

**TWIN BUTTES METROPOLITAN DISTRICT NOS. 1-4
2023 ANNUAL REPORT (DOCUMENT SUBMITTAL)
TO THE CITY OF DURANGO, STATE OF COLORADO**

The following information is submitted to the City of Durango consistent with Section XI of the Service Plan for the Twin Buttes Metropolitan District Nos. 1-4 (the "Districts").

(i) Current Fiscal Year Budgets and Final Assessed Valuations

See attached 2024 budgets (Attachment 1), which include the Districts' estimated revenues and expenditures for the year 2024.

(ii) Construction Schedules and Capital Improvement Programs for 2023.

The Districts did not enter into construction of any public improvements as of 12/31/2023.

(iii) Audited Financial Statements for the Prior Fiscal Year.

See attached 12/31/2023 audited financial statements (Attachment 2) for the Districts.

(iv) Total Debt Authorized and Total Debt Issued and Total Remaining Debt Authorized and Intended to be Issued.

District No. 1 - Total debt authorized on November 5, 2013 in the amount of \$37,250,000; The District has had no debt issuance through 12/31/2023.

District No. 2 - Total debt authorized on November 5, 2013 in the amount of \$37,250,000; Existing debt issuance and sale of the Issuer's Tax Supported Revenue Subordinate Bonds includes Series 2016A in aggregate principal amount of \$4,215,000 was issued in 2016, and Series 2018B in aggregate principal amount not to exceed \$4,500,000 was issued in 2018; The District has had no further debt issuance through 12/31/2023.

District No. 3 - Total debt authorized on November 5, 2013 in the amount of \$37,250,000; The District has had no debt issuance through 12/31/2023.

District No. 4 - Total debt authorized on November 5, 2013 in the amount of \$37,250,000; The District has had no debt issuance through 12/31/2023.

(v) Name, Address and Telephone Number of the Districts' Contact Person and Names and Terms of Members of the Board of Directors and its Officers as of 10/1/2024.

District Contact Person: Lisa K. Mayers, Esq.
 General Counsel
 Spencer Fane LLP
 1700 Lincoln Street, Suite 2000
 Denver, Colorado 80203
 (303) 839-3800
 E-mail: lmayers@spencerfane.com

Board of Directors District No. 1

NAME	POSITION	TERM(S)
Glenn Pauls	Chair and President	2025
Scott Strand	Secretary/Treasurer	2025
Philip Schoon	Director	2027
Dianne Pauls	Director	2027
Vacant		

Board of Directors District No. 2

NAME	POSITION	TERM(S)
Glenn Pauls	Chair and President	2025
Scott Strand	Secretary/Treasurer	2027
Philip Schoon	Director	2027
Werner Heiber	Director	2027
Andrew Lake	Director	2025

Board of Directors District No. 3

NAME	POSITION	TERM(S)
Glenn Pauls	Chair and President	2025
Scott Strand	Secretary/Treasurer	2027
Philip Schoon	Director	2027
Dianne Pauls	Director	2027
Vacant		

Board of Directors District No. 4

NAME	POSITION	TERM(S)
Glenn Pauls	Chair and President	2025
Scott Strand	Secretary/Treasurer	2027
Philip Schoon	Director	2027
Dianne Pauls	Director	2027
Vacant		

ATTACHMENT 1
Current Fiscal Year Budget
2023 Revised and 2024 Adopted Budgets
District Nos. 1 - 4

Twin Buttes Metropolitan Districts No. 1 - 4

Finance Office

Memorandum

To: Board of Directors
From: Steven "Willie" Wilson
CC: File, DWC
Date: 10/16/2023
Re: Revised 2023 and Proposed 2024 Budget Submittal to The Boards

DISTRICTS' SERVICES:

Formed on August 27, 2013 the Districts provide the management, implementation and the coordination of the financing, acquisition, completion and operation of certain public infrastructure and services throughout the development. The improvements will be for the collective use and benefit of the property owners and residents of the Districts. District No. 1 operates and maintains all other improvements within the development consistent both its service plans as well as with an intergovernmental agreement entered into with the City of Durango. In the absence of a master property owners' association District No. 1 performs design review and covenant enforcement for the community.

BASIS OF ACCOUNTING:

The basis of accounting utilized in the preparation of the 2023 and 2024 budgets for the Districts is the modified accrual method. The Districts' 2023 and 2024 Budgets include projected revenues and expenditures for general operating funds, debt service funds and capital projects funds.

IMPORTANT FEATURES OF THE BUDGET:

The budgets do not result in a violation of any applicable property tax or fiscal year spending limitations. Based on prior electoral approval, the property tax revenue IS NOT subject to statutory limitations imposed by Section 29-1-301, C.R.S. or limitations imposed by Article X, Section 20 of the Colorado Constitution. Moreover, there is no cap imposed on the Districts' mill levies in their Service plans as approved by the City. However, under the Districts' bond issue documents, the Districts may but are not required to certify a debt service mill levy greater than 50 mills, adjusted in accordance with the Gallagher Amendment. In this budget the debt service mill levies are certified at 50 mills as a result of that adjustment. Emergency reserves for all applicable funds have been established at 3% (or greater) trailing year fiscal revenues of each applicable fund.

General Note: In 2016 under advice of District Counsel and resulting from certain litigation possibly affecting Colorado Special Districts' authority to issue debt for capital improvements, bond financing activity was assumed by District #2 where the elected directors are selected from the ownership base of the District. This change shifted the responsibility and authority to the District #2 Board.

Twin Buttes Metropolitan Districts No. 1 - 4

Finance Office

Memorandum

Proposition HH: A certain ballot initiative will be voted on this November 7th and could have a minor effect on property tax revenues but is not reflected in this budget as the outcome of the vote cannot be predicted.

1. **District #1-General Fund** The originally adopted **2023 budget** reflected a deficit of **\$10K** dropping fund reserves from **\$24K** to **\$14K**. The revised projection reflects a **\$14K** deficit which will reduce fund reserves from **\$28K** to **\$14K**. The swing from original projections is primarily attributable to reduced real estate activity and farm operating revenues. The reduced real estate activity revenues are primarily attributed to changing economic conditions such as rising lending rates and increased residential construction costs. Farm revenues have dropped as production has suffered primarily from the unseasonably cold spring. Overall projected Fund revenues will be off significantly of budget by approximately **\$73K**. Projected cost savings **\$36K** will offset this shortfall however, the overall fund budget deficit will need to be addressed through a short- term developer advance of **\$32K**. Administrative costs will essentially be in line with original budget. Reduced farm operating costs is attributable to the reduced production noted above. Continued shift back to outsourcing the property maintenance function is also producing positive results. The proposed **2024** budget surplus (**\$6K**) which can be primarily attributable to increased property tax revenues offsetting drops in real estate activity revenues which will in turn will allow the Fund to repay the short-term 2023 developer advance and produce a small surplus (**\$6K**) growing fund reserves from **\$14K** to **\$20K**.

Pursuant to Colorado State Statute an emergency reserve provision in the amount of at least 3% of fiscal year spending. An additional contingency of **\$5,000** is also provided which can be utilized for unanticipated spending subject to Board approval.

2. **District #2 General Fund-** District #2 represents the residential sector for phase 1 of the development. It also holds the largest portion of the tax base (**82%**). Projected **2023** Fund revenues of **\$209K** will fall below budget (**\$239K**) by **\$30K** or **13%** primarily as a result of dropping original lot sales discussed above. Budgeted **2023** revenues of **\$244K** are expected to somewhat rebound over **2023** projected as increased property tax revenues stemming from AV growth are expected to grow accordingly. The increase property tax revenues will offset drop in real estate activity revenues (development fees, transfer fees and DRC fee revenue).
3. **District 2 Debt Service Fund:** District #2 has issued two sets of bonds. They are referred to as the 2016A Bonds and the 2018B Bonds. Previous to 2023 the AV and capped mill levy rates only allowed for the District to only service the 2016A bonds. Accordingly, interest on the 2018B Bonds was accruing and accumulating. These budgets (2023 and 2024) reflect increased property tax revenues paying off accumulated interest on these 2018B bonds. In the future increased revenues funds will come from two sources; 1.) continued future AV

Twin Buttes Metropolitan Districts No. 1 - 4

Finance Office

Memorandum

growth and 2.) debt service property tax revenues freed up from the future refinancing of the 2016A bonds at lower interest rates. At the end of 2023 the principal outstanding on the 2018B bonds will be **\$4.5M** with back interest of **\$1.764M** for a total of **\$6.265M**.

Projected **2023** Fund revenue of **\$403K** will exceed budget (**\$385K**) as a result of improved interest revenues on idle debt service funds. Improved performance will provide the fund surplus reserves for 2023 debt service obligations.

Budget 2024: 2023 District #2 AV will improve approximately 53% from **\$5.571M** to **\$8.513**. The increase in the AV is primarily attributable the “spike” in real estate pricing indirectly stemming from the “COVID” effect. The improved AV will allow incremental revenues to be directed towards debt service on the 2018B bonds.

4. **District #3:** District #3 represents the residential sector for phase 2 of the development. The minimal assessed valuation in 2023 is comparable to 2022 as anticipated. However, this district will produce some revenue in the upcoming years and is anticipated to become more productive in the foreseeable future. The Budget reflects levying **20** mills for O&M purposes and **50** mills for debt service. Please see page 5 for further review and consideration.
5. **District #4:** District #4 represents the commercial sector for the entire development. Through the recent inclusion process by this District to include the commercial corridor running West from the Speedway gas station property to the Animas High school (“AHS”) location the District has been supplemented with potential significant additional tax base which will both drive O&M and Debt Service property taxes as well as public improvement fees (sales tax equivalents). Please see both pages 6 and 7 for additional review and consideration. The assessed value growth has been curtailed somewhat by the continued utilization by tax exempt entities over the majority of these properties. The properties being tax exempt deprives District #4 of significant O&M and debt service property tax revenues. This shortfall has been recently recouped by raising the O&M mill levy rate on the Speedway gas station, which is owned by an international conglomerate. The owner of the property has not expressed any concern. However, as anticipated, certified assessed valuation for **2023** has remained stable and comparable to **2022** from **\$1.208M** to **\$1.407M** which will produce approximately **\$84K** for O&M and **\$70K** for Debt service.
6. Please Contact Steven Wilson (willie@twinbuttesofdurango.com) or 970.729.3405 if you would like more information regarding this budget.

