579</u>
Fund Balances - end of year	<u>\$ 2,113,820</u>	<u>\$ 83,067</u>	<u>\$ 6,757,402</u>	<u>\$ 153,537</u>	<u>\$ 9,107,826</u>

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

**TOWN OF TROPHY CLUB, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Net change in fund balances - total governmental funds	\$ 3,218,247
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.	3,285,796
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.	(1,186,814)
Payments on long-term debt, including capital leases, are recorded as expenditures in the Governmental Fund Financial Statements, but are reflected as reductions in the liability for long-term debt in the government-wide statements.	646,516
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 represents \$82,245 of newly capitalized costs less \$5,585 of current year amortization.	76,660
Governmental funds reflect the proceeds from the issuance of bonds, contractual obligations, and capital leases as other financing sources; however, in the government-wide financial statements the proceeds are reflected as increases in liabilities.	(5,560,000)
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.	6,663
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.	(19,874)
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.	<u>(1,769)</u>
Change in net assets of governmental activities	<u><u>\$ 465,425</u></u>

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

**TOWN OF TROPHY CLUB, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUND
SEPTEMBER 30, 2010**

	Agency Fund
	PID NO. 1
	Debt Service
ASSETS	
Cash and cash equivalents	4,159,381
Total assets	\$ 4,159,381
LIABILITIES	
Due to debt holders	4,159,381
Total liabilities	\$ 4,159,381

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

**TOWN OF TROPHY CLUB, TEXAS
COMBINING STATEMENT OF NET ASSETS
DISCRETELY PRESENTED COMPONENT UNITS
SEPTEMBER 30, 2010**

	<u>4A Economic Development Corporation</u>	<u>4B Economic Development Corporation</u>	<u>Totals September 30, 2010</u>
ASSETS			
Cash and cash equivalents	\$ 392,061	\$ 275,837	\$ 667,898
Receivables, net:			
Sales taxes	<u>51,700</u>	<u>25,850</u>	<u>77,550</u>
TOTAL ASSETS	<u><u>\$ 443,761</u></u>	<u><u>\$ 301,687</u></u>	<u><u>\$ 745,448</u></u>
LIABILITIES			
Accounts payable	<u>\$ -</u>	<u>\$ 1,972</u>	<u>\$ 1,972</u>
TOTAL LIABILITIES	<u>-</u>	<u>1,972</u>	<u>1,972</u>
NET ASSETS			
Unrestricted	<u>443,761</u>	<u>299,715</u>	<u>743,476</u>
TOTAL NET ASSETS	<u><u>\$ 443,761</u></u>	<u><u>\$ 299,715</u></u>	<u><u>\$ 743,476</u></u>

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, 2010**

	<u>Expenses</u>	<u>Net (Expenses) Revenues and Changes in Net Assets</u>		
		<u>4A Economic Development Corporation</u>	<u>4B Economic Development Corporation</u>	<u>Total</u>
4A Economic Development Corporation				
General government	\$ 202,018	\$ (202,018)	\$ -	\$ (202,018)
4B Economic Development Corporation				
General government	91,378	-	(91,378)	(91,378)
Total component units	<u>\$ 293,396</u>	<u>(202,018)</u>	<u>(91,378)</u>	<u>(293,396)</u>
General Revenues:				
Sales taxes		264,841	132,420	397,261
Investment income		854	497	1,351
Total general revenues		<u>265,695</u>	<u>132,917</u>	<u>398,612</u>
Change in net assets		63,677	41,539	105,216
Net Assets - beginning of year		<u>380,084</u>	<u>258,176</u>	<u>638,260</u>
Net Assets - end of year		<u>\$ 443,761</u>	<u>\$ 299,715</u>	<u>\$ 743,476</u>

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

TOWN OF TROPHY CLUB, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

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 American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board (when applicable). As allowed by *Governmental Accounting and Financial Reporting Standards*, the Town has elected not to apply Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. 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 five-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

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

The following entities were found to be 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.

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.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the Town. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported as a single column in the government-wide financial statements.

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

Fund Financial Statements

The 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 and fiduciary activities. The governmental fund financial statements present each major fund as a separate column on the fund financial statements. A separate financial statement is provided for the agency fund even though it is excluded from the government-wide statements.

TOWN OF TROPHY CLUB, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Government-Wide and Fund Financial Statements – Continued

Fund Financial Statements – Continued

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 reserved to signify the amounts that are restricted exclusively for debt service expenditures.

Capital Projects Funds

The Capital Projects Funds are used to account for funds received and expended for the acquisition and construction of infrastructure and other capital assets.

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

Grant Fund

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

Hotel/Motel Fund

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

Town Utility Fund

This fund is used to account for water usage receipts from PID properties and for expenses related to the cost of providing the water service.

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**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Government-Wide and Fund Financial Statements – Continued

Street Maintenance Sales Tax Fund

Accounts for sales taxes specifically restricted for street improvements.

25th Anniversary Fund

Accounts for contributions designated for the Town's 25th anniversary celebration.

The Town reports the following fiduciary fund:

Public Utility 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 financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. 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, investments are considered to be cash equivalents.

TOWN OF TROPHY CLUB, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

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 activities column in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair 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

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 statement of net assets. 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

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by parties for use for a specific purpose.

K. Net Assets

In the government-wide financial statements, net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are 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.

TOWN OF TROPHY CLUB, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2. CASH AND INVESTMENTS

At September 30, 2010, the carrying amount of the Town's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$6,441,383 (including \$3,351 of Component Unit deposits) and the bank balance was \$6,703,182 (including \$4,430 of Component Unit deposits). The Town's cash deposits at September 30, 2010 and during the year ended September 30, 2010 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. 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, 2010 are classified in the accompanying financial statements as follows:

Statement of Net Assets

Primary Government:

Cash	\$ 2,279,751
Cash equivalents	7,005,666

Fiduciary Fund:

Cash	4,159,381
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Component Unit:

Cash	3,351
Cash equivalents	<u>664,547</u>

Total cash and investments	<u><u>\$ 14,112,696</u></u>
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**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

Cash and investments as of September 30, 2010 consist of the following:

Cash on hand	\$	1,100
Deposits with financial institutions		6,441,383
Investments		<u>7,670,213</u>
 Total cash and investments	 \$	 <u>14,112,696</u>

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, 2010, the Town had the following investments:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity</u>
Texpool	<u>\$ 7,670,213</u>	30 days
 Total Investments	 <u>\$ 7,670,213</u>	

As of September 30, 2010, 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>\$ 7,670,213</u>	N/A	AAAm
 Total Investments	 <u>\$ 7,670,213</u>		

TOWN OF TROPHY CLUB, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2. CASH AND INVESTMENTS – CONTINUED

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, 2010, 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. 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, 2010 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.

TOWN OF TROPHY CLUB, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

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	Nonmajor Governmental Funds
Governmental Funds			
Receivables			
Property taxes	\$ 31,229	\$ 6,621	\$ -
Franchise taxes	305,738	-	-
Sales Taxes	103,399	-	25,850
Accounts	462,660	-	61,326
Other	11,794	-	-
Gross receivables	914,820	6,621	87,176
Less: allowance	(369,896)	-	-
Net total receivables	\$ 544,924	\$ 6,621	\$ 87,176

The September 30, 2010 Due from Other Governments balance, \$123,091, represents amounts due from Trophy Club Municipal Utility District No.1 for various services.