Twin Buttes Metropolitan Districts No. 1-4
Revised 2023 and Proposed 2024 Budget
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General Fund	District #1											
	Audited 2017	Audited 2018	Audited 2019	Audited 2020	Audited 2021	Audited 2022	2023 Revised Projected	2023 Adopted	from Adopted Fav/(UnFav)	2024 Proposed		
Revenues												
4060000-Farm Revenues	103,164	98,241	78,190	58,642	57,857	65,157	36,638	64,500	(27,862)	65,700	Rebound Whsl/Cont Retl Growth	
4070003-ColoTrust Funds Interest	-	-	-	-	-	-	-	-	-	5,200		
4070005-Sale of Asset-Proceeds	-	-	-	-	-	-	500	-	500	700	Sale of equipment	
4070010-Misc Income-billed services	-	-	-	-	-	5,356	4,192	3,750	442	-		
4500101-DRC Revenues	11,250	15,750	12,750	21,000	35,250	17,250	17,350	30,000	(12,650)	15,000	17 Reviews-consist w/expected	
4600101-Stormwater Permit Fees	-	-	-	-	-	-	-	-	-	-		
Total Operating Revenue	114,414	113,991	90,940	79,642	93,107	87,763	58,680	98,250	(39,570)	86,600		
4900002-Development Fees IN-from D2 DSF	39,090	60,421	48,275	75,000	96,067	36,290	21,000	54,000	(33,000)	21,000	Filing #2(WildChives)Publ Rev Delays	
4900004-Real Estate Trans. Fees (RETF)-IN from D2 O&M	37,644	15,653	23,536	42,590	54,913	49,449	65,790	65,729	61	37,740	Filing #2(WildChives)Publ Rev Delays	
4900012-O&M Property Tax IN-from D2 O&M	89,938	44,689	49,291	102,172	110,349	101,925	119,215	119,216	(1)	188,618	(20 mills)-See Prop Tax Sum Pg 7	
4900022-O&M Property Tax IN-from D3 O&M	613	2,540	2,576	3,832	7,741	7,247	7,889	7,890	(0)	9,084	(20 mills)-See Prop Tax Sum Pg 7	
4900032-O&M Property Tax IN-from D4 O&M	12,636	14,194	11,838	11,586	52,376	53,899	64,629	64,629	(0)	93,229	(50 mills)-See Prop Tax Sum Pg 7	
4900050-PIF Revenues IN-from D4 O&M	-	469	954	905	316	35	15	50	(35)	15		
4900055-CTF Receipts IN-from D2	-	-	-	-	-	64	110	62	48	62		
4900055-CTF Receipts IN-from D3	-	-	-	-	-	13	12	12	0	12		
4900033-InterGovt NonCash Adj_with D4	(1,388)	-	-	-	-	-	-	-	-	-		
Total Intergovernmental Revenue	178,533	137,966	136,470	236,085	321,763	248,921	278,661	311,588	(32,927)	349,760		
Total Revenues	292,947	251,957	227,410	315,727	414,870	336,684	337,340	409,838	(72,497)	436,360		
Expenditures												
5100000-Mgmt & Admin.	(158,981)	(186,856)	(176,758)	(196,770)	(217,760)	(252,976)	(253,498)	(248,460)	(5,038)	(263,712)	Rate changes/shifts with Dev/Inflation	
5301000-Farm Operations	(164,048)	(156,304)	(134,966)	(105,426)	(95,169)	(102,297)	(97,662)	(105,425)	7,763	(104,964)	Incr wages (wage pressure post COVID)	
5701000 Community Prop. & Grounds Maint.	-	(14,942)	(23,882)	(12,867)	(27,651)	(53,787)	(33,010)	(49,602)	16,592	(24,000)	Increased scope or responsibility	
5900012-Contingency	-	-	-	-	-	-	-	(15,000)	15,000	(5,000)		
Capital & Other	(850)	-	(2,463)	-	(3,179)	(7,733)	-	(2,000)	2,000	-		
Total Expenditures	(323,879)	(358,102)	(338,069)	(315,063)	(343,758)	(416,792)	(384,170)	(420,487)	36,317	(397,676)		
NET ACTIVITY before Other Source/(Uses)	(30,932)	(106,145)	(110,659)	664	71,112	(80,108)	(46,830)	(10,649)	(36,180)	38,683		
Other Sources/(Uses)												
4800003-Developer Advances	178,006	25,123	69,678	22,179	-	-	32,452	-	32,452	(32,452)	Projecting no subsidy	
InterEntity Settlement with D2	-	-	-	-	-	-	-	-	-	-	2016A Bond COI cost reimb fr D2	
Total Other Sources and Uses	178,006	25,123	69,678	22,179	-	-	32,452	-	32,452	(32,452)		
Net Fund Activity	147,074	(81,022)	(40,981)	22,843	71,112	(80,108)	(14,378)	(10,649)	(3,728)	6,231		
Fund Balance-Beginning of Period	(10,440)	136,634	55,612	14,631	37,474	108,586	28,478	24,770	3,708	14,100		
Fund Balance-Ending of Period	136,634	55,612	14,631	37,474	108,586	28,478	14,100	14,121	(21)	20,331		
Restricted-Emergency (TABOR)	14,100	14,100	14,100	14,100	14,100	14,100	14,100	14,100	-	14,100	3% of 2022 projected expend.	
Unrestricted	122,534	41,512	531	23,373	94,484	14,378	21	21	(21)	6,231		
Total Fund Balance	136,634	55,612	14,631	37,473	108,584	28,478	14,100	14,121	(21)	20,331		

Revised 2023 and Proposed 2024 Budget

District #1-Administrative Cost Summary

ADMINISTRATIVE

	Audited 2017	Audited 2018	Audited 2019	Audited 2020	Audited 2021	Audited 2022	2023 Revised Projected	2023 Adopted	Variance from Adopted Fav/(UnFav)	2024 Proposed	Comments
4070000-Sale of Assets	-	-	-	-	-	-	500	-	500	-	
4070003-ColoTrust Funds Interest	-	-	-	-	-	-	-	-	-	5,200	
4070010-Misc Income & billed services	-	-	-	-	-	5,356	4,192	3,750	442	-	
4500101-DRC Revenues	11,250	15,750	12,750	21,000	35,250	17,250	17,350	30,000	(12,650)	15,000	10 homes at \$1,500/ea
4600101-Stormwater Permit Fees	-	-	-	-	-	-	-	-	-	-	New ColoTr Account
Subtotal Revenue	11,250	15,750	12,750	21,000	35,250	22,606	22,042	33,750	(11,708)	20,200	
5100102 -Contract-Dist Mgr/Fin. Dir.&PR tax	35,000	36,553	36,540	35,151	45,760	57,555	65,000	65,000	(0)	65,000	No incr.-flat
5100109 -Workers Comp	25	-	44	-	-	-	-	-	-	-	
5100111 -Payroll Processing	2,686	2,915	2,994	2,795	2,740	3,679	2,842	2,600	(242)	2,800	
5100201 -Contract Svc -Administration	7,888	8,858	11,933	12,217	17,378	28,399	37,724	25,600	(12,124)	38,931	PS 537hrs_\$72.45
5100203 -Contract Svc Accounting	25,388	34,813	29,390	30,761	42,849	43,774	36,380	44,000	7,620	38,500	DW\$2.8k/mo & KT161hrs\$30.3
5100205 -Design Review-Professional Svc	1,400	-	-	-	-	-	-	-	-	-	
5100206 -DRC-Contract Svc Admin	17,048	21,149	33,462	43,321	38,775	32,120	37,724	31,100	(6,624)	38,931	PS 537hrs_\$72.45
5100207 -DRC-Admin Costs	-	59	795	2,367	1,302	584	480	1,000	520	500	
5100301 -Auto Expense-Mileage Reimburse	-	-	-	-	-	-	-	-	-	-	
5100303 -Bank Charges	99	-	-	-	-	-	-	-	-	-	
5100306 -Board Meetings	25	-	-	-	1,254	900	900	1,200	300	1,200	
5100307 -Insurance-Commerical Policy	9,357	10,375	10,346	9,511	9,523	11,454	11,575	12,000	425	12,000	
5100375 -Stormwater Regulation	-	-	-	-	66	-	-	-	-	-	
5100399 -Bad Debt Expense	512	-	78	-	1	-	-	-	-	-	
5100400 -Professional Fees-Legal	28,345	15,910	18,738	22,063	17,774	31,815	15,320	19,000	3,680	18,000	
5100480 -Professional -Audit	26,784	51,757	27,929	34,072	34,589	36,452	38,720	40,000	1,280	40,750	
5100490 -Professional-MIS Support/Website M	-	-	-	-	897	1,691	1,958	1,860	(98)	2,000	Tablet/Ionos/Pickle/ADA\$100/m
5100501 -Postage & Freight	98	50	-	63	42	123	115	100	(15)	100	
5100503 -Memberships & Publications	1,217	1,266	1,256	1,401	1,689	1,413	1,600	1,800	200	1,800	
5100505 -Office Lease	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	-	3,000	Developer lease-Incl. utilities
5100521 -Office Supplies	-	131	253	-	121	15	160	-	(160)	-	Included in lease
5100550 -Misc & Other	109	20	-	48	-	-	-	200	200	200	
Total Management, Accounting & Admin	158,981	186,856	176,758	196,770	217,760	252,976	253,498	248,460	(5,038)	263,712	
5701000 Community Property & Grounds Maint.											
5701002 · Prop Maint-Labor Alloc					12,008	36,172	10,015	40,402	30,387	-	FY 24-No employee
5701006 · Prop Maint-Work Comp Ins							1,151	-	(1,151)	-	
5701006 · Prop Maint-Subcontract	0	14,942	23,882	12,873	11,875	10,561	18,000	1,200	(16,800)	20,000	Snw R, Ldsp, grass, other
5701008 · Prop Maint-Materials					3,768	7,054	3,844	8,000	4,156	4,000	
5701000 Community Property & Grounds Maint	0	14,942	23,882	12,873	27,651	53,787	33,010	49,602	16,592	24,000	

Twin Buttes Metropolitan District #1
Revised 2023 and Proposed 2024 Budget
General Fund-Farming Operations Summary

FARM OPERATIONS

	Audited 2017	Audited 2018	Audited 2019	Audited 2020	Audited 2021	Audited 2022	2023 Revised Projected	2023 Adopted	Variance from Adopted Fav/(UnFav)	2024 Proposed	Comments
4060000 Farm Sales											
4060002 CSA Produce Share	18,900	-	-	-	-	-	-	-	-	-	
4060004 Wholesale Egg Sales	886	1,908	1,319	759	219	615	132	-	132	-	
4060006 Wholesale Sales (net of disc)	80,744	84,753	63,557	43,395	40,503	45,645	26,355	46,000	(19,645)	46,700	Rebound with optimization
4060012 Farm Stand Sales	21,534	11,580	13,314	14,488	17,135	18,898	10,151	18,500	(8,349)	19,000	Rebound with optimization
Total 4060000 Farm Sales	103,164	98,241	78,190	58,642	57,857	65,157	36,638	64,500	(27,862)	65,700	
5301000 Operating Expenses											
5301004 - Wages Farm Staff	116,604	106,934	92,614	72,246	62,832	76,010	69,299	76,200	6,901	78,000	Supporting Schedule
5301008 - Payroll Taxes	9,270	8,501	7,363	5,744	5,167	6,001	5,367	6,176	809	6,240	8% of Wages
5301005 - Wages Temp Labor	345	148	1,061	474	-	-	-	1,000	1,000	-	
5301009 Workers Comp	4,041	4,146	3,632	2,043	1,628	1,653	1,917	1,800	(117)	1,800	
5301010 Licensing/Certs/Dues	100	50	204	50	26	-	-	-	-	-	
5301011 Auto/Mileage Reimbursement	485	535	-	-	180	575	450	500	50	450	
5301012 Publications	-	-	-	-	-	-	-	-	-	-	
5301013 Apiary Production Costs	823	-	725	132	950	536	514	500	(14)	500	
5301014 Egg Production Costs	2,080	3,213	1,766	1,782	1,355	2,774	2,412	1,700	(712)	2,400	Primarily Chx Feed
5301016 - Goods for Resale	-	-	1,482	2,977	3,067	62	-	-	-	-	
5301017 Advertising and Promotion	-	640	27	48	-	-	781	-	(781)	-	
5301030 Topsoil & amendments	1,119	734	-	-	886	422	3,896	700	(3,196)	1,000	\$200 CC, 800 for Fert
5301031 Soil Testing	395	495	-	211	-	-	-	-	-	-	
5301032 Seeds & Starts	3,981	3,562	3,387	3,475	2,304	2,390	2,733	2,500	(233)	3,300	\$2800 Seeds, \$500 PS
5301033 Fertilization	1,996	2,556	3,835	1,831	918	1,061	-	900	900	900	Fish/blood meal
5301034 General Supplies, Consumable	1,189	8,992	2,235	1,719	4,496	1,018	710	1,500	790	800	
5301040 Packaging											
5301042 Egg Packaging	-	-	-	-	-	-	1,077	375	(702)	250	
5301044 Wholesale Packaging	759	1,178	261	1,396	640	969	-	750	750	500	
5301050 Tools and Equipment											
5301051 Tool Purchase	-	-	-	-	-	-	225	500	275	250	
5301052 Equipment Repair & Maintenance	5,047	3,451	3,466	1,038	2,193	1,522	1,780	1,100	(680)	1,100	
5301054 Equipment Rental	-	-	-	-	-	-	-	-	-	-	
5301060 Utilities											
5301062 Propane	-	-	-	-	-	1,072	1,607	1,100	(507)	1,600	
5301064 Electricity	4,864	4,212	5,091	3,191	4,535	1,449	1,489	1,600	111	1,600	Harvest station power
5301066 Water	-	-	-	-	-	581	664	650	(14)	650	
5301069 Sanitation-portapotties	-	-	-	-	-	402	765	804	39	804	8 months/yr
5301070 Farm Truck F150											
5301072 Truck Fuel	6,274	2,699	3,666	2,973	3,597	862	746	1,100	354	800	
5301074 Truck Repair & Maintenance	-	-	-	-	-	2,204	940	3,000	2,060	1,500	
5301076 Truck Insurance/Registration	-	-	-	-	-	-	-	-	-	-	
5301090 Travel and Meals	1,186	878	268	226	-	377	172	400	228	200	
5301095 Misc & Other	-	-	13	-	274	238	-	450	450	200	
5301505 Land Leases	3,490	3,380	3,870	3,870	120	120	120	120	-	120	McIntyre East plot
Total Farm Operating Costs	164,048	156,304	134,966	105,426	95,169	102,297	97,662	105,425	7,763	104,964	
Total Event Development											

Twin Buttes Metropolitan District #1
 Revised 2023 and Proposed 2024 Budget
 General Fund-Farming Operations Summary

FARM OPERATIONS

	Audited 2017	Audited 2018	Audited 2019	Audited 2020	Audited 2021	Audited 2022	2023 Revised Projected	2023 Adopted	Variance from Adopted Fav/(UnFav)	2024 Proposed	Comments
Total Operating Costs	164,048	156,304	134,966	105,426	95,169	102,297	97,662	105,425	7,763	104,964	
Operating Surplus/(Deficit)	(60,884)	(58,063)	(56,776)	(46,784)	(37,312)	(37,139)	(61,024)	(40,925)	(20,099)	(39,264)	
6000000 Capital Purchases/Expenditures											
6000006 Chickens							-	-	-	-	
6000012 Vehicles and Accessories					17,250	(1,000)	-	-	-	-	
6000013 Wholesale Distribution Truck							-	-	-	-	
6000014 Trailer/Snow Blower						(950)	-	-	-	-	
6000016 Maintenance and Storage Barn	(850)			(1,803)	(1,593)		-	(2,000)	2,000	-	
6000020 Carver Irrigation System							-	-	-	-	
6000024 Carver Plot Fencing Improvements							-	-	-	-	
6000026 Tractor & Implements			(2,463)			(3,500)	-	-	-	-	
6000030 Computer & Processin Equip							-	-	-	-	
6000030 Website Development				(9,600)			-	-	-	-	
6000036 Infrastructure Cost Audit				(9,026)	(690)		-	-	-	-	
Total 6000000 Capital Purchases	(850)	-	(2,463)	-	(3,179)	(7,733)	-	(2,000)	2,000	-	
Net Surplus/(Deficit) (or Funding Requirement)	(61,734)	(58,063)	(59,239)	(46,784)	(40,490)	(44,872)	(61,024)	(38,925)	(22,099)	(39,264)	

**Twin Buttes Metropolitan Districts No. 1-4
Revised 2023 and Proposed 2024 Budget
District #2-Fund Summary**

District #2										
	Audited 2017	Audited 2018	Audited 2019	Audited 2020	Audited 2021	Audited 2022	2023 Revised Projected	2023 Adopted	Variance from Adopted Fav/(UnFav)	2024 Proposed
GENERAL FUND										
Revenue										
4121001-D2 Property Taxes-O&M RE Tax	83,988	41,085	45,826	98,889	102,014	89,825	111,416	111,416	(0)	170,252
4121002-D2 PropTax-O&M RE Abate/Backfill	-	-	-	(3,500)	-	3,500	-	-	-	6,448
4121003-D2 Property Taxes-O&M SO Tax	8,409	4,836	4,841	9,645	11,396	11,400	11,142	11,142	0	17,025
4121005-D2 Treasurer Fees-O&M fees	(2,520)	(1,233)	(1,375)	(2,862)	(3,060)	(2,800)	(3,342)	(3,342)	(0)	(5,108)
Total O&M Property Taxes	89,877	44,688	49,292	102,172	110,349	101,925	119,215	119,216	(1)	188,618
4200002-D2 Real Estate Transfer Fees (RETF)	28,548	15,654	23,535	42,590	54,913	49,449	65,790	65,729	61	37,740
4402002-D2 Development Fees	48,000	51,000	54,000	96,000	69,000	36,000	24,000	54,000	(30,000)	18,000
4402000-D2 Conserv. Trust Funds (CTF)	-	-	-	-	-	64	110	62	48	62
Total O&M Other Fee Revenue	76,548	66,654	77,535	138,590	123,913	85,512	89,900	119,791	(29,891)	55,802
Total Revenue	166,425	111,342	126,827	240,762	234,262	187,438	209,115	239,007	(29,892)	244,420
Expenditures										
Intergovernmental										
9300011-D2 O&M Prop.Tax OUT to D1	(89,938)	(44,689)	(49,291)	(102,172)	(110,349)	(101,925)	(119,215)	(119,216)	1	(188,618)
9300003-D2 RETF OUT to D1	(37,644)	(15,653)	(23,536)	(42,590)	(54,913)	(49,449)	(65,790)	(65,729)	(61)	(37,740)
9300025-D2 CTF OUT to D1	-	-	-	-	-	(64)	(110)	(62)	(48)	(62)
9290003-D2 Cap Outlay-Dev Offset-2018	-	-	-	-	-	-	-	-	-	-
Total Intergovernmental Expenditures	(127,582)	(60,342)	(72,827)	(144,762)	(165,262)	(151,438)	(185,115)	(185,007)	(108)	(226,420)
Total Expenditures	(127,582)	(60,342)	(72,827)	(144,762)	(165,262)	(151,438)	(185,115)	(185,007)	(108)	(226,420)
Net Fund Activity-BEFORE Other Sources/(Uses)	38,843	51,000	54,000	96,000	69,000	36,000	24,000	54,000	(30,000)	18,000
Other Financing Sources/(Uses)										
4800003-Operating Subsidy from TBD Inc.	-	125,372	-	-	-	-	-	-	-	-
9250012-Bond-2018B Bond COI Costs	-	(125,372)	-	-	-	-	-	-	-	-
9320101-Dev Fees OUT Fr D2 O&M- To D2 DSF	(48,000)	(51,000)	(54,000)	(96,000)	(69,000)	(36,000)	(24,000)	(54,000)	30,000	(18,000)
Net Other Sources/(Uses)	(48,000)	(51,000)	(54,000)	(96,000)	(69,000)	(36,000)	(24,000)	(54,000)	30,000	(18,000)
Net Fund Activity-AFTER Other Sources/(Uses)	(9,157)	-	-	(0)	-	-	-	-	-	-
Fund Balance-Beginning of Period	-	-	-	-	-	-	-	-	-	-
Fund Balance-Ending of Period	(9,157)	-	-	(0)	-	-	-	-	-	-
Restricted-Emergency (TABOR)	4,900	4,900	4,900	4,900	4,900	4,900	7,200	7,200	7,200	7,200
Unrestricted	(14,057)	(4,900)	(4,900)	(4,900)	(4,900)	(4,900)	(7,200)	(7,200)	(7,200)	(7,200)
Total Fund Balance	(9,157)	-	-	(0)	-	-	-	-	-	-

See Page 7 for further analysis
2022 Abate Recapt/2023 Backfill
10% of RE
3% RE tax-Collection Fee
\$1.3M of RE Sales (6lots)/\$2.5M 2nd sales
6 original lot sales (Wild Chives)

3% of Tot. Expenditures (or greater)

**Twin Buttes Metropolitan Districts No. 1-4
Revised 2022 and Proposed 2023 Budget
District #2-Fund Summary**

District #2										
	Audited 2017	Audited 2018	Audited 2019	Audited 2020	Audited 2021	Audited 2022	2023 Revised Projected	2023 Adopted	Variance from Adopted Fav/(UnFav)	2024 Proposed
DEBT SERVICE FUND										
Revenues										
4122001-D2 Property Taxes-DSF RE Tax	83,988	102,713	115,749	247,223	255,034	224,561	278,541	278,541	0	425,631
4122002-D2 PropTax-DSF RE Abate/Backfill	-	-	-	(8,751)	-	8,747	-	-	-	16,120
4122003-D2 Property Taxes-DSF SO Tax	8,515	10,967	12,200	24,273	28,341	25,293	27,854	27,854	(0)	42,563
4122005-Treasurer Fees-DSF Fees	(2,520)	(3,081)	(3,472)	(7,154)	(7,651)	(6,999)	(8,356)	(8,356)	(0)	(12,769)
Total DSF Property Taxes	89,983	110,599	124,477	255,591	275,724	251,603	298,039	298,039	(0)	471,545
4901030-DSF Property Tax IN-FR D3DSF	-	6,335	6,601	53	-	17,992	19,724	19,724	(0)	22,709
4901040-DSF Property Tax IN-FR D4DSF	64,978	59,005	57,947	57,928	65,822	67,375	64,629	64,629	0	77,691
Total Intergovernmental Revenue	64,978	65,340	64,548	57,981	65,822	85,366	84,353	84,353	0	100,400
4700000-Interest on Restricted Funds	2,650	5,633	7,912	1,354	37	5,992	20,829	3,000	17,829	20,000
Total Restricted Revenue	2,650	5,633	7,912	1,354	37	5,992	20,829	3,000	17,829	20,000
Total Revenue	157,611	181,572	196,937	314,925	341,583	342,961	403,221	385,392	17,829	591,945
Expenditures										
Intergovernmental										
9300001-D2 Dev. Fees OUT TO D1	(39,090)	(60,421)	(48,275)	(75,000)	(96,067)	(36,290)	(21,000)	(54,000)	33,000	(21,000)
4901041-D2 InterGovt NonCashAdj_with D4-T	(6,942)	6,942	-	-	-	-	-	-	-	-
Total Intergovernmental Expenditures	(46,032)	(53,479)	(48,275)	(75,000)	(96,067)	(36,290)	(21,000)	(54,000)	33,000	(21,000)
Debt Service										
2110102 - Princ Reduction-2016A Bonds	-	-	(35,000)	(50,000)	(60,000)	(65,000)	(65,000)	(65,000)	-	(70,000)
9251000 - Interest Exp-2016A Bonds	(258,169)	(258,169)	(258,169)	(256,025)	(252,963)	(249,288)	(245,306)	(245,306)	(0)	(241,325)
7656103 - Interest Exp-2018B Bonds-Accrued	-	-	-	-	-	-	(100,000)	-	(100,000)	(275,000)
9810000-Trustee Fees	(3,500)	(3,500)	(7,000)	(7,000)	(7,000)	(7,000)	(7,000)	(7,000)	-	(7,000)
Total Debt Service Expenditures	(261,669)	(261,669)	(300,169)	(313,025)	(319,963)	(321,288)	(417,306)	(317,306)	(100,000)	(593,325)
Total Expenditures	(307,701)	(315,148)	(348,444)	(388,025)	(416,030)	(357,578)	(438,306)	(371,306)	(67,000)	(614,325)
Net Fund Activity-BEFORE Other Sources/(Uses)	(150,090)	(133,576)	(151,507)	(73,100)	(74,447)	(14,616)	(35,085)	14,086	(49,171)	(22,380)
Other Sources/(Uses)										
480003 - Operating Subsidy from TBD Inc.	3,500	29,698	108,000	-	-	(3,500)	-	-	-	-
Settlement with TBDI (2016A Bond COI)	-	-	-	-	-	-	(6,071)	(7,050)	-	-
4902102-Dev Fees IN-FR D2O&M To D2DSF	48,000	51,000	54,000	96,000	69,000	36,000	24,000	54,000	(30,000)	18,000
Change in A/P and A/R	-	-	-	-	-	-	-	-	-	-
Net Other Sources/(Uses)	51,500	80,698	162,000	96,000	69,000	32,500	17,929	46,950	(30,000)	18,000
Net Fund Activity-AFTER Other Sources/(Uses)	(98,590)	(52,878)	10,493	22,900	(5,447)	17,884	(17,156)	61,036	(79,171)	(4,380)
Fund Balance-Beginning of Period	463,000	364,410	311,532	322,025	344,926	339,478	339,478	349,866	(10,388)	322,322
Fund Balance-Ending of Period	364,410	311,532	322,025	344,926	339,478	357,362	322,322	410,902	(89,559)	317,942

See Page 7 for further analysis
2022 Abate Recapt/2023 Backfill
10% of RE
3% RE tax-Collection Fee

Xfr>D1=DecPY Plus Jan-NovCY

6th princ pmt-due 12/1_A Bonds only
Interest paid_A Bonds
Interest paid_B Bonds
A & B Bonds

2016A Bond COI cost reimbTBDI

Twin Buttes of Durango Metropolitan Districts No. 1-4
 Revised 2023 and Proposed 2024 Budget
 District #3-Fund Summary