TOWN OF TROPHY CLUB, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2010, was as follows:

	Beginning Balance as Previously Reported	Adjustments/ Reclassifications	Beginning Balance As Restated	Additions	Retirements/ Transfers	Ending Balance
Governmental Activities:						
Capital assets not depreciated:						
Land	\$ 3,334,724	\$ -	3,334,724	\$ 110,625	\$ -	\$ 3,445,349
Construction in progress	20,788,525	-	20,788,525	2,840,942	(3,896,184)	19,733,283
Total capital assets not depreciated	<u>24,123,249</u>	<u>-</u>	<u>24,123,249</u>	<u>2,951,567</u>	<u>(3,896,184)</u>	<u>23,178,632</u>
Capital assets being depreciated:						
Buildings	1,934,264	-	1,934,264	-	-	1,934,264
Improvements other than buildings	23,296,221	(1,010,552)	22,285,669	12,950	3,896,184	26,194,803
Machinery and equipment	1,045,461	(18,520)	1,026,941	131,624	-	1,158,565
Vehicles	956,824	(26,045)	930,779	189,655	-	1,120,434
Water system	43,600	-	43,600	-	-	43,600
Infrastructure	5,330,030	-	5,330,030	-	-	5,330,030
Total capital assets being depreciated	<u>32,606,400</u>	<u>(1,055,117)</u>	<u>31,551,283</u>	<u>334,229</u>	<u>3,896,184</u>	<u>35,781,696</u>
Less accumulated depreciation for:						
Buildings	(459,579)	25,438	(434,141)	(48,537)	-	(482,678)
Improvements other than buildings	(10,790,005)	1,899,519	(8,890,486)	(840,498)	-	(9,730,984)
Machinery and equipment	(543,541)	50,884	(492,657)	(83,538)	-	(576,195)
Vehicles	(670,467)	32,213	(638,254)	(79,246)	-	(717,500)
Water system	(11,778)	-	(11,778)	(1,744)	-	(13,522)
Infrastructure	(2,464,772)	-	(2,464,772)	(133,251)	-	(2,598,023)
Total accumulated depreciation	<u>(14,940,142)</u>	<u>2,008,054</u>	<u>(12,932,088)</u>	<u>(1,186,814)</u>	<u>-</u>	<u>(14,118,902)</u>
Total capital assets being depreciated, net	<u>17,666,258</u>	<u>952,937</u>	<u>18,619,195</u>	<u>(852,585)</u>	<u>3,896,184</u>	<u>21,662,794</u>
Governmental activities capital assets, net	<u>\$ 41,789,507</u>	<u>\$ 952,937</u>	<u>\$ 42,742,444</u>	<u>\$ 2,098,982</u>	<u>\$ -</u>	<u>\$ 44,841,426</u>

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

NOTE 4. CAPITAL ASSETS – CONTINUED

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

General government	\$ 30,453
Emergency medical services	26,446
Information systems	12,366
Police	43,962
Parks and recreation	287,023
Community development	19,683
Streets	633,630
Water and sewer	<u>133,251</u>
Total depreciation expense	<u>\$ 1,186,814</u>

NOTE 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A summary of interfund receivables and payables balances at September 30, 2010 is as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Hotel/Motel Fund	\$ 255	Reimburse expenditures for 4th of July celebration
General Fund	Trophy Club Park	37,866	Annual transfers for administrative and public safety services
General Fund	Capital Projects Fund	63,394	Reimbursable expenditures moved to General Fund
General Fund	Street Maintenance	2,547	Reimbursable expenditures moved to General Fund
Capital Projects	General Fund	20,000	Operating transfer
Debt Service Fund	Capital Projects Fund	500	Reimbursable expenditures moved to Debt Service
Storm Drainage	Utility Fund	10,746	Reimbursable expenditures moved to Storm Drainage
General Fund	Town Utility Fund	<u>29,062</u>	To record storm drainage fees, refuse fees, and refuse taxes
	Total	<u>\$ 164,370</u>	

Transfers between funds during the year are as follows:

Transfer In	Transfer Out	Amount	Purpose
General Fund	Capital Projects	\$ 17,400	For resurfacing of community pool
Debt Service	General Fund	20,000	Equipment debt associated with 2010 Tax Note
Debt Service	Non Major	64,836	Storm Drainage Debt
Capital Projects	General Fund	54,489	Town's portion of Bobcat Blvd construction expense
Debt Service	Capital Projects	3,180	Equipment debt associated with 2010 Tax Note
Non Major	General Fund	<u>116,412</u>	Beginning Fund for Storm Drainage Fund
	Total	<u>\$ 276,317</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, 2010, the Town's long-term debt consisted of the following:

Description	Interest Rate		Year of Issue	Final Maturity	Average Annual Payment	Original Amount	Balance 9/30/2010
Contractual Obligations:							
Combination Tax and Revenue-Series 2004	3.50-4.75 %		2004	2024	\$45,620	\$ 650,000	\$ 464,000
Combination Tax and Revenue-Series 2007	4.20 %		2007	2017	\$53,361	\$ 474,000	<u>318,000</u>
							<u>\$ 782,000</u>
General Obligation Bonds:							
Improvements	4.25-5.625 %		2002	2022	177,500	3,000,000	\$ 2,130,000
Refunding	3.50-4.50 %		2002	2014	182,500	1,580,000	730,000
Improvements	4.00-4.90 %		2002	2022	83,750	1,400,000	1,005,000
Improvements	4.00-5.00 %		2007	2027	175,000	3,260,000	2,975,000
Improvements	3.00-4.13 %		2010	2030	250,000	5,000,000	5,000,000
Tax notes	2.48-5.01 %		2010	2017	80,000	560,000	<u>560,000</u>
							<u>\$12,400,000</u>

Description	Interest Rate		Year of Issue	Final Maturity	Average Annual Payment	Original Amount	Balance 9/30/2010
Capital Lease Obligations:							
Vehicle	4.29%		2007	2010	\$21,047	\$75,729	\$ 20,165
Vehicle	4.00%		2008	2012	74,205	256,836	63,879
Vehicle	6.60%		2009	2011	8,399	23,311	<u>8,196</u>
							<u>\$ 92,240</u>

During the year ended September 30, 2010, the Town issued \$5,000,000 General Obligation Bonds, Series 2010, and \$560,000 Tax Notes, Series 2010. Proceeds from the sale of the Bonds will be used to finance park and recreation improvements, and to pay contractual obligations incurred, respectively.

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, 2010:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 7,310,000	\$ 5,560,000	\$(470,000)	\$ 12,400,000	\$ 685,000
Contractual Obligations	852,000	-	(70,000)	782,000	73,000
Capital Leases	198,756	-	(106,516)	92,240	62,427
Compensated Absences	49,404	-	(6,664)	42,740	42,740
Total Governmental Activities					
Long-term Liabilities	<u>\$ 8,410,160</u>	<u>\$ 5,560,000</u>	<u>\$(653,180)</u>	<u>\$ 13,316,980</u>	<u>\$ 863,167</u>

The annual requirements to amortize all debts outstanding as of September 30, 2010, are as follows:

Year Ended September 30,	General Obligation Bonds		Total Requirements
	Principal	Interest	
2011	\$ 685,000	\$ 572,518	\$ 1,257,518
2012	780,000	487,823	1,267,823
2013	810,000	454,095	1,264,095
2014	820,000	420,048	1,240,048
2015	665,000	384,248	1,049,248
2016-2020	3,410,000	1,532,326	4,942,326
2021-2025	3,050,000	804,375	3,854,375
2026-2030	2,180,000	245,987	2,425,987
	<u>\$ 12,400,000</u>	<u>\$ 4,901,420</u>	<u>\$ 17,301,420</u>

Year Ended September 30,	Contractual Obligations		Total Requirements
	Principal	Interest	
2011	\$ 73,000	\$ 35,702	\$ 108,702
2012	75,000	32,490	107,490
2013	77,000	29,080	106,080
2014	78,000	25,642	103,642
2015	80,000	22,163	102,163
2016-2020	265,000	68,844	333,844
2020-2024	134,000	16,282	150,282
	<u>\$ 782,000</u>	<u>\$ 230,203</u>	<u>\$ 1,012,203</u>

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

NOTE 6. LONG-TERM DEBT – CONTINUED

Year Ended September 30,	Capital Leases
2011	\$ 66,495
2012	50,782
	117,277
Less: interest	(25,037)
Present value	\$ 92,240

The general fund has been used to liquidate notes payable 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 real and business 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.

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.

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

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 percent (100%, 150%, 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.

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.

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

NOTE 8. PENSION PLAN – CONTINUED

Texas Municipal Retirement System – Continued

Contributions – Continued

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, 2008 valuation is effective for rates beginning January 2010)

The following is a schedule of actuarial liabilities and funding progress for the past three years:

	<u>12/31/2009</u>	<u>12/31/2008</u>	<u>12/31/2007</u>
Actuarial valuation date			
Actuarial value of assets	\$ 5,511,201	\$ 4,773,166	\$ 4,131,103
Actuarial accrued liability	8,869,701	7,839,301	6,909,211
Percentage funded	62.1%	60.9%	59.8%
Unfunded actuarial accrued liability	3,358,500	3,066,135	2,778,108
Annual covered payroll	4,133,892	4,054,683	3,645,425
Unfunded actuarial accrued liability as a percentage of covered payroll	81.2%	75.6%	76.2%
 Net pension obligation at beginning of period	 -	 -	 -
Annual pension cost:			
Annual required contribution	565,078	483,441	480,538
Less: contributions made	<u>(565,078)</u>	<u>(483,441)</u>	<u>(480,538)</u>
Net pension obligation at end of period	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

The following actuarial assumptions were used:

Actuarial Cost Method	Projected unit credit
Amortization Method	Level percent of payroll
Remaining Amortization	28 years – closed period
Asset Valuation Method	10-year smoothed market
Investment Rate of Return	7.5%
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, 2009 valuations are contained in the 2009 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. CONTRIBUTIONS

The Town received contributions of \$140,308 and \$26,362, respectively, from the 4A Economic Development Corporation (4A) and 4B Economic Development Corporation (4B) during the year ended September 30, 2010. These contributions represent payment for various items such as pool bond payments, pool operations, 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.

NOTE 10. 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 11. 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 12. SUBSEQUENT EVENTS

The Town has evaluated all events and transactions that have occurred from September 30, 2010 up until February 23, 2011, the date the financial statements were issued.

In October 2010, the Town issued \$2,790,000 General Obligation Refunding Bonds, Series 2010. The proceeds of the bonds will be used to refund debt previously issued by the Town.

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

NOTE 13. RESTATEMENT OF BEGINNING NET ASSETS

As a result of a physical inventory performed during the year, the Town discovered errors involving various assets that had been previously disposed of, yet were incorrectly included on the capital asset listing. The correction of these errors resulted in a \$952,937 increase in beginning net assets.

The Town's October 1, 2009 Net Asset balance has been restated as follows:

Per prior year financial statements	
Net assets	\$ 39,681,006
To correct capital assets balances	<u>952,937</u>
Beginning net assets, as restated	<u><u>\$ 40,633,943</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

**TOWN OF TROPHY CLUB, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED SEPTEMBER 30, 2010**

	<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>
Revenues				
Ad valorem taxes	\$ 3,232,670	\$ 3,232,670	\$ 3,215,161	\$ (17,509)
Sales and mixed beverage taxes	505,078	505,078	541,711	36,633
Franchise taxes	565,680	565,680	519,959	(45,721)
Licenses and permits	453,775	453,775	719,333	265,558
Intergovernmental	92,175	92,175	76,526	(15,649)
Charges for services	732,150	782,150	357,593	(424,557)
Fines	128,500	128,500	120,151	(8,349)
Investment income	40,000	40,000	5,662	(34,338)
Miscellaneous	121,245	124,145	98,331	(25,814)
Total revenues	<u>5,871,273</u>	<u>5,924,173</u>	<u>5,654,427</u>	<u>(269,746)</u>
Expenditures:				
Current				
General government	-	21,590	19,888	1,702
Emergency medical services	663,145	663,145	646,249	16,896
Manager's office	497,713	621,639	607,341	14,298
Human resources	45,240	45,240	44,304	936
Finance	300,885	300,430	257,275	43,155
Information systems	200,893	200,893	155,490	45,403
Legal	152,700	152,700	146,431	6,269
Police	1,406,725	1,406,725	1,402,229	4,496
Court	76,135	76,590	73,782	2,808
Parks	785,230	792,003	777,463	14,540
Recreation	479,723	514,902	511,720	3,182
Facilities management	101,277	101,277	73,369	27,908
Community development	504,497	548,497	183,383	365,114
Planning and zoning	129,241	135,241	160,895	(25,654)
Streets	345,049	385,937	375,124	10,813
Total expenditures	<u>5,688,453</u>	<u>5,966,809</u>	<u>5,434,943</u>	<u>531,866</u>
Excess of revenues over expenditures	<u>182,820</u>	<u>(42,636)</u>	<u>219,484</u>	<u>262,120</u>
Other financing sources (uses):				
Transfer in	-	17,400	17,400	-
Transfer out	(74,489)	(74,489)	(190,901)	(116,412)
Total other financing sources	<u>(74,489)</u>	<u>(57,089)</u>	<u>(173,501)</u>	<u>(116,412)</u>
Net change in fund balance	108,331	(99,725)	45,983	145,708
Fund Balances - beginning of year	<u>2,067,837</u>	<u>2,067,837</u>	<u>2,067,837</u>	<u>-</u>
Fund Balances - end of year	<u>\$ 2,176,168</u>	<u>\$ 1,968,112</u>	<u>\$ 2,113,820</u>	<u>\$ 145,708</u>

**TOWN OF TROPHY CLUB, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2010**

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:

- Planning and Zoning (25,654)

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COMBINING AND BUDGETARY COMPARISON SCHEDULES

**TOWN OF TROPHY CLUB, TEXAS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED SEPTEMBER 30, 2010**

	<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>
Revenues				
Ad valorem taxes	\$ 676,066	\$ 676,066	\$ 675,766	\$ (300)
Investment income	4,000	4,000	6,471	2,471
Intergovernmental revenue	161,826	161,826	161,230	(596)
Total revenues	<u>841,892</u>	<u>841,892</u>	<u>843,467</u>	<u>1,575</u>
Expenditures:				
Debt service:				
Principal	540,000	540,000	540,000	-
Interest and fiscal charges	371,728	371,728	371,721	7
Total expenditures	<u>911,728</u>	<u>911,728</u>	<u>911,721</u>	<u>7</u>
Excess (deficiency) of revenues				
Other financing sources:	<u>(69,836)</u>	<u>(69,836)</u>	<u>(68,254)</u>	<u>1,582</u>
Other financing sources (uses):				
Transfer in	69,836	69,836	88,016	18,180
Total other financing sources	<u>69,836</u>	<u>69,836</u>	<u>88,016</u>	<u>18,180</u>
Net change in fund balance	-	-	19,762	19,762
Fund Balances - beginning of year	<u>63,305</u>	<u>63,305</u>	<u>63,305</u>	<u>-</u>
Fund Balances - end of year	<u>\$ 63,305</u>	<u>\$ 63,305</u>	<u>\$ 83,067</u>	<u>\$ 19,762</u>

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

GRANT FUND

Accounts for grant monies received by and expended by the Town.