GENERAL FUND	District #3										Comments	
	Audited 2017	Audited 2018	Audited 2019	Audited 2020	Audited 2021	Audited 2022	2023 Revised Projected	2023 Adopted	from Adopted Fav/(UnFav)	2024 Proposed		
Revenues												
4131001-D3 Property Taxes-O&M RE Tax	573	2,370	2,390	3,584	7,184	6,696	7,373	7,373	-	8,031	See Page 7 for further analysis 2023 Backfill 10% of RE 3% RE tax-Collection Fee	
4131002-D3 PropTax-O&M RE Backfill	-	-	-	-	-	-	-	-	-	490		
4131003-D3 Property Taxes-O&M SO Tax	57	241	258	356	772	751	737	737	(0)	803		
4131005-D3 Treasurer Fees-O&M fees	(17)	(71)	(72)	(108)	(216)	(201)	(221)	(221)	-	(241)		
Net O&M Property Taxes	613	2,540	2,576	3,832	7,741	7,247	7,889	7,890	(0)	9,084		
4200002-D3 Real Estate Transfer Fees	-	-	-	-	-	-	-	-	-	-		
4420002-D3 Development Fees	-	-	-	-	-	-	-	-	-	-		
4403000-D3 Conserv. Trust Funds (CTF)	-	-	-	-	-	13	12	12	0	12		
Total Other Fee Revenue	-	-	-	-	-	13	12	12	0	12		
Total Revenues	613	2,540	2,576	3,832	7,741	7,260	7,902	7,902	0	9,096		
Expenditures												
Intergovernmental												
9300013-D3 O&M Property Tax OUT to D1	(613)	(2,540)	(2,576)	(3,832)	(7,741)	(7,247)	(7,889)	(7,890)	0	(9,084)		
9300025 - D3 CTF OUT to D1	-	-	-	-	-	(13)	(12)	(12)	(0)	(12)		
9300001-D3 Devel Fees OUT to D2	-	-	-	-	-	-	-	-	-	-		
Total Intergovernmental Expenditures	(613)	(2,540)	(2,576)	(3,832)	(7,741)	(7,260)	(7,902)	(7,902)	(0)	(9,096)		
Total Expenditures	(613)	(2,540)	(2,576)	(3,832)	(7,741)	(7,260)	(7,902)	(7,902)	(0)	(9,096)		
Net Fund Activity	-	-	-	-	-	-	-	-	0	-		
Fund Balance-Beginning of Period	-	-	-	-	-	-	-	-	-	-		
Fund Balance-Ending of Period	-	-	-	-	-	-	-	-	0	-		

DEBT SERVICE FUND	District #3										Comments	
	Audited 2017	Audited 2018	Audited 2019	Audited 2020	Audited 2021	Audited 2022	2023 Revised Projected	2023 Adopted	from Adopted Fav/(UnFav)	2024 Proposed		
Revenues												
4132001-D3 Property Taxes-DSF RE Tax	-	5,924	6,127	-	-	16,741	18,434	18,434	(0)	20,079	See Page 7 for further analysis 2023 Backfill 10% of RE 3% RE tax-Collection Fee	
4131002-D3 PropTax-DSF RE Backfill	-	-	-	-	-	-	-	-	-	1,225		
4132001-D3 Property Taxes-DSF SO Tax	-	589	658	53	-	1,753	1,843	1,843	0	2,008		
4132005-D3 Treasurer Fees-DSF fees	-	(178)	(184)	-	-	(502)	(553)	(552)	(1)	(602)		
Net DSF Property Taxes	-	6,335	6,601	53	-	17,992	19,724	19,725	(1)	22,709		
42000XX-D3 Real Estate Transfer Fees	-	-	-	-	-	-	-	-	-	-		
44200XX-D3 Development Fees	-	-	-	-	-	-	-	-	-	-		
Total Other Fee Revenue	-	-	-	-	-	-	-	-	-	-		
Total Revenues	-	6,335	6,601	53	-	17,992	19,724	19,725	(1)	22,709		
Expenditures												
Intergovernmental												
9300015-D3 DSF Property Tax OUT to D2	-	(6,335)	(6,601)	(53)	-	(17,992)	(19,724)	(19,725)	1	(22,709)		
93000XX-D3 RETF OUT to D1	-	-	-	-	-	-	-	-	-	-		
93000XX-D3 Devel Fees OUT to D2	-	-	-	-	-	-	-	-	-	-		
Total Intergovernmental Expenditures	-	(6,335)	(6,601)	(53)	-	(17,992)	(19,724)	(19,725)	1	(22,709)		
Total Expenditures	-	(6,335)	(6,601)	(53)	-	(17,992)	(19,724)	(19,725)	1	(22,709)		
Net Fund Activity	-	-	-	-	-	-	-	-	0	-		
Fund Balance-Beginning of Period	-	-	-	-	-	-	-	-	-	-		
Fund Balance-Ending of Period	-	-	-	-	-	-	-	-	0	-		

Twin Buttes Metropolitan Districts No. 1-4
 Revised 2023 and Proposed 2024 Budget
 District #4-Fund Summary

General Fund	District #4										Comments	
	Audited 2017	Audited 2018	Audited 2019	Audited 2020	Audited 2021	Audited 2022	2023 Revised Projected	2023 Adopted	from Adopted Fav/(UnFav)	2024 Proposed		
Revenues												
4141001-D4 Property Taxes-O&M RE Tax	12,048	10,703	10,749	10,803	48,723	49,362	60,401	60,401	0	84,431	Increased Mill Levy from 50 to 60 Mill:	
4141002-D2 PropTax-O&M RE Abate/Backfill	(1,685)	1,685	-	-	-	-	-	-	-	2,888	2023 Backfill	
4141003-D4 Property Taxes-O&M SO Tax	1,196	2,178	1,412	1,107	5,115	6,018	6,040	6,040	(0)	8,443	10% of RE	
4141005-D4 Treasurer Fees-O&M fees	(311)	(372)	(323)	(324)	(1,462)	(1,481)	(1,812)	(1,812)	(0)	(2,533)	3% RE tax-Collection Fee	
Total O&M Property Taxes	11,248	14,194	11,838	11,586	52,376	53,899	64,629	64,629	(0)	93,229		
4200002-D4 Real Estate Transfer Fees	-	-	-	-	-	-	-	-	-	-	No District 4 sales anticipated	
4420002-D4 Development Fees	-	-	-	-	-	-	-	-	-	-		
4600001-D4 Public Improvement Fees (PIF)	-	469	954	905	316	35	15	50	(35)	15	PIF 2%	
Total Other Fee Revenue	-	469	954	905	316	35	15	50	(35)	15		
Total Revenues	11,248	14,663	12,792	12,491	52,692	53,934	64,644	64,679	(35)	93,244		
Expenditures												
Intergovernmental												
9300014-D4 O&M Property Tax OUT to D1	(12,636)	(14,194)	(11,838)	(11,586)	(52,376)	(53,899)	(64,629)	(64,629)	0	(93,229)		
9300004-D4 RETF OUT to D1	-	-	-	-	-	-	-	-	-	-		
9300001-D4 Devel Fees OUT to D2	-	-	-	-	-	-	-	-	-	-		
9300050-D4 PIF OUT to D1	-	(469)	(954)	(905)	(316)	(35)	(15)	(50)	35	(15)		
9300015-D4 Intergovt. Non-Cash Adjust w D1	1,388	-	-	-	-	-	-	-	-	-		
Total Intergovernmental Expenditures	(11,248)	(14,663)	(12,792)	(12,491)	(52,692)	(53,934)	(64,644)	(64,679)	35	(93,244)		
Total Expenditures	(11,248)	(14,663)	(12,792)	(12,491)	(52,692)	(53,934)	(64,644)	(64,679)	35	(93,244)		
Net Fund Activity	-	-	-	-	-	-	-	-	0	-		
Fund Balance-Beginning of Period	-	-	-	-	-	-	-	-	-	-		
Fund Balance-Ending of Period	-	-	-	-	-	-	-	-	0	-		

OK

Debt Service Fund	District #4										Comments	
	Audited 2017	Audited 2018	Audited 2019	Audited 2020	Audited 2021	Audited 2022	2023 Revised Projected	2023 Adopted	from Adopted Fav/(UnFav)	2024 Proposed		
Revenues												
4142001-D4-Property Taxes-DSF RE Tax	60,242	53,518	53,749	54,012	60,911	61,703	60,401	60,401	0	70,359	See Page 7 for further analysis	
4142002-D2 PropTax-DSF RE Abate/Backfill	(8,426)	8,426	-	-	-	-	-	-	-	2,407	2023 Backfill	
4142003-D4-Property Taxes-DSF SO Tax	5,980	5,861	5,810	5,536	6,738	7,523	6,040	6,040	0	7,036	10% of RE	
4142005-D4-Treasurer Fees-DSF Fees	240	(1,858)	(1,612)	(1,620)	(1,827)	(1,851)	(1,812)	(1,812)	(0)	(2,111)	3% RE tax-Collection Fee	
Total DSF Property Taxes	58,036	65,947	57,947	57,928	65,822	67,375	64,629	64,629	0	77,691		
Total Revenues	58,036	65,947	57,947	57,928	65,822	67,375	64,629	64,629	0	77,691		
Expenditures												
Intergovernmental												
9300040-D4 DSF Property Tax OUT to D2	(64,978)	(59,005)	(57,947)	(57,928)	(65,822)	(67,375)	(64,629)	(64,629)	(0)	(77,691)		
9300041-D4 InterGovt. Non-Cash Adjust w D2	6,942	(6,942)	-	-	-	-	-	-	-	-		
Total Intergovernmental Expenditures	(58,036)	(65,947)	(57,947)	(57,928)	(65,822)	(67,375)	(64,629)	(64,629)	(0)	(77,691)		
Total Expenditures	(58,036)	(65,947)	(57,947)	(57,928)	(65,822)	(67,375)	(64,629)	(64,629)	(0)	(77,691)		
Net Fund Activity	-	-	-	-	-	-	-	-	0	-		
Fund Balance-Beginning of Period	-	-	-	-	-	-	-	-	-	-		
Fund Balance-Ending of Period	-	-	-	-	-	-	-	-	0	-		

**Twin Buttes Metropolitan Districts No. 1-4
Revised 2023 and Proposed 2024 Budget
Assessed Valuation and Property Tax Revenue Analysis**

Description	District	District	District	District	Total	% Inc(Dec)	O/S Bonded Debt	
	#1	#2	#3	#4-Comm'l			Dec 31st	Debt/Assessed Ratio
2015 Assessed Valuation	\$ -	\$ 445,640	\$ 52,870	\$ 1,204,870	\$ 1,703,380			
2016 Assessed Valuation	\$ -	\$ 4,199,420	\$ 28,640	\$ 1,204,830	\$ 5,432,890	219%	\$ 4,215,000	78%
2017 Assessed Valuation	\$ 350	\$ 2,054,270	\$ 118,480	\$ 1,070,360	\$ 3,243,460	-40%	\$ 4,215,000	130%
2018 Assessed Valuation	\$ 350	\$ 2,291,280	\$ 119,500	\$ 1,075,170	\$ 3,486,300	7%	\$ 4,215,000	121%
2019 Assessed Valuation	\$ 370	\$ 4,944,470	\$ 179,210	\$ 1,080,250	\$ 6,204,300	178%	\$ 4,180,000	67%
2020 Assessed Valuation	\$ 118,020	\$ 5,100,690	\$ 359,210	\$ 1,218,030	\$ 6,795,950	110%	\$ 4,130,000	61%
2021 Assessed Valuation	\$ 118,020	\$ 4,491,230	\$ 334,820	\$ 1,234,060	\$ 6,178,130	91%	\$ 4,070,000	66%
2022 Assessed Valuation	\$ 118,020	\$ 5,570,810	\$ 368,670	\$ 1,208,020	\$ 7,265,520	118%	\$ 4,005,000	55%
2023 Net Additions/Reductions	\$ 12,640	\$ 2,941,810	\$ 32,900	\$ 199,160	\$ 3,186,510			
2023 Assessed Valuation (A) as of Dec 1, 2023	\$ 130,660	\$ 8,512,620	\$ 401,570	\$ 1,407,180	\$ 10,452,030	144%	\$ 3,940,000	38%

Proposed O&M Mill Rates	-	20.000	20.000	60.000
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Projected O&M Mill Levy Revenues (2023)	\$ -	\$ 170,252	\$ 8,031	\$ 84,431	\$ 262,715
2023 RAR Reduction-O&M-BACKFILL-SB22-238		6,448	490	2,888	9,826

Proposed Debt Service Mill Rates (B)	-	50.000	50.000	50.000
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Projected Debt Service Mill Levy Revenues (2023)	\$ -	\$ 425,631	\$ 20,079	\$ 70,359	\$ 516,069
2023 RAR Reduction - DSF-BACKFILL-SB22-238		16,120	1,225	2,407	19,752

2024 Debt Service	Coverage Ratio
\$ 241,325	
\$ 70,000	
\$ 311,325	

A. Per the revised Certification of Valuation by La Plata County Assessor dated 08.25.23

B. Pursuant to the documents associated with the Districts' general obligation indebtedness the Districts are allowed to adjust their debt service mill levy rates upward beyond its originally authorized base 50 mills for Gallagher Amendment assessed valuation reductions. The increase is to be calculated so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. In recent years the Districts' boards have chosen to not increase the levies beyond the 50 mills

Note: In June 2018 \$4.5M of Bonds were issued by the District to TBDI. These Bonds are classified as "Developer" Bonds and are subordinate to the 2016A Bonds. Although the interest on these Bonds began accruing beginning in June 21, 2018 it will not be payable until there are adequate property tax revenues. Below is an accounting of the forecasted liability thru and as of December 31, 2022

	Principal	Interest	Total	
Bonded Debt-2018B Bonds	\$ 4,500,000		\$ 4,500,000	
Accrued Intreset 2018		\$ 77,188	\$ 77,188	
Accrued Intreset 2019		\$ 337,500	\$ 337,500	10,000 2018B Bond Principal payment due 12/15/24
Accrued Intreset 2020		\$ 337,500	\$ 337,500	
Accrued Intreset 2021		\$ 337,500	\$ 337,500	
Accrued Intreset 2022		\$ 337,500	\$ 337,500	
Accrued Intreset 2023		\$ 337,500	\$ 337,500	
Total	\$ 4,500,000	\$ 1,764,688	\$ 6,264,688	

ATTACHMENT 2
2023 Audited Financial Statements
District Nos. 1 - 4

TWIN BUTTES METROPOLITAN DISTRICT NO. 1

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

December 31, 2023



TWIN BUTTES METROPOLITAN DISTRICT NO. 1

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Independent Auditor's Report



Board of Directors
Twin Buttes Metropolitan District No. 1
Durango, Colorado

INDEPENDENT AUDITOR'S REPORT

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Twin Buttes Metropolitan District No. 1 (the District) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District, as of December 31, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 and the budgetary comparison information on page 21 is presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

DWC

Grand Junction, Colorado

June 6, 2024

Management's Discussion and Analysis

TWIN BUTTES METROPOLITAN DISTRICT NO. 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

As of and for the year ended December 31, 2023

As management of the Twin Buttes Metropolitan District No. 1 (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2023 with comparative information presented for the year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our basic financial statements to better understand the financial position of the District.

Financial Highlights

Please refer to the Government-wide Financial Analysis on page 4 of this report.

Net activity of approximately \$(19,000) dropped the District's Net Position from approximately \$71,000 to \$52,000. The drop was primarily attributed to recent farm revenues and certain real estate activity fees (DRC, real estate transfer fees and development fees). The drop in farm revenues was caused by lower than anticipated production stemming from various adverse conditions. Real estate activity revenues dropped as both rising interest rates and dropping inventory slowed real estate sales and development activity.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains required supplemental information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private sector business.

The statement of net position presents information on all of the District's assets and liabilities with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether financial position is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenues and expenses are reported in the statement of activities for some items that will only result in cash flows in future fiscal periods.

In the government-wide financial statements, the District's activities are shown in one category; governmental activities. The District's activities are principally supported by charges for services – farm sales, fees and permits, intergovernmental transfers and developer operating subsidies. The government-wide financial statements can be found on pages 7 and 8.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The District's General Fund is considered a governmental fund.

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The District presents one governmental fund, the General Fund. The District's General Fund financial statements can be found on pages 9 through 11.

An annual appropriated budget was adopted for the General Fund. A budgetary comparison schedule has been provided on page 21 to demonstrate compliance with the adopted budget.

Notes to Basic Financial Statements

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

The notes to the basic financial statements can be found on pages 13 through 20.

Required Supplementary Information (RSI)

The RSI presents additional information that differs from the basic financial statements in that the auditor applies certain limited procedures in reviewing the information. In this report, RSI includes the management's discussion and analysis and budgetary comparison schedule on page 21.

Government-wide Financial Analysis

The following summarizes the District's governmental net position as of December 31:

	<u>2023</u>	<u>2022</u>
Assets		
Current and other assets	\$ 81,416	\$ 84,722
Capital assets, net	38,248	42,441
Total Assets	119,664	127,163
Liabilities		
Current liabilities	67,317	56,245
Total Liabilities	67,317	56,245
Net Position		
Net investment in capital assets	38,248	42,411
Restricted for emergency reserves	14,100	14,100
Unrestricted	(1)	14,377
Total Net Position	\$ 52,347	\$ 70,918

The following summarizes the change in the District’s governmental net position for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Revenues		
Program revenues:		
Charges for services – farm sales	\$ 36,646	\$ 65,679
Charges for services – snow removal	4,640	-
Permits and fees	15,100	17,250
General revenues:		
Developer subsidy	25,960	-
Intergovernmental revenue	297,274	248,922
Other general revenues	7,085	5,356
Gain on disposal of capital assets	500	-
Total Revenues	<u>387,205</u>	<u>336,685</u>
Expenses		
General and administrative	263,249	254,456
Farm expenses	102,692	105,305
Property and grounds maintenance	39,835	53,787
Total Expenses	<u>405,776</u>	<u>413,548</u>
Change in Net Position	<u>(18,571)</u>	<u>(76,341)</u>
Net position – January 1	<u>70,918</u>	<u>147,259</u>
Net position – December 31	<u>\$ 52,347</u>	<u>\$ 70,918</u>

Financial Analysis of Governmental Funds

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

The focus of governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

The District has one major governmental fund, the General Fund. The General Fund had a fund balance of \$14,099 as of December 31, 2023, of which \$14,100 is restricted for emergencies.

General Fund Budgetary Highlights

Please refer to the General Fund-Budget and Actual Statement on page 21 of this report.

Net deficit of approximately \$(14,000) dropped the fund balance of the District’s General Fund from approximately \$28,000 to \$14,000. Activity included a \$26,000 developer subsidy so as to maintain adequate reserves. This deficit is an improvement over prior year deficit of approximately \$(80,000) and comparable with the revised budget due to various factors, including but not limited to,

- Increased property tax revenues stemming from a growing tax base
- Maintaining operating costs

Capital Assets

Replacements, which improve or extend the lives of property, are capitalized. Maintenance, repairs and equipment replacements of a routine nature are charged to expenditures as incurred and are not capitalized. Additional information on the District’s capital assets can be found in Note 6.

Economic Factors and Next Year’s Budget

The District’s Board adopted next year’s budget (2024) which reflects a surplus adequate to repay the Developer back it’s 2023 subsidy and is premised on adequate increases in property tax, real estate activity and farm revenues. Appropriate economic conditions will be necessary to ensure the District’s financial activity will be consistent with the Budget.

Request for Information

This financial report is designed to provide a general overview of the District’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Steven Wilson, 692 Twin Buttes Ave., Durango, CO 81301.

Basic Financial Statements

Government-wide Financial Statements

TWIN BUTTES METROPOLITAN DISTRICT NO. 1

STATEMENT OF NET POSITION

December 31, 2023

ASSETS

Cash	\$	51,722
Accounts receivable		3,734
Developer subsidy receivable		25,960
Capital assets, net of accumulated depreciation:		
Farm assets		9,813
Vehicles and equipment		8,203
Website		7,120
Capital projects in progress		13,112
		<u>13,112</u>
	<i>Total Assets</i>	<u>119,664</u>

LIABILITIES

Accounts payable		66,565
Accrued expenses		752
		<u>752</u>
	<i>Total Liabilities</i>	<u>67,317</u>

NET POSITION

Net investment in capital assets		38,248
Restricted for emergency reserves		14,100
Unrestricted		(1)
		<u>(1)</u>
	<i>Total Net Position</i>	<u>\$ 52,347</u>

See accompanying notes.

TWIN BUTTES METROPOLITAN DISTRICT NO. 1

STATEMENT OF ACTIVITIES

For the year ended December 31, 2023

GOVERNMENTAL ACTIVITIES:

PROGRAM EXPENSES

General and administrative	\$	263,249
Farm expenses		102,692
Property and grounds maintenance		39,835
		<hr/>
<i>Total Program Expenses</i>		405,776

PROGRAM REVENUES

Charges for services - farm sales		36,646
Charges for services - snow removal		4,640
Permits and fees		15,100
		<hr/>
<i>Net Program Expenses</i>		349,390

GENERAL REVENUES

Developer subsidy		25,960
Intergovernmental revenue		297,274
Other general revenue		7,085
Gain on disposal of assets		500
		<hr/>
<i>Total General Revenues</i>		330,819

Change in Net Position

Net Position - January 1

Net Position - December 31

See accompanying notes.

Fund Financial Statements

TWIN BUTTES METROPOLITAN DISTRICT NO. 1

BALANCE SHEET – GOVERNMENTAL FUND

December 31, 2023

ASSETS	
Cash	\$ 51,722
Accounts receivable	3,734
Developer subsidy receivable	25,960
<i>Total Assets</i>	<u>\$ 81,416</u>
LIABILITIES	
Accounts payable	\$ 66,565
Accrued expenses	752
<i>Total Liabilities</i>	<u>67,317</u>
FUND BALANCE	
Restricted for:	
Emergency reserve	14,100
Unassigned	(1)
<i>Total Fund Balance</i>	<u>14,099</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 81,416</u>

See accompanying notes.

TWIN BUTTES METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO THE STATEMENT
OF NET POSITION
December 31, 2023

Total Fund Balance - Governmental Fund	\$	14,099
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the Fund:		
Cost of capital assets		61,375
Less accumulated depreciation		(23,127)
Total Net Position - Governmental Activities		<u>38,248</u> <u>\$ 52,347</u>

See accompanying notes.

TWIN BUTTES METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – GOVERNMENTAL FUND

For the year ended December 31, 2023

REVENUES	
Charges for services - farm sales	\$ 36,646
Charges for services - snow removal	4,640
Permits and fees	15,100
Developer subsidy	25,960
Intergovernmental revenue	297,274
Other general revenue	7,085
<i>Total Revenues</i>	386,705
 EXPENDITURES	
General and administrative	262,289
Farm expenses	99,459
Property and grounds maintenance	39,835
<i>Total Expenditures</i>	401,583
<i>Excess of Expenditures Over Revenues</i>	(14,878)
 OTHER FINANCING SOURCES	
Proceeds from sale of assets	500
<i>Net Change in Fund Balance</i>	(14,378)
 Fund Balance - January 1	 28,477
Fund Balance - December 31	\$ 14,099

See accompanying notes.

TWIN BUTTES METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND TO THE STATEMENT OF
ACTIVITIES

For the year ended December 31, 2023

Net Change in Fund Balance - Governmental Fund	\$ (14,378)
Capital outlays are reported as expenditures in the Governmental Funds; however, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful life as depreciation expense:	
Depreciation expense	(4,193)
Change in Net Position of Governmental Activities	<u><u>\$ (18,571)</u></u>

See accompanying notes.

Notes to Basic Financial Statements

TWIN BUTTES METROPOLITAN DISTRICT NO. 1

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Twin Buttes Metropolitan District No. 1 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District's significant accounting policies are described below:

Financial Reporting Entity

The Twin Buttes Metropolitan District Nos. 1-4 are political subdivisions of the State of Colorado, formed in 2013 for the purpose of providing the management, implementation, and coordination of the financing, acquisition, completion, and operation of certain public infrastructure and services throughout the Twin Buttes of Durango Development (the Development). The improvements will be for the collective use and benefit of the property owners within, and residents of, the Development. The District will operate and maintain all other improvements within the Development. The District is the managing district and will arrange, control, and coordinate the financing, acquisition, construction, completion and operation of all public infrastructure and services for the Development (see Note 7); however, Twin Buttes Metropolitan District No. 2 (District No. 2) has issued \$8.7 million of debt. Twin Buttes Metropolitan District Nos. 2-4 (District Nos. 2-4) are authorized to collect property taxes and will contain the residential and commercial property of the Development. District Nos. 2 and 4 are authorized to issue bonds. The District is governed by an elected five-member Board of Directors (the Board).

Government-wide Financial Statements

The government-wide financial statements consist of a statement of net position and a statement of activities to report information on all of the non-fiduciary activities of the District as a whole. These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets, and liabilities, including capital assets and any long-term liabilities, are included in the accompanying Statement of Net Position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or program. *Program revenues* include 1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions, if any, that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues, if any, are reported instead as *general revenues*. The District has no *business-type activities*, which rely to a significant extent on user charges for support.

Fund Financial Statements

The accounts of the District are organized on the basis of funds. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Governmental funds are accounted for on a flow of current financial resources basis. Balance sheets for these funds generally include only current assets, current liabilities and appropriate deferred inflows and deferred outflows of resources. Reported fund balances are considered a measure of available, spendable resources. Operating statements for these funds present a summary of available, spendable resources and expenditures for the period.

For the year ended December 31, 2023, the District has one governmental fund, the General Fund, which is the District's primary operating fund that accounts for all financial resources of the District. The General Fund is considered a major fund.

Separate financial statements are provided for the governmental fund.

Measurement Focus and Basis of Accounting

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

The modified accrual basis of accounting is used by all governmental funds. 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. Revenues are considered available if collected within 60 days after year end. Those revenues associated with the current period susceptible to accrual are charges for services - farm sales and permits and fees. Grant revenues, if any, are recognized as they are earned. All other revenues are reported when cash is received. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule would include capital outlay which would be recognized when incurred, principal and interest on general long-term debt which would be recognized when due, and compensated absences which would be recognized when the obligations are expected to be liquidated with available financial resources.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Accounts Receivable

Accounts receivable consist of amounts due from various retail customers from farm and wholesale sales. As of December 31, 2023, management believes all accounts receivable are fully collectible; therefore no allowance for doubtful accounts has been recorded.