HOTEL/ MOTEL FUND

Accounts for occupancy taxes charged to hotels.

TOWN UTILITY FUND

Accounts for water usage receipts from PID properties and for expenses related to the cost of providing water service.

TROPHY CLUB PARK FUND

Accounts 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.

STREET MAINTENANCE SALES TAX FUND

Accounts for sales taxes specifically restricted for street improvements.

25TH ANNIVERSARY FUND

Accounts for contributions designated for the Town's 25th anniversary celebration.

**TOWN OF TROPHY CLUB, TEXAS
COMBINING BALANCE SHEET-
NON MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010**

	<u>Grant Fund</u>	<u>Hotel/Motel Fund</u>	<u>Town Utility Fund</u>
ASSETS			
Cash and cash equivalents	\$ 1,309	\$ -	\$ 24,000
Accounts receivable (net of allowance for uncollectibles)	7,562	-	53,764
Due from other funds	-	-	-
Due from other governments	-	-	21,023
Prepays	-	-	-
Total assets	<u>\$ 8,871</u>	<u>\$ -</u>	<u>\$ 98,787</u>
LIABILITIES AND FUND BALANCES			
Accounts payable	\$ 2,960	\$ -	\$ 42,042
Other accrued liabilities	-	-	-
Due to other funds	-	255	39,808
Due to other governments	-	-	-
Total liabilities	<u>2,960</u>	<u>255</u>	<u>81,850</u>
FUND BALANCES (DEFICITS)			
Reserved for prepaids	-	-	-
Unreserved	5,911	(255)	16,937
Total fund balances (deficits)	<u>5,911</u>	<u>(255)</u>	<u>16,937</u>
Total liabilities and fund balances (deficits)	<u>\$ 8,871</u>	<u>\$ -</u>	<u>\$ 98,787</u>

Trophy Club Park	Town Storm Drainage	Street Maintenance Sales Tax Fund	25th Anniversary Funds	Total Non-major Governmental Funds
\$ 33	\$ 113,447	\$ 14,531	\$ 4,569	\$ 157,889
-	-	25,850	-	87,176
-	10,746	-	-	10,746
-	9,857	-	-	30,880
1,401	166	-	-	1,567
<u>\$ 1,434</u>	<u>\$ 134,216</u>	<u>\$ 40,381</u>	<u>\$ 4,569</u>	<u>\$ 288,258</u>
\$ 802	\$ 5,208	\$ -	\$ 2,250	\$ 53,262
492	202	-	-	694
37,866	147	2,400	-	80,476
-	289	-	-	289
<u>39,160</u>	<u>5,846</u>	<u>2,400</u>	<u>2,250</u>	<u>134,721</u>
1,401	166	-	-	1,567
(39,127)	128,204	37,981	2,319	151,970
<u>(37,726)</u>	<u>128,370</u>	<u>37,981</u>	<u>2,319</u>	<u>153,537</u>
<u>\$ 1,434</u>	<u>\$ 134,216</u>	<u>\$ 40,381</u>	<u>\$ 4,569</u>	<u>\$ 288,258</u>

**TOWN OF TROPHY CLUB, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON MAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMEBR 30, 2010**

	<u>Grant Fund</u>	<u>Hotel/Motel Fund</u>	<u>Town Utility Fund</u>
Revenues:			
Grant revenue	\$ 171,698	\$ -	\$ -
Charges for services	-	-	305,560
Occupancy taxes	-	17,685	-
Sales Taxes	-	-	-
Investment income	8	28	17
Contributions	-	-	-
Miscellaneous	-	-	7,564
Total revenues	<u>171,706</u>	<u>17,713</u>	<u>313,141</u>
Expenditures:			
General government	1,054	19,000	-
Administrative	-	-	-
Police	120,999	-	-
Parks	4,360	-	-
Streets	46,969	-	-
Water	-	-	310,929
Total expenditures	<u>173,382</u>	<u>19,000</u>	<u>310,929</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,676)</u>	<u>(1,287)</u>	<u>2,212</u>
Other financing sources (uses):			
Transfer in	-	-	-
Transfer out	-	-	-
Total Other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	(1,676)	(1,287)	2,212
Fund balances (deficits) - beginning	7,587	1,032	14,725
Fund balances (deficits) - ending	<u>\$ 5,911</u>	<u>\$ (255)</u>	<u>\$ 16,937</u>

Trophy Club Park	Town Storm Drainage	Street Maintenance Sales Tax Fund	25th Anniversary Funds	Total Non-major Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 171,698
76,537	128,881	-	-	510,978
-	-	-	-	17,685
-	-	132,420	-	132,420
4	-	-	-	57
-	-	-	14,414	14,414
1,054	-	-	-	8,618
<u>77,595</u>	<u>128,881</u>	<u>132,420</u>	<u>14,414</u>	<u>855,870</u>
-	-	-	-	20,054
-	-	-	12,095	12,095
-	-	-	-	120,999
100,208	-	-	-	104,568
-	52,087	94,439	-	193,495
-	-	-	-	310,929
<u>100,208</u>	<u>52,087</u>	<u>94,439</u>	<u>12,095</u>	<u>762,140</u>
<u>(22,613)</u>	<u>76,794</u>	<u>37,981</u>	<u>2,319</u>	<u>93,730</u>
-	116,412	-	-	116,412
-	(64,836)	-	-	(64,836)
-	51,576	-	-	51,576
<u>(22,613)</u>	<u>128,370</u>	<u>37,981</u>	<u>2,319</u>	<u>145,306</u>
<u>(15,113)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,231</u>
<u>\$ (37,726)</u>	<u>\$ 128,370</u>	<u>\$ 37,981</u>	<u>\$ 2,319</u>	<u>\$ 153,537</u>

**TOWN OF TROPHY CLUB, TEXAS
TROPHY CLUB PARK FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED SEPTEMBER 30, 2010**

	<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>
Revenues				
Charges for services	\$ 120,801	\$ 120,801	\$ 76,537	\$ (44,264)
Investment income	-	-	4	4
Miscellaneous	-	-	1,054	1,054
Total revenues	<u>120,801</u>	<u>120,801</u>	<u>77,595</u>	<u>(43,206)</u>
Expenditures:				
Parks	<u>120,596</u>	<u>120,596</u>	<u>100,208</u>	<u>20,388</u>
Total expenditures	<u>120,596</u>	<u>120,596</u>	<u>100,208</u>	<u>20,388</u>
Excess (deficiency) of revenues over expenditures	205	205	(22,613)	(22,818)
Fund Balance (deficit)- beginning of year	<u>(15,113)</u>	<u>(15,113)</u>	<u>(15,113)</u>	<u>-</u>
Fund Balance (deficit) - end of year	<u>\$ (14,908)</u>	<u>\$ (14,908)</u>	<u>\$ (37,726)</u>	<u>\$ (22,818)</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, 2010**