As described above, the District is the managing district of the Development and coordinates all financing and operations of the Development. Intergovernmental receivables may arise from inter-district transactions with District Nos. 2-4, and are recorded by all funds affected in the period in which transactions are executed. Intergovernmental receivables as of December 31, 2023 represent operating costs incurred by the District on behalf of District No. 2 that are expected to be repaid and are not related to operating expenses covered by the intergovernmental agreement described in Note 7 that would be included in the District's statement of activities.

Capital Assets

Capital assets are stated at cost and include assets with an estimated useful life of more than one year. Donated assets are recorded at their estimated fair market value at the date of donation. Replacements, which improve or extend the lives of property, are capitalized. Maintenance, repairs, and equipment replacements of a routine nature are charged to expenditures as incurred and are not capitalized. Capital assets are depreciated using the straight-line method over useful lives of 5 to 25 years.

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing attributable to the acquisition or construction of improvements of those assets. Net position is reported as restricted when there are limitations on their use due to external restrictions imposed by creditors, grantors, laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Non-spendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. As of December 31, 2023, the District did not have a non-spendable fund balance.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified the Taxpayer's Bill of Rights (TABOR) emergency reserves as being restricted because their use is restricted by Colorado State Statute.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District's Board. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed resources as of December 31, 2023.
- **Assigned:** This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the District manager through the budgetary process. As of December 31, 2023, the District did not have any assigned fund balance.
- **Unassigned:** This classification includes the residual fund balance for the General Fund.

The District would typically use committed resources first and then assigned resources as appropriate opportunities arise, but the District reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Leases

The District accounts for leases in accordance with GASB Statement No. 87, *Leases* (GASB 87). GASB 87 established a single model for lease accounting based on the foundational principal that leases are financings of the right to use an underlying asset. Under GASB 87, for all leases other than short-term leases, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The District leases office space from the Developer (see Note 8) and the District also leases land for farm activities from another lessor. All of the District's leases are cancelable by the District and the lessor and do not have terms beyond one year, therefore, the District's leases are considered short-term leases under GASB 87. The District recognizes short-term lease payments as lease expense based on the payment provisions of the lease agreement in accordance with GASB 87. During the year ended December 31, 2023, the District recognized lease expense from short-term leases of \$3,120.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE FUND FINANCIAL STATEMENTS

The governmental fund balance sheet includes a reconciliation between *fund balance* of the *governmental fund* and *net position of governmental activities* as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between the *net change in fund balance* of the *governmental fund* and the *changes in net position of governmental activities* as reported in the government-wide statement of activities. These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for government fund statements to the economic resources measurement and full accrual basis used for government-wide statements.

NOTE 3 - TAX, SPENDING AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, commonly known as TABOR, which has several limitations including revenue raising, spending abilities, debt limitations, and other specific requirements of state and local governments. Future spending and revenue limits are determined based on the year's 'fiscal year spending,' adjusted for allowable increases based upon information and local growth. An election was held in November 2013 and voters approved a measure to allow the District to keep and retain all revenues, including grants, in excess of the fiscal year spending limit. TABOR also requires a reserve of 3% of the District's fiscal year spending, excluding bonded debt service. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. As of December 31, 2023, \$14,100 of the District's governmental fund balance is classified as restricted for an emergency reserve.

NOTE 4 - BUDGETS

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- A. Budgets are required by state law.
- B. The budget officer is required to submit a proposed budget to the Board by October 15.
- C. Public hearings are conducted by the Board to obtain taxpayer comments.

- D. Certification of the mill levies to the Board of County Commissioners and adoption of the budget and appropriations are required by December 15.
- E. Expenditures may not legally exceed appropriations at the fund level. Board approval is required for changes in the budget. The District amended its originally adopted 2023 budget. The District expended less than was appropriated during the year ended December 31, 2023 in the General Fund.
- F. Budget appropriations lapse at the end of each year.
- G. Budgets are adopted on the modified accrual basis of accounting.

NOTE 5 - DEPOSITS

The Colorado Public Deposit Protection Act (PDPA) governs the District’s deposits. The statutes specify eligible depositories for public cash deposits which must be Colorado institutions and must maintain federal deposit insurance through the Federal Deposit Insurance Corporation (FDIC) on deposits held. Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets maintained by another institution or held in trust for all of its local government depositors as a group with a market value at least equal to 102% of the uninsured deposits. The Colorado Division of Banking for banks and savings and loan associations is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2023, the carrying amount of the District’s deposits with maturities less than one year consisted of the following:

	Bank Balance	Carrying Amount
Cash in checking accounts	\$ 50,475	\$ 51,722

At December 31, 2023, the entire bank balance was insured by the FDIC.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank or investment pool failure, the District would not be able to recover its deposits or the value of its investments. The District’s deposits and investments are not deemed to be subject to custodial credit risk as they are covered by federal depository insurance or are collateralized under PDPA.

Concentrations of Credit Risk – Deposits

Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer or institution. The District holds 100% of its cash deposits in one financial institution.

NOTE 6 - CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2023 was as follows:

	Balance December 31, 2022	Increases	Decreases	Balance December 31, 2023
Non-depreciable capital assets				
Capital projects in progress	\$ 13,112	\$ -	\$ -	\$ 13,112
<i>Total non-depreciable capital assets</i>	<u>13,112</u>	<u>-</u>	<u>-</u>	<u>13,112</u>
Depreciable capital assets				
Farm Assets	19,250	-	-	19,250
Website	9,600	-	-	9,600
Vehicles and equipment	19,413	-	-	19,413
<i>Total depreciable capital assets</i>	<u>48,263</u>	<u>-</u>	<u>-</u>	<u>48,263</u>
<i>Total capital assets</i>	<u>61,375</u>	<u>-</u>	<u>-</u>	<u>61,375</u>
Less accumulated depreciation for:				
Farm Assets	(8,517)	(920)	-	(9,437)
Website	(1,520)	(960)	-	(2,480)
Vehicles and equipment	(8,897)	(2,313)	-	(11,210)
<i>Total accumulated depreciation</i>	<u>(18,934)</u>	<u>(4,193)</u>	<u>-</u>	<u>(23,127)</u>
<i>Total capital assets, net depreciation</i>	<u>\$ 42,441</u>	<u>\$ (4,193)</u>	<u>\$ -</u>	<u>\$ 38,248</u>

Depreciation expense of \$3,233 was charged to the farm function/program of the District and amortization expense of \$960 was charged to the general and administrative function/program of the District for the year ended December 31, 2023.

NOTE 7 - INTERGOVERNMENTAL AGREEMENT

Effective June 1, 2020, the District and District Nos. 2-4 entered into amended intergovernmental financing agreements for the purpose of jointly financing the costs of any public improvements, facilities, systems, programs, or projects which the districts may provide, or for the purpose of providing for the operations and maintenance of the districts and their facilities and properties. According to the agreements, certain administrative costs directly associated with District Nos. 2-4 are considered obligations of the District. When property tax revenues are received by District Nos. 2-4, intergovernmental revenues and expenditures will be recognized to transfer the tax revenue to the District to assist in the payment of these costs. Future transfers of tax revenue may be in excess of actual costs paid by the District on behalf of District Nos. 2-4. For the year ended December 31, 2023, activities of District Nos. 1-4 were as follows:

	District No. 1	District No. 2	District No. 3	District No. 4	Total
Program expenses	\$ (405,776)	\$ (827,312)	\$ (28,466)	\$ (134,461)	\$ (1,396,015)
Program revenues	56,386	107,294	-	-	163,680
General revenues	<u>330,819</u>	<u>536,496</u>	<u>28,466</u>	<u>134,461</u>	<u>1,030,242</u>
<i>Change in net position</i>	<u>\$ (18,571)</u>	<u>\$ (183,522)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (202,093)</u>

NOTE 8 - RELATED PARTY TRANSACTIONS

The Developer pays certain costs on behalf of the District. As of December 31, 2023, the Developer incurred \$49,951 of costs on behalf of the District which is included in accounts payable.

The Developer leases office space to the District for operations. For the year ended December 31, 2023, the District paid approximately \$3,000 in lease payments to the Developer.

As described in Note 1, the Districts' Board composition is predominately composed of the same members as the Board of District Nos. 2-4. In addition, the Developer's owner is also the president of the District's Board.

The contract accountant for the District also provides accounting services to the Developer.

NOTE 9 - ECONOMIC DEPENDENCY

Pursuant to the Intergovernmental Agreements referred to in Note 7, the District relies on certain revenues from District Nos. 2-4 to cover the combined operating costs of all the districts. At times, the District has partially relied on Developer subsidies stemming from the Operating Funding Agreement that was executed in November 2013 and amended on March 27, 2023 (see Note 10 and Note 11). This agreement obligates the Developer to subsidize revenue shortfalls of the District.

NOTE 10 - CONTINGENT LIABILITIES

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. These risks are covered by the District's participation in a Special District funded pool. Settled claims have not exceeded this commercial coverage in the past year.

Developer Subsidy Repayment

In November 2013, the District signed an Operation Funding Agreement (the Agreement) with the Developer. The Agreement provided for payment of operating subsidies to the District from the Developer to pay the costs of any management, operating and administrative expenses. The subsidies paid by the Developer to the District prior to the date of the Agreement are considered advanced funds. The subsidies become reimbursable to the Developer from the District once revenue, which is not otherwise appropriated, obligated, pledged or reserved for any current or future purpose in any fiscal year, becomes available. Through December 31, 2021, the District had received \$1,067,845 of operating subsidies from the Developer. Under the Agreement, the District, from such available sources and at its sole discretion, would reimburse the Developer for the subsidies, together with a simple interest rate of 7% per year. On March 27, 2023 the Agreement was amended retroactively, effective as of December 31, 2021, to eliminate certain farm operating deficits, remove the applicable interest related to the farm deficits, and suspend interest permanently. The adjusted balance to be reimbursed to the Developer under the Agreement, as amended, is \$1,121,151, consisting of \$730,185 in adjusted subsidies from the Developer plus simple interest at 7% per annum accrued thereon of \$390,966. Under the Agreement, as amended, the District has agreed to make good faith efforts to appropriate funds to reimburse the Developer the adjusted balance of \$1,121,151 over a term of twenty years, which equates to an average of approximately

\$50,000 per year with an interest rate of 0%, providing that the District has adequate revenue to make the appropriation. An accrued liability of \$1,121,151 for the repayment of the operating subsidies is not recorded by the District as of December 31, 2023, because the District had no available revenue that was not otherwise appropriated, obligated, pledged, or reserved. As part of the Agreement, the Developer agreed to waive \$337,660 in prior subsidies provided by the Developer to the District to cover farm losses along with interest accrued on these prior subsidies of \$57,381 for a total amount waived by the Developer of \$395,041.

Required Supplemental Information

TWIN BUTTES METROPOLITAN DISTRICT NO. 1

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND**

For the year ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
REVENUES				
Charges for services - farm sales	\$ 64,500	\$ 36,288	\$ 36,646	\$ 358
Charges for services - snow removal	-	3,840	4,640	800
Permits and fees	30,000	15,100	15,100	-
Developer subsidy	-	29,008	25,960	(3,048)
Intergovernmental revenue	311,587	296,917	297,274	357
Other general revenue	3,750	7,082	7,085	3
<i>Total Revenues</i>	<u>409,837</u>	<u>388,235</u>	<u>386,705</u>	<u>(1,530)</u>
EXPENDITURES				
General and administrative	248,460	263,709	262,289	1,420
Farm expenses	105,425	99,577	99,459	118
Property and grounds maintenance	49,602	39,825	39,835	(10)
Contingency	15,000	-	-	-
Capital outlay	2,000	-	-	-
<i>Total Expenditures</i>	<u>420,487</u>	<u>403,111</u>	<u>401,583</u>	<u>1,528</u>
<i>Excess of Expenditures Over Revenues</i>	<u>(10,650)</u>	<u>(14,876)</u>	<u>(14,878)</u>	<u>(2)</u>
OTHER FINANCING SOURCES				
Proceeds from sale of assets	-	500	500	-
<i>Net Change in Fund Balance</i>	<u>\$ (10,650)</u>	<u>\$ (14,376)</u>	<u>(14,378)</u>	<u>\$ (2)</u>
Fund Balance - January 1			<u>28,477</u>	
Fund Balance - December 31			<u>\$ 14,099</u>	

See accompanying notes and independent auditor's report.