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Sales taxes	\$ 245,189	\$ 245,189	\$ 264,841	\$ 19,652
Investment income	3,000	3,000	854	(2,146)
Total revenues	<u>248,189</u>	<u>248,189</u>	<u>265,695</u>	<u>17,506</u>
Expenditures:				
General government	364,471	364,471	202,018	162,453
Total expenditures	<u>364,471</u>	<u>364,471</u>	<u>202,018</u>	<u>162,453</u>
Excess (deficiency) of revenues over expenditures	(116,282)	(116,282)	63,677	179,959
Fund Balance - beginning of year	<u>380,084</u>	<u>380,084</u>	<u>380,084</u>	<u>-</u>
Fund Balance - end of year	<u><u>\$ 263,802</u></u>	<u><u>\$ 263,802</u></u>	<u><u>\$ 443,761</u></u>	<u><u>\$ 179,959</u></u>

**TOWN OF TROPHY CLUB, TEXAS
4B ECONOMIC DEVELOPMENT FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED SEPTEMBER 30, 2010**

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
Revenues				
Sales taxes	\$ 122,595	\$ 122,595	\$ 132,420	\$ 9,825
Investment income	2,000	2,000	497	(1,503)
Total revenues	<u>124,595</u>	<u>124,595</u>	<u>132,917</u>	<u>8,322</u>
Expenditures:				
General government	128,273	128,273	91,378	36,895
Total expenditures	<u>128,273</u>	<u>128,273</u>	<u>91,378</u>	<u>36,895</u>
Excess (deficiency) of revenues over expenditures	(3,678)	(3,678)	41,539	45,217
Fund Balances - beginning of year	<u>258,176</u>	<u>258,176</u>	<u>258,176</u>	<u>-</u>
Fund Balances - end of year	<u><u>\$ 254,498</u></u>	<u><u>\$ 254,498</u></u>	<u><u>\$ 299,715</u></u>	<u><u>\$ 45,217</u></u>

STATISTICAL SECTION

STATISTICAL SECTION

This part of the Town of Trophy Club comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the Town's overall financial health. This information has not been audited by the independent auditor.

<u>Contents</u>	<u>Table #s</u>
Financial Trends These tables contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	1, 2, 3 & 4
Revenue Capacity These tables contain information to help the reader assess the Town's two most significant local revenue sources, the property and sales taxes.	5, 6, 7 & 8
Debt Capacity These tables present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.	9, 10 & 11
Economic and Demographic Information These tables offer economic and demographic indicators to help the reader understand the environment within which the Town's financial activities take place.	12 & 13
Operating Information These tables contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides.	14 & 15

Source: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year. The Town implemented GASB Statement 34 in fiscal year 2004: tables presenting government-wide information include information beginning in that year.

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

TABLE 1

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
Governmental activities							
Invested in capital assets, net of related debt	\$ 12,798,201	\$ 12,937,027	\$ 18,482,623	\$ 12,598,102	\$ 24,467,178	\$ 33,443,249	\$ 36,491,021
Restricted for debt service	879,984	-	663	42,164	130,709	40,716	39,003
Unrestricted	1,675,338	1,740,263	(4,334,834)	1,689,440	11,115,277	6,197,041	4,569,344
Total governmental activities net assets	\$ 15,353,523	\$ 14,677,290	\$ 14,148,452	\$ 14,329,706	\$ 35,713,164	\$ 39,681,006	\$ 41,099,368
Business-type activities							
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-
Total business-type activities net assets	\$ -						
Primary government							
Invested in capital assets, net of related debt	\$ 12,798,201	\$ 12,937,027	\$ 18,482,623	\$ 12,598,102	\$ 24,467,178	\$ 33,443,249	\$ 36,491,021
Restricted for debt service	879,984	-	663	42,164	130,709	40,716	39,003
Unrestricted	1,675,338	1,740,263	(4,334,834)	1,689,440	11,115,277	6,197,041	4,569,344
Total primary governmental net assets	\$ 15,353,523	\$ 14,677,290	\$ 14,148,452	\$ 14,329,706	\$ 35,713,164	\$ 39,681,006	\$ 41,099,368

Source: Comprehensive Annual Financial Report

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

TABLE 2

	Fiscal Year						
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Expenses							
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
Public safety	2,089,858	2,315,846	2,380,610	2,312,318	3,041,753	2,013,822	2,211,108
Highways & streets	150,095	142,116	198,671	131,922	526,621	1,326,986	1,335,674
Community development	2,301,253	388,260	1,405,385	982,406	415,552	298,287	353,894
Culture and recreation	-	1,682,217	1,176,295	1,539,859	1,930,105	1,224,521	1,596,619
Interest on long-term debt	277,816	266,346	249,829	261,125	2,532,457	391,346	391,593
Total governmental activities expenses	<u>6,086,027</u>	<u>5,960,605</u>	<u>6,420,148</u>	<u>6,253,793</u>	<u>9,922,197</u>	<u>6,676,904</u>	<u>7,606,849</u>
Business-type activities:							
Water and sewer	-	-	-	-	-	-	-
Total business-type activities expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government expenses	<u>\$ 6,086,027</u>	<u>\$ 5,960,605</u>	<u>\$ 6,420,148</u>	<u>\$ 6,253,793</u>	<u>\$ 9,922,197</u>	<u>\$ 6,676,904</u>	<u>\$ 7,606,849</u>
Program Revenues							
Governmental activities:							
Charges for services	\$ 581,763	\$ 710,275	\$ 687,476	\$ 931,685	\$ 1,284,324	\$ 1,551,633	\$ 1,708,054
Operating grants and contributions	677,451	799,680	895,044	909,784	977,774	55,801	385,429
Capital grants and contributions	1,507,105	-	-	-	27,776,510	3,736,920	323,822
Total governmental activities program revenues	<u>2,766,319</u>	<u>1,509,955</u>	<u>1,582,520</u>	<u>1,841,469</u>	<u>30,038,608</u>	<u>5,344,354</u>	<u>2,417,305</u>
Business-type activities:							
Charges for services	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government program revenues	<u>\$ 2,766,319</u>	<u>\$ 1,509,955</u>	<u>\$ 1,582,520</u>	<u>\$ 1,841,469</u>	<u>\$ 30,038,608</u>	<u>\$ 5,344,354</u>	<u>\$ 2,417,305</u>

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

TABLE 2 – CONT.

Net (Expenses) Revenue							
Governmental activities	\$ (3,319,708)	\$ (4,450,650)	\$ (4,837,628)	\$ (4,412,324)	\$ 20,116,411	\$ (1,332,550)	\$ (5,189,544)
Business-type activities	-	-	-	-	-	-	-
Total primary government net expenses	\$ (3,319,708)	\$ (4,450,650)	\$ (4,837,628)	\$ (4,412,324)	\$ 20,116,411	\$ (1,332,550)	\$ (5,189,544)
General Revenues and Other Changes in Net Assets							
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
Sales and mixed beverage taxes	774,176	347,716	430,950	605,776	608,218	588,362	674,131
Other taxes	395,739	404,337	466,794	455,944	515,205	563,340	537,644
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
Miscellaneous revenues	33,810	138,531	159,487	168,604	629,225	163,192	126,949
Transfers	-	-	-	-	(4,422,288)	-	-
Total governmental activities	3,708,119	3,774,417	4,063,906	4,593,578	1,267,047	5,300,393	5,654,969
Business-type activities:							
Other	-	-	-	-	-	-	-
Special Items	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Total business-type activities	-	-	-	-	-	-	-
Total primary government	\$ 3,708,119	\$ 3,774,417	\$ 4,063,906	\$ 4,593,578	\$ 1,267,047	\$ 5,300,393	\$ 5,654,969
Change in Net Assets							
Governmental activities	\$ 388,411	\$ (676,233)	\$ (773,722)	\$ 181,254	\$ 21,383,458	\$ 3,967,843	\$ 465,425
Business-type activities	-	-	-	-	-	-	-
Total primary government	\$ 388,411	\$ (676,233)	\$ (773,722)	\$ 181,254	\$ 21,383,458	\$ 3,967,843	\$ 465,425

Source: Comprehensive Annual Financial Report

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

	Fiscal Year			
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
General Fund				
Reserved	\$ 2,808	\$ 1,012	\$ 26,522	\$ 26,202
Unreserved	<u>1,212,236</u>	<u>1,319,585</u>	<u>1,252,569</u>	<u>1,647,522</u>
Total general fund	<u>\$ 1,215,044</u>	<u>\$ 1,320,597</u>	<u>\$ 1,279,091</u>	<u>\$ 1,673,724</u>
All Other Governmental Funds				
Reserved for:				
Debt service	\$ 64,750	\$ 101,238	\$ 99,071	\$ -
Prepaid items	-	-	-	-
Encumbrances	-	-	-	-
Capital projects funds	-	-	-	-
Unreserved, reported in:				
Debt service	89,801	-	-	8,875
Special revenue funds	380,687	568,918	342,741	192,201
Capital projects funds	<u>-</u>	<u>3,774,994</u>	<u>1,171,686</u>	<u>869,180</u>
Total all other governmental funds	<u>\$ 535,238</u>	<u>\$ 4,445,150</u>	<u>\$ 1,613,498</u>	<u>\$ 1,070,256</u>

Source: Comprehensive Annual Financial Report

TABLE 3

Fiscal Year					
<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 27,564	\$ 122,236	\$ 71,195	\$ 97,355	\$ 56,968	\$ 57,486
1,452,181	1,005,073	1,335,796	1,830,233	2,010,869	2,056,334
<u>\$ 1,479,745</u>	<u>\$ 1,127,309</u>	<u>\$ 1,406,991</u>	<u>\$ 1,927,588</u>	<u>\$ 2,067,837</u>	<u>\$ 2,113,820</u>
\$ 10,009	\$ 13,326	\$ 74,060	\$ 152,253	\$ 63,305	\$ 83,067
-	-	-	-	-	1,567
-	-	-	-	-	48,000
-	-	-	-	3,750,206	6,709,402
-	-	-	-	-	-
7,482	246	(1,531)	18,607	8,231	151,970
811,140	80	3,065,681	10,193,492	-	-
<u>\$ 828,631</u>	<u>\$ 13,652</u>	<u>\$ 3,138,210</u>	<u>\$ 10,364,352</u>	<u>\$ 3,821,742</u>	<u>\$ 6,994,006</u>

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

	Fiscal Year			
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
REVENUES				
Taxes				
Ad valorem taxes	\$ 2,074,341	\$ 2,217,966	\$ 2,411,272	\$ 2,475,244
Sales and mixed beverage taxes	528,076	664,945	731,903	774,176
Franchise taxes	331,678	435,727	380,234	395,739
Hotel/motel	-	-	-	-
Licenses, permits & fees	412,814	321,779	321,691	197,595
Inter-governmental	-	805,009	15,669	1,272,648
Charges for services	-	-	-	219,135
Fines	5,813	90,294	110,826	89,268
Contributions	-	325,000	56,500	-
Investment Income	80,900	88,775	64,710	35,256
Grant revenue	-	-	-	-
Sales taxes	-	-	-	-
Miscellaneous	336,356	724,134	445,591	96,143
Total revenues	<u>3,769,978</u>	<u>5,673,629</u>	<u>4,538,396</u>	<u>5,555,204</u>
EXPENDITURES				
Current:				
General government	1,252,403	1,569,137	890,894	1,290,456
Public safety	-	723,215	1,239,454	2,243,084
Highways & Streets	1,122,527	1,503,799	316,814	19,059
Community development	74,630	61,236	48,566	1,366,414
Culture & Recreation	334,491	942,893	1,175,529	-
Debt Service:				
Principal	80,000	149,750	250,000	265,000
Interest	114,621	88,160	291,204	278,331
Other Charges	636	84,074	1,731	1,431
Capital Outlay	-	944,470	3,214,862	313,236
Total expenditures	<u>2,979,308</u>	<u>6,066,734</u>	<u>7,429,054</u>	<u>5,777,011</u>
Excess (deficiency) of revenues over expenditures	<u>790,670</u>	<u>(393,105)</u>	<u>(2,890,658)</u>	<u>(221,807)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from capital lease obligation	-	-	-	73,198
Proceeds from contractual obligations	-	-	-	-
Proceeds of bank loan	-	-	17,500	-
Proceeds from bonds	-	-	-	-
Proceeds from refunding bonds	-	5,980,000	-	-
Payment to refunded bond escrow agent	-	(1,571,430)	-	-
Transfer from other funds	-	66,240	864,510	347,748
Transfer to other funds	-	(66,240)	(864,510)	(347,748)
Total other financing sources (uses)	<u>-</u>	<u>4,408,570</u>	<u>17,500</u>	<u>73,198</u>
NET CHANGE IN FUND BALANCES	<u>\$ 790,670</u>	<u>\$ 4,015,465</u>	<u>\$ (2,873,158)</u>	<u>\$ (148,609)</u>
Debt service as a percentage of non-capital expenditures	12.71%	7.36%	19.47%	14.97%

TABLE 4

		Fiscal Year									
		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>				
\$	2,525,331	\$	2,627,333	\$	2,903,193	\$	3,219,061	\$	3,623,124	\$	3,890,927
	347,716		430,950		605,776		608,218		588,362		541,711
	400,759		444,095		447,956		481,459		546,271		519,959
	-		-		-		25,705		17,069		17,685
	331,218		207,539		215,251		376,628		631,895		719,333
	1,084,687		1,173,462		1,104,134		1,232,346		235,715		237,756
	304,499		320,926		570,063		776,088		794,185		868,571
	88,950		138,801		99,541		106,092		140,553		120,151
	-		-		-		27,415,006		3,736,920		709,251
	80,814		91,439		176,939		465,064		85,800		17,634
	-		-		-		361,504		50,191		171,698
	-		-		-		-		-		132,420
	128,964		159,412		207,719		659,254		178,594		126,949
	<u>5,292,938</u>		<u>5,593,957</u>		<u>6,330,572</u>		<u>35,726,425</u>		<u>10,628,679</u>		<u>8,074,045</u>
	1,247,417		1,034,432		1,091,305		1,458,474		1,523,604		1,722,229
	2,310,747		2,415,056		2,360,669		3,082,797		1,944,643		2,169,477
	10,195		66,750		-		593,444		791,304		568,619
	419,919		847,830		871,553		317,973		265,162		344,278
	1,025,036		1,057,322		1,229,661		1,296,752		1,230,193		1,393,751
	280,000		290,000		305,000		447,000		515,000		540,000
	266,701		250,897		291,924		460,741		389,921		371,721
	-		-		-		2,078,496		-		82,245
	736,589		820,629		629,681		14,078,557		10,394,523		3,223,478
	<u>6,296,604</u>		<u>6,782,916</u>		<u>6,779,793</u>		<u>23,814,234</u>		<u>17,054,350</u>		<u>10,415,798</u>
	<u>(1,003,666)</u>		<u>(1,188,959)</u>		<u>(449,221)</u>		<u>11,912,191</u>		<u>(6,425,671)</u>		<u>(2,341,753)</u>
	72,743		21,544		119,461		256,836		23,310		-
	-		-		474,000		-		-		5,560,000
	-		-		-		-		-		-
	688,000		-		3,260,000		-		-		-
	-		-		-		-		-		-
	-		-		-		-		-		-
	129,146		-		60,002		123,280		104,700		276,317
	<u>(129,146)</u>		<u>-</u>		<u>(60,002)</u>		<u>(4,545,568)</u>		<u>(104,700)</u>		<u>(276,317)</u>
	<u>760,743</u>		<u>21,544</u>		<u>3,853,461</u>		<u>(4,165,452)</u>		<u>23,310</u>		<u>5,560,000</u>
\$	<u>(242,923)</u>	\$	<u>(1,167,415)</u>	\$	<u>3,404,240</u>	\$	<u>7,746,739</u>	\$	<u>(6,402,361)</u>	\$	<u>3,218,247</u>
	14.52%		12.33%		13.38%		17.16%		14.47%		12.79%