TWIN BUTTES METROPOLITAN DISTRICT NO. 2

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

December 31, 2023



TWIN BUTTES METROPOLITAN DISTRICT NO. 2

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Independent Auditor's Report



Board of Directors
Twin Buttes Metropolitan District No. 2
Durango, Colorado

INDEPENDENT AUDITOR'S REPORT

Opinions

We have audited the accompanying financial statements of the governmental activities and the major funds of the Twin Buttes Metropolitan District No. 2 (the District), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major funds of the District, as of December 31, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 and the budgetary comparison information on page 25 is presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison information for the Debt Service Fund on page 26 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

DWC

Grand Junction, Colorado

June 6, 2024

Management's Discussion and Analysis

TWIN BUTTES METROPOLITAN DISTRICT NO. 2

MANAGEMENT'S DISCUSSION AND ANALYSIS

As of and for the year ended December 31, 2023

As management of the Twin Buttes Metropolitan District No. 2 (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2023, with comparative information presented for the year ended 2022. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our basic financial statements to better understand the financial position of the District.

Financial Highlights

- In the government-wide financial statements, the District's liabilities and deferred inflows were exceeded by its assets by \$4,535,597 at December 31, 2023. This negative net position will be reversed once various improvements are transferred from the Developer to the District. This should occur in 2024 and future years thereafter.
- In addition, the District's revenues were \$183,522 lower than expenses for the year ended December 31, 2023. The current unfunded interest expense related to the 2018B bonds is the primary contributor to this difference.
- 2023 property and specific ownership tax revenues of approximately \$429,714 increased from 2022 resulting from tax base increases which routinely occur on reassessment years. Continued improvement in the tax base in future years will allow the District's finances to improve accordingly. Growing and improving the District's tax base is a top priority for the board of directors. Efforts to accelerate land development and improve the absorption rate is the focus in making that objective occur.
- The General Fund reported no ending fund balance at December 31, 2023 and 2022 as expected, per agreement as all revenues are routinely transferred to District No. 1 to fund operations.
- The Debt Service Fund reported an ending fund balance of \$328,258 at December 31, 2023 and an ending fund balance of \$357,363 at December 31, 2022, the full amounts of which is restricted for debt service, and is comparable to 2022 as expected.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains required supplemental information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private sector business.

The statement of net position presents information on all of the District's assets, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether financial position is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenues and expenses are reported in the statement of activities for some items that will only result in cash flows in future fiscal periods.

In the government-wide financial statements, the District's activities are shown in one category; governmental activities. The District's activities are principally supported by property taxes, fees, and intergovernmental transfers.

The government-wide financial statements can be found on pages 9 and 10.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The District's funds are all considered governmental funds.

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The District presents two governmental funds; the General Fund and the Debt Service Fund. The District's governmental funds financial statements can be found on pages 11 and 13.

An annual appropriated budget was adopted for the funds. Budgetary comparison schedules have been provided on pages 25 and 26 to demonstrate compliance with the adopted budgets.

Notes to Basic Financial Statements

The notes to the basic financial statements provide additional information that are essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the basic financial statements can be found on pages 15 through 24.

Required Supplementary Information (RSI)

The RSI presents additional information that differs from the basic financial statements in that the auditor applies certain limited procedures in reviewing the information. In this report, RSI includes the management's discussion and analysis and general fund budgetary comparison schedule on page 25.

Government-wide Financial Analysis

The following summarizes the District's governmental net position as of December 31:

	<u>2023</u>	<u>2022</u>
Assets		
Current and other assets	\$ 907,473	\$ 753,391
Capital assets, net	<u>5,287,044</u>	<u>5,287,044</u>
Total Assets	6,194,517	6,040,435
Liabilities		
Current liabilities	1,844,879	1,618,701
Future obligations	<u>8,306,020</u>	<u>8,383,852</u>
Total Liabilities	10,150,899	10,002,553
Deferred Inflows of Resources		
Property tax revenue	<u>579,215</u>	<u>389,957</u>
Total Deferred Inflows of Resources	579,215	389,957
Net Position		
Net investment in capital assets	(3,098,976)	(3,161,808)
Restricted	335,458	364,563
Unrestricted	<u>(1,772,079)</u>	<u>(1,554,830)</u>
Total Net Position	\$ (4,535,597)	\$ (4,352,075)

The following summarizes the change in the District's governmental net position for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Revenues		
Program revenues:		
Permits and fees	\$ 107,294	\$ 85,513
General revenues:		
Taxes, net of abatements	429,714	363,326
Intergovernmental revenue	85,225	85,366
Earnings on deposits and investments	<u>21,557</u>	<u>5,993</u>
Total Revenues	643,790	540,198
Expenses		
Treasurer's fees	11,699	9,799
Bond trustee's fee	7,000	7,000
Intergovernmental expenses	223,971	187,728
Interest	584,642	588,623
Other program expenses	-	3,500
Total Expenses	<u>827,312</u>	<u>796,650</u>
Change in Net Position	(183,522)	(256,452)
Net position – January 1	<u>(4,352,075)</u>	<u>(4,095,623)</u>
Net position – December 31	\$ (4,535,597)	\$ (4,352,075)

Mill Levy and Debt

Total authorized mill levy and total authorized and outstanding debt consists of the following as of December 31, 2023:

	General	Debt	Total
Authorized Mill Levy	20.00	50.00	70.00
Debt Authorized		Debt Outstanding	
\$37,250,000		\$8,386,020	

Financial Analysis of Governmental Funds

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

The focus of governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The District has two major governmental funds, the General Fund and the Debt Service Fund. The General Fund has an ending fund balance of \$0 as of December 31, 2023, with \$7,200 restricted for emergencies. There is no unassigned portion of the fund balance available for general spending. The Debt Service Fund had a fund balance of \$328,258 as of December 31, 2023, the entire amount of which is restricted for debt service.

Budgetary Highlights

General Fund

Continued improvement in the tax base and increases in certain real estate sales activity increased shifted revenues (to District No. 1). The property tax base improved primarily as a result of it being a reassessment year. Additionally, secondary sales peaked up in 2023 allowing real estate transfer fees to improve accordingly.

Debt Service Fund

Gross property and specific ownership tax revenues of approximately \$306,874 increased by \$48,273 from prior year for reasons stated above.

Capital Assets

Replacements, which improve or extend the lives of property, are capitalized. Maintenance, repairs and equipment replacements of a routine nature are charged to expenditures as incurred and are not capitalized. Additional information on the District's capital assets can be found in Note 6.

Future Obligations

As shown in the table below, the District began amortizing the 2016A bonds in 2019. See Note 7 of the Notes to the Financial Statements for more information on future obligations.

Future Obligations at Year End			
	December 31, 2023	December 31, 2022	Increase (Decrease)
Tax Supported Revenue Bonds Series 2016A (Series 2016A)	\$ 3,940,000	\$ 4,005,000	\$ (65,000)
Tax Supported Revenue Bonds Series 2018B (Series 2018B)	4,500,000	4,500,000	-
Total long-term debt outstanding	<u>\$ 8,440,000</u>	<u>\$ 8,505,000</u>	<u>\$ (65,000)</u>

Economic Factors and Next Year's Budget

Forecasted tax base increase combined with buildout will allow the District's financial activity to improve, allowing greater funding amounts to District No. 1 to fund operations and increasing coverage of the District's debt load.

Request for Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Steven Wilson, 692 Twin Buttes Ave., Durango, CO 81301.

Basic Financial Statements

Government-wide Financial Statements

TWIN BUTTES METROPOLITAN DISTRICT NO. 2

STATEMENT OF NET POSITION

December 31, 2023

ASSETS

Cash	\$	11,462
Restricted investments		316,796
Property taxes receivable		579,215
Capital assets:		
Construction in process - infrastructure		<u>5,287,044</u>
	<i>Total Assets</i>	<u>6,194,517</u>

LIABILITIES

Accrued interest payable		1,764,879
Future obligations:		
Due within one year		80,000
Due after one year, net of unamortized discounts		<u>8,306,020</u>
	<i>Total Liabilities</i>	<u>10,150,899</u>

DEFERRED INFLOWS OF RESOURCES

Property tax revenue		<u>579,215</u>
	<i>Total Deferred Inflows of Resources</i>	<u>579,215</u>

NET POSITION

Net investment in capital assets		(3,098,976)
Restricted for:		
Debt service		328,258
Emergency reserve		7,200
Unrestricted		<u>(1,772,079)</u>
	<i>Total Net Position</i>	<u>\$ (4,535,597)</u>

See accompanying notes.

TWIN BUTTES METROPOLITAN DISTRICT NO. 2

STATEMENT OF ACTIVITIES

For the year ended December 31, 2023

GOVERNMENTAL ACTIVITIES:

PROGRAM EXPENSES

Treasurer's fees	\$ 11,699
Bond trustee's fees	7,000
Intergovernmental expenses	223,971
Interest	584,642
	<hr/>
<i>Total Program Expenses</i>	827,312

PROGRAM REVENUES

Permits and fees	107,294
	<hr/>
<i>Net Program Expenses</i>	720,018

GENERAL REVENUES

Taxes:	
Property taxes, net of property tax abatements	389,957
Specific ownership taxes	39,757
Intergovernmental revenue	85,225
Earnings on deposits and investments	21,557
	<hr/>
<i>Total General Revenues</i>	536,496

Change in Net Position (183,522)

Net Position - January 1	<hr/>
Net Position - December 31	<u>\$ (4,535,597)</u>

See accompanying notes.

Fund Financial Statements

TWIN BUTTES METROPOLITAN DISTRICT NO. 2

BALANCE SHEET – GOVERNMENTAL FUNDS

December 31, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ -	\$ 11,462	\$ 11,462
Restricted investments	-	316,796	316,796
Property taxes receivable	165,490	413,725	579,215
<i>Total Assets</i>	<u>\$ 165,490</u>	<u>\$ 741,983</u>	<u>\$ 907,473</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Intergovernmental payables	-	-	-
<i>Total Liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Property tax revenue	165,490	413,725	579,215
<i>Total Deferred Inflows of Resources</i>	<u>165,490</u>	<u>413,725</u>	<u>579,215</u>
FUND BALANCE			
Restricted for:			
Debt service	-	328,258	328,258
Emergency reserve	7,200	-	7,200
Unassigned	(7,200)	-	(7,200)
<i>Total Fund Balance</i>	<u>-</u>	<u>328,258</u>	<u>328,258</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$ 165,490</u>	<u>\$ 741,983</u>	<u>\$ 907,473</u>

See accompanying notes.

TWIN BUTTES METROPOLITAN DISTRICT NO. 2
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION

December 31, 2023

Total Fund Balance - Governmental Funds		\$ 328,258
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:		
Cost of capital assets	\$ 5,287,044	
Less accumulated depreciation	-	5,287,044
Long-term debt obligations are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		
		(8,440,000)
Original bond issue discount is reported as financing sources in the governmental funds when first issued, but is deferred and amortized in the Statement of Net Position.		
		53,980
Accrued interest on debt obligations is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		
		(1,764,879)
Total Net Position - Governmental Activities		\$ (4,535,597)

See accompanying notes.

TWIN BUTTES METROPOLITAN DISTRICT NO. 2

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUNDS**

For the year ended December 31, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes:			
Property taxes, net of property tax abatements	\$ 111,416	\$ 278,541	\$ 389,957
Specific ownership taxes	11,424	28,333	39,757
Permits and fees	107,294	-	107,294
Intergovernmental revenue	-	85,225	85,225
Earnings on deposits and investments	-	21,557	21,557
	<u>230,134</u>	<u>413,656</u>	<u>643,790</u>
<i>Total Revenues</i>			
EXPENDITURES			
Treasurer's fees	3,343	8,356	11,699
Bond trustee's fee	-	7,000	7,000
Intergovernmental expenditures	199,791	24,180	223,971
Debt service			
Principal	-	65,000	65,000
Interest	-	365,225	365,225
	<u>203,134</u>	<u>469,761</u>	<u>672,895</u>
<i>Total Expenditures</i>			
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>27,000</u>	<u>(56,105)</u>	<u>(29,105)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	27,000	27,000
Transfers out	(27,000)	-	(27,000)
	<u>(27,000)</u>	<u>27,000</u>	<u>-</u>
<i>Total Other Financing Sources (Uses)</i>			
<i>Net Change in Fund Balance</i>	-	(29,105)	(29,105)
Fund Balance - January 1	-	357,363	357,363
Fund Balance - December 31	<u>\$ -</u>	<u>\$ 328,258</u>	<u>\$ 328,258</u>

See accompanying notes.