**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	Personal Property			
2000	380,461,700	9,467,752	10,941,724	378,987,728	0.53780
2001	442,350,492	13,360,717	12,683,339	443,027,870	0.58000
2002	494,407,305	15,861,974	12,587,214	497,682,065	0.44051
2003	528,653,168	16,114,871	16,434,905	528,333,134	0.43051
2004	567,057,774	14,786,952	17,229,507	564,615,219	0.43051
2005	574,949,832	14,933,189	18,038,751	571,844,270	0.43051
2006	594,049,682	24,232,608	70,905,881	547,376,409	0.43051
2007	685,072,817	19,814,395	98,177,044	606,710,168	0.43051
2008	773,744,822	31,628,248	127,529,115	677,843,955	0.45551
2009	811,964,942	30,827,359	138,379,226	704,413,075	0.47000
2010	834,678,253	18,645,600	154,806,591	698,517,262	0.51500

Source: Denton & Tarrant County Central Appraisal District Certified Roll

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

<u>Fiscal Year</u>	<u>Town Direct Rates</u>			<u>Overlapping Rates</u>		
	<u>Operating/ General Rate</u>	<u>General Obligation Debt Service</u>	<u>Total Direct</u>	<u>Northwest Independent School District</u>	<u>Trophy Club MUD #1</u>	<u>Trophy Club MUD #2</u>
2001	0.400410	0.040100	0.440510	1.834810	0.240000	0.365400
2002	0.387510	0.053000	0.440510	1.834810	0.300000	0.340000
2003	0.377510	0.053000	0.430510	1.834810	0.280000	0.339000
2004	0.377510	0.053000	0.430510	1.819300	0.280000	0.349000
2005	0.359630	0.070880	0.430510	1.819300	0.280000	0.349000
2006	0.367230	0.063280	0.430510	1.665000	0.250000	0.299000
2007	0.351040	0.079470	0.430510	1.335050	0.230000	0.279230
2008	0.374310	0.081200	0.455510	1.335000	0.225000	0.264230
2009	0.388380	0.081620	0.470000	1.355000	0.205000	0.205000
2010	0.397220	0.117780	0.515000	1.375000	0.195000	-

Source: Denton & Tarrant County Appraisal Districts

TABLE 6

Overlapping Rates							
Denton County	Trophy Club PID #1 ESD	Tarrant County	Tarrant County College	Tarrant County Hospital	Total Overlapping Rate within MUD #1	Total Overlapping Rate within MUD #2	Total
0.251930	-	-	-	-	\$ 2.807350	\$ 2.892650	\$3.132650
0.248970	-	-	-	-	\$ 2.877290	\$ 2.864290	\$3.164290
0.247170	-	-	-	-	\$ 2.845490	\$ 2.851490	\$3.131490
0.254800	-	-	-	-	\$ 2.837610	\$ 2.853610	\$3.133610
0.246480	-	-	-	-	\$ 2.847170	\$ 2.845290	\$3.125290
0.231920	-	-	-	-	\$ 2.640710	\$ 2.626430	\$2.876430
0.235890	-	-	-	-	\$ 2.310920	\$ 2.280680	\$2.510680
0.235770	-	0.264000	0.137960	0.227897	\$ 2.734440	\$ 2.920367	\$3.145367
0.249800	0.109140	0.264000	0.137670	0.227897	\$ 2.872230	\$ 3.018507	\$3.223507
0.273900	0.109250	0.264000	0.137640	0.227897	\$ 2.987570	N/A	\$3.097687

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

TABLE 7

2010			2005		
Taxpayer	Assessed Value	Percentage of Total Town Assessed Value	Taxpayer	Assessed Value	Percentage of Total Town Assessed Value
Cnl Retmt CRSI Trophy Club TX LP	\$ 18,395,000	1.99%	Regency Centers LP	\$ 11,149,262	1.83%
Clubcorp Golf Texas LP	6,629,584	0.72%	TCPC Partners LP	9,871,857	1.62%
High Trophy Development LP	6,176,998	0.67%	Clubcorp Golf Texas LP	8,186,720	1.34%
Goodman Family of Builders LP	6,016,687	0.65%	Trophy Club Medical Center	8,138,997	1.33%
4663 Okeechobee Blvd & Palm Beach Holdings	6,000,000	0.65%	Trophy Club MOB Partnership	5,799,658	0.95%
Trophy Club Medical Center	5,878,060	0.64%	Beck Property Trophy Club LP	4,387,561	0.72%
Regency Centers LP	5,875,000	0.64%	TXU Electric Delivery CO	3,917,420	0.64%
Standard Pacific of Texas LP	5,509,437	0.60%	Trophy Club 114 LP P/S	3,363,576	0.55%
ONCOR Electric Delivery	4,731,860	0.51%	Randall's Food Markets	2,840,618	0.47%
BMDR Development LLC	4,347,980	0.47%	TC Plantations LTD P/S	2,571,637	0.42%
Total	\$ 69,560,606	7.54%	Total	\$ 60,227,306	9.88%
Total Assessed Valuation	\$ 922,975,098	100.00%	Total Assessed Valuation	\$ 609,875,964	100.00%

Source: Denton & Tarrant County Appraisal Districts

Note: Assessed valuations for 2001 were not available at the time of printing; therefore we have presented fiscal years 2010 and 2005 in its place.

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

TABLE 8

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections	Total Collections	
		Amount	Percentage of levy		Amount	Percentage of levy
2001	1,241,639	\$ 1,174,876.00	94.62 %	\$ 43,557	\$ 1,218,433.00	98.13 %
2002	2,257,878	\$ 2,243,427.58	99.36 %	\$ 49,673	\$ 2,293,100.90	101.56 %
2003	2,461,847	\$ 2,434,274.31	98.88 %	\$ 38,897	\$ 2,473,171.50	100.46 %
2004	2,526,645	\$ 2,499,357.23	98.92 %	\$ 14,402	\$ 2,513,759.11	99.49 %
2005	2,634,681	\$ 2,609,651.53	99.05 %	\$ 2,108	\$ 2,611,759.28	99.13 %
2006	2,881,601	\$ 2,851,920.51	98.97 %	\$ 26,511	\$ 2,878,431.24	99.89 %
2007	3,196,891	\$ 3,161,725.20	98.90 %	\$ (3,517)	\$ 3,158,208.62	98.79 %
2008	3,643,746	\$ 3,614,231.66	99.19 %	\$ 729	\$ 3,614,960.41	99.21 %
2009	3,554,035	\$ 3,525,247.93	99.19 %	\$ 67,314	\$ 3,592,561.93	101.08 %
2010	3,856,737	\$ 3,836,568.30	99.48 %	\$ 22,164	\$ 3,858,732.65	100.05 %

Source: Denton & Tarrant County Appraisal Districts

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

TABLE 9

Fiscal Year	Governmental Activities General Obligation	Governmental Activities Certificates of Obligation & Contractual Obligations	Total Primary Government	Percentage of Personal Income^a	Per Capita^a
2001	1,790,000	-	1,790,000	N/A	\$ 269
2002	6,265,000	-	6,265,000	N/A	\$ 938
2003	6,015,000	-	6,015,000	N/A	\$ 851
2004	5,750,000	-	5,750,000	N/A	\$ 803
2005	5,470,000	620,000	6,090,000	2.45	\$ 809
2006	5,180,000	590,000	5,770,000	2.21	\$ 749
2007	8,135,000	989,000	9,124,000	3.46	\$ 1,175
2008	7,755,000	922,000	8,677,000	4.10	\$ 1,152
2009	7,310,000	852,000	8,162,000	3.19	\$ 1,074
2010	12,400,000	782,000	13,182,000	4.86	\$ 1,605

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.
^aSee Table 13 for personal income and population data.

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

TABLE 10

Fiscal Year	Certificates of Obligation	Percentage of Actual Taxable Value of Property^a	Per Capita^b
2001	1,790,000	0.40%	\$ 269
2002	6,265,000	1.26%	\$ 938
2003	6,015,000	1.14%	\$ 851
2004	5,750,000	1.02%	\$ 803
2005	6,090,000	1.06%	\$ 809
2006	5,770,000	1.05%	\$ 749
2007	9,124,000	1.50%	\$ 1,175
2008	8,677,000	1.28%	\$ 1,152
2009	8,162,000	1.16%	\$ 1,074
2010	13,182,000	1.89%	\$ 1,605

Note: ^a Property values are from table 5.
^b Populations are from table 13.

**TOWN OF TROPHY CLUB, TEXAS
DIRECT AND OVERLAPPING DEBT
AS OF SEPTEMBER 30, 2010
(UNAUDITED)**

TABLE 11

<u>Taxing Body</u>	<u>Based on TMR Dated</u>	<u>Gross Debt Principal As of 9-30-10</u>	<u>% Overlapping</u>	<u>Amount Overlapping</u>
Denton County	03-25-10	\$ 359,005,000	1.28%	\$ 4,595,264
Northwest Independent School District	06-28-10	506,202,288	7.94%	40,192,462
Tarrant County	05-19-09	338,285,000	0.05%	169,143
Tarrant County College District	06-22-09	36,495,000	0.05%	18,248
Tarrant County Hospital District	04-07-09	28,000,000	0.05%	14,000
Trophy Club MUD #1	06-28-10	<u>8,235,000</u>	72.13%	<u>5,939,906</u>
Total Overlapping Debt Principal		\$ 1,276,222,288		\$ 50,929,023
Town of Trophy Club	10-20-10 (a)	<u>13,247,000</u> (a)	100.00%	<u>13,247,000</u> (a)
Total Gross Direct and Overlapping Debt Principal		\$ 1,289,469,288		\$ 64,176,023 (a)
Ratio of Direct and Overlapping Debt Principal to 2010 Freeze Adjusted Net Taxable Assessed Valuation				7.50% (a)
Ratio of Direct and Overlapping Debt Principal to 2010 Actual Market Value				6.89% (a)
Per Capita Direct and Overlapping Debt Principal				\$7,816 (a)

Note: The above figures are based on Gross General Obligation Debt Principal for the Town of Trophy Club.

The Issuer's Net General Obligation Debt Principal is \$ 11,924,000

Calculations on the basis of the Issuer's Net General Obligation Debt Principal would change the above figures as follows:

Total Net Direct and Overlapping Net Debt Principal	\$ 62,853,023
Ratio of Direct and Overlapping Debt Principal to 2010 Freeze Adjusted Net Taxable Assessed Valuation	7.35% (a)
Ratio of Direct and Overlapping Debt Principal to 2010 Actual Market Value	6.75% (a)
Per Capita Direct and Overlapping Debt	\$7,655 (a)

(a) Gross Debt Outstanding as of 10-20-10. Includes the General Obligation Refunding Bonds , Series 2010 delivered October 20, 2010.

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

<u>Year</u>	<u>Estimated Population^a</u>	<u>Total Households^a</u>	<u>Per Household Personal Income^b</u>	<u>Total Personal Income</u>
2001	6,654	2,519	N/A	N/A
2002	6,679	2,530	N/A	N/A
2003	7,072	2,701	N/A	N/A
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

Sources:

^aTotal Households provided by NCTCOG

^bPer Household Income provided by Town of Trophy Club Economic Development Corporation. Estimate for Household Income utilizes 2000 census data (except in 2010 where census data was available).

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

TABLE 13

2010			2005		
Employer	Employees	Percentage of Total City Employment	Employer	Employees	Percentage of Total City Employment
Northwest Independent School District	267	30.24%	Trophy Club Country Club	100	13.50%
Trophy Club Country Club	100	11.33%	Tom Thumb	75	10.12%
Tom Thumb	90	10.19%	Town of Trophy Club	73	9.85%
Town of Trophy Club & Trophy Club MUD #1	87	9.85%	Ivy Glen	31	4.18%
Cristina's Mexican Restaurant	45	5.10%	Blockbuster	12	1.62%
Ivy Glen	31	3.51%	Bank of America	7	0.94%
Trophy Club Family Medicine	17	1.93%	Texas National Bank	6	0.81%
Blockbuster	12	1.36%	Quizno's	4	0.54%
Texas Back Institute	8	0.91%	Beck Properties/Centurion	4	0.54%
Wells Fargo Bank	8	0.91%			
Total	665	75.31%		312	42.11%

Sources: Town Official Statement dated April 26, 2010, North Central Texas Council of Governments, and Town Survey

Note: 2001 information was not available at time of printing; therefore we have presented 2010 and 2005 instead.

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

TABLE 14

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Government and Administration	8.50	7.50	10.00	9.00	9.00	10.00
Public Safety	25.50	26.00	25.00	29.00	21.87	21.81
Streets	-	-	-	5.00	6.00	5.00
Parks and Recreation	10.67	12.19	13.28	10.00	11.00	11.00
Community Development	1.00	4.00	6.00	4.00	2.50	2.50
Total	45.67	49.69	54.28	57.00	50.37	50.31

Source: Town Adopted Budgets

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

<u>Function/Program</u>	<u>Fiscal Year</u>			
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Public Safety				
Police				
Number of stations	1	1	1	1
Number of police personnel	17	13	14	14
Number of arrests	N/A	N/A	49	62
Number of traffic violations	N/A	N/A	825	1,541
Fire				
Number of stations	1	1	1	1
Number of fire personnel	12	12	14	14
Number of calls answered	763	503	450	408
Developmental				
Miles of streets ^a	N/A	N/A	N/A	N/A
Cultural/Recreational Changes				
Parks	4	4	6	6
Park acreage	401	901	916	916

Notes: ^a Estimates used from 2007 to current fiscal year.
 (Data unavailable prior to 2007)

TABLE 15

<u>2005</u>	<u>2006</u>	Fiscal Year		<u>2009</u>	<u>2010</u>
		<u>2007</u>	<u>2008</u>		
1	1	1	1	1	1
14	15	15	15	15	15
73	82	81	152	121	125
2,083	2,379	2,346	2,939	3,608	2,698
1	1	1	1	1	1
14	14	14	14	14	14
561	633	608	597	689	651
N/A	N/A	31	34	36	39
6	6	5	8	8	8
916	916	907	1,037	1,037	1,037