TWIN BUTTES METROPOLITAN DISTRICT NO. 2

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT
OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES**

For the year ended December 31, 2023

Net Change in Fund Balance - Total Governmental Funds	\$ (29,105)
Amortization of bond discount is recorded in the Statement of Activities, but not on the governmental funds.	(2,167)
Accrued interest on debt obligations is not reported in the governmental funds, but is reported as an expenditure when due in the Statement of Net Position.	(217,250)
Principal payments on long-term debt are reported as an expenditure in the governmental funds, but are reported as a reduction to a liability in the Statement of Net Position.	65,000
Change in Net Position of Governmental Activities	<u><u>\$ (183,522)</u></u>

See accompanying notes.

Notes to Basic Financial Statements

TWIN BUTTES METROPOLITAN DISTRICT NO. 2

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Twin Buttes Metropolitan District No. 2 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District's more significant accounting policies are described below:

Financial Reporting Entity

The Twin Buttes Metropolitan District Nos. 1-4 are political subdivisions of the State of Colorado, formed in 2013 for the purpose of providing the management, implementation, and coordination of the financing, acquisition, completion, and operation of certain public infrastructure and services throughout the Twin Buttes of Durango Development (the Development). The improvements will be for the collective use and benefit of the property owners within, and residents of, the Development. The District's purpose is to issue and service the bonds and assess property taxes to assist with the financing of the Development. Twin Buttes Metropolitan District No. 1 (District No. 1) is the managing district and will arrange, control, and coordinate the financing, acquisition, construction, completion and operation of all public infrastructure and services for the Development (see Note 8). Twin Buttes Metropolitan District Nos. 3-4 (District No. 3 and District No. 4) collect property taxes, a portion of which are pledged for the repayment of the bonds, and will contain the residential and commercial property of the Development. District No. 4 is also authorized to issue bonds. The District is governed by an elected five-member Board of Directors (the Board).

Government-wide Financial Statements

The government-wide financial statements consist of a statement of net position and a statement of activities to report information on all of the non-fiduciary activities of the District as a whole. These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets, and liabilities, including capital assets, and any long-term liabilities, and deferred inflows of resources are included in the accompanying Statement of Net Position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or program. *Program revenues* include 1) Permit and fee charges on real estate transactions, and 2) grants and contributions, if any, that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as *general revenues*. The District receives intergovernmental revenue from District No. 3 and District No. 4 in the form of property taxes that are pledged for the repayment of the bonds. The District has no *business-type activities*, which rely to a significant extent on user charges for support.

Fund Financial Statements

The accounts of the District are organized on the basis of funds. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows of resources, fund equity, revenues and expenditures. Government resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Governmental funds are accounted for on a flow of current financial resources basis. Balance sheets for these funds generally include only current assets, current liabilities, and appropriate deferred inflows and deferred outflows of resources. Reported fund balances are considered a measure of available, spendable resources. Operating statements for these funds present a summary of available, spendable resources and expenditures for the period.

For the year ended December 31, 2023, the District has two governmental funds, the General Fund, which is the District's primary operating fund that accounts for all financial resources of the District, except those required to be accounted for in another fund; and the Debt Service Fund, which is the fund that accounts for principal and interest payments on outstanding bonds of the District. Both funds are considered major funds.

Separate financial statements are provided for governmental funds.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenditures 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, if any, are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The modified accrual basis of accounting is used by all governmental funds. 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. Revenues are considered available if collected within 60 days after year end. Those revenues associated with the current period susceptible to accrual are property taxes, interest revenue and permits and fees. Grant revenues, if any, are recognized as they are earned. All other revenues are reported when cash is received. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which is recognized when due, and compensated absences which are recognized when the obligations are expected to be liquidated with available financial resources.

Use of Estimates

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

Restricted Investments

Certain debt proceeds of the District's Debt Service Fund were invested and are classified as restricted on the balance sheet because their use is limited by applicable bond covenants (see Note 7). The District's invested funds are invested in a local government investment pool and are reported at fair value (see Note 5).

Property Taxes

Property taxes for the current year are levied in December of the previous year and attach as a lien on property on January 1. They are payable in full by April 30 or in two equal installments due February 28 and June 15. Property taxes levied in 2023 are reported as a receivable and deferred inflow of resources at December 31. The deferred taxes are reported as revenue in the year in which the lien attaches and they are available and collectible.

Capital Assets

Capital assets are stated at cost and include assets with an estimated useful life of more than one year. Donated assets are recorded at their estimated fair market value at the date of donation. Replacements, which improve or extend the lives of property, are capitalized. Maintenance, repairs, and equipment replacements of a routine nature are charged to expenditures as incurred and are not capitalized. Construction in process is not depreciated.

Intergovernmental Payables

As described earlier, the District was established to issue and service bonds and to collect property taxes to assist with general operations of the Development. Intergovernmental payables arise from inter-district transactions with Twin Buttes Metropolitan District Nos. 1, 3, and 4, and are recorded by all funds affected in the period in which the transactions are executed. Intergovernmental payables as of December 31, 2023 represent operating costs incurred by District No. 1 that the District is required to reimburse.

Future Obligations

In the government-wide financial statements, future obligations represent bond obligations and are reported as liabilities in the statement of net position. Bond issuance discounts are deferred and amortized over the life of the related bonds using the straight-line method. Bond obligations payable are reported net of the applicable bond discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as program expenses in the year incurred.

Deferred Inflows of Resources

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* (GASB 63), defines the five elements that make up a statement of financial position to include:

- Assets – resources with a present service capacity under District control.
- Deferred Outflows of Resources – consumption of net position by the District that is applicable to a future reporting period. The District had no deferred outflows of resources as of December 31, 2023.
- Liabilities – present obligations to sacrifice resources.
- Deferred Inflows of Resources – acquisitions of net position by the District that is applicable to a future reporting period.
- Net Position – residual of all other elements presented in a statement of financial position.

Net Position

Net position represents the difference between assets, liabilities, and deferred inflows of resources. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing attributable to the acquisition or construction of improvements of those assets. Net position is reported as restricted when there are limitations on their use due to external restrictions imposed by creditors, grantors, laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Non-spendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District did not have any non-spendable resources as of December 31, 2023.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified the Taxpayer's Bill of Rights (TABOR) emergency reserves as being restricted because their use is restricted by State Statute. The District has classified the amount restricted for payment of debt service as being restricted because their use is restricted by the financial institution with which the District has a revenue bond.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District's Board. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed resources as of December 31, 2023.
- **Assigned:** This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the District manager through the budgetary process. The District did not have any assigned resources as of December 31, 2023.
- **Unassigned:** This classification includes the residual fund balance for the General Fund.

The District would typically use committed resources first and then assigned resources as appropriate opportunities arise, but the District reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE FUND FINANCIAL STATEMENTS

The governmental fund balance sheet includes a reconciliation between *fund balance* of the *governmental fund* and *net position of governmental activities* as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between the *net change in fund balance* of the *governmental fund* and the *changes in net position of governmental activities* as reported in the government-wide statement of activities. These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for government fund statements to the economic resources measurement and full accrual basis used for government-wide statements.

NOTE 3 - TAX, SPENDING AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, commonly known as TABOR, which has several limitations including revenue raising, spending abilities, debt limitations, and other specific requirements of state and local governments. Future spending and revenue limits are determined based on the year's 'fiscal year spending,' adjusted for allowable increases based upon information and local growth. An election was held in November 2013 and voters approved a measure to allow the District to keep and retain all revenues, including grants, in excess of the fiscal year spending limit. TABOR also requires a reserve of 3% of the District's fiscal year spending, excluding bonded debt service. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. As of December 31, 2023, \$7,200 of the District's governmental fund balance is classified as restricted for emergency reserve.

NOTE 4 - BUDGETS

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- A. Budgets are required by state law.
- B. The budget officer is required to submit a proposed budget to the Board by October 15.
- C. Public hearings are conducted by the Board to obtain taxpayer comments.
- D. Certification of the mill levies to the Board of County Commissioners and adoption of the budget and appropriations are required by December 15.
- E. Expenditures may not legally exceed appropriations at the fund level. Board approval is required for changes in the budget. The District amended its originally adopted 2023 budget. The District expended less than was appropriated during the year ended December 31, 2023 in the General Fund.
- F. Budget appropriations lapse at the end of each year.
- G. Budgets are adopted on the modified accrual basis of accounting.

NOTE 5 - DEPOSITS AND INVESTMENTS

Deposits

The Colorado Public Deposit Protection Act (PDPA) governs the District’s deposits. The statutes specify eligible depositories for public cash deposits which must be Colorado institutions and must maintain federal deposit insurance through the Federal Deposit Insurance Corporation (FDIC) on deposits held. Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets maintained by another institution or held in trust for all of its local government depositors as a group with a market value at least equal to 102% of the uninsured deposits. The Colorado Division of Banking for banks, savings and loan associations is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2023, the carrying amount of the District’s deposits with maturities less than one year consisted of the following:

	Bank Balance	Carrying Amount
Cash in checking accounts	\$ 8,237	\$ 11,462
	<u>\$ 8,237</u>	<u>\$ 11,462</u>

At December 31, 2023, \$8,237 was insured by the FDIC.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank or investment pool failure, the District would not be able to recover its deposits. The District’s deposits are not deemed to be subject to custodial credit risk as they are covered by the FDIC or are collateralized under PDPA.

Investments

Colorado state statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest including:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers’ acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Certificates of deposit

The District has no investment policy that would further limit its investment choices.

As of December 31, 2022, the District had the following investments:

Description	Credit Quality Rating	Maturity Weighted Average Days of 16 (to Reset)	Fair Value
COLOTRUST Prime	AAAm		\$ 316,796

At December 31, 2023, the District had funds invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST), a local government investment pool established for local government entities in Colorado to pool surplus funds. COLOTRUST is routinely monitored by the Colorado Division of Securities with regard to its operations and investments, which are also subject to provisions of C.R.S. Title 24, Article 75, Section 6. COLOTRUST currently offers three portfolios: (1) COLOTRUST PRIME, (2) COLOTRUST PLUS+, and (3) COLOTRUST EDGE.

The District’s funds invested in COLOTRUST are invested in COLOTRUST PRIME. COLOTRUST PRIME operates similarly to a money market fund and each share is equal in value to \$1.00. COLOTRUST PRIME may invest in U.S. Treasury and Agency securities, the highest rated commercial paper and repurchase agreements collateralized by U.S. Treasury and Agency securities. A designated custodial bank serves as custodian for COLOTRUST’s portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for COLOTRUST’s portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records identify the investments owned by the participating governments. COLOTRUST PRIME is rated AAAM by Standard and Poor’s and had a weight average days to maturity (to reset) of 16 as of December 31, 2023. The annual report including the audited financial statements of COLOTRUST PRIME may be obtained on their website at www.colotrust.com.

The District records its investment in COLOTRUST PRIME at fair value as determined by net asset value as a practical expedient.

Interest Rate Risk – Investments

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board. The Board has not adopted an investment policy that allows investment maturities greater than five years.

Credit Risk – Investments

State statutes limit certain investments to those with specified ratings from nationally recognized statistical rating organizations, depending on the type of investment.

Concentrations of Credit Risk – Investments

Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer or institution. State statutes do not limit the amount the City may invest in a single issuer of investment securities, except for corporate securities. The District holds 100% of its investments in the COLOTRUST PRIME local government investment pool.

NOTE 6 - CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2023 was as follows:

	Balance December 31, 2022	Increases	Decreases	Balance December 31, 2023
Non-depreciable capital assets				
Construction in process - infrastructure	\$ 5,287,044	\$ -	\$ -	\$ 5,287,044
<i>Total non-depreciable capital assets</i>	<u>\$ 5,287,044</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,287,044</u>

NOTE 7 - FUTURE OBLIGATIONS

Revenue Bond Obligations

In August 2016, the District issued Tax Supported Revenue Bonds Series 2016A (Series 2016A) for \$4,215,000. Principal is payable annually on December 1 beginning on December 1, 2019 and annually thereafter maturing on December 1, 2048. Interest is charged at a rate of 6.125% and is payable semiannually beginning December 1, 2016 and semiannually thereafter maturing on December 1, 2048. Additionally, the total proceeds received by the District were net of a bond issue discount of \$69,327. The discount is amortized over the life of Series 2016A. All of the taxable property in the District is subject to the levy of an ad valorem tax to pay the principal of and interest on Series 2016A without limitation as to rate and in an amount sufficient to pay Series 2016A when due. Property taxes assessed in Twin Buttes Metropolitan District Nos. 3-4 are also pledged for debt service.

In June 2018, the District issued Tax Supported Revenue Bonds Series 2018B (Series 2018B) for \$4,500,000. Principal is payable annually on December 15 beginning on December 15, 2024 and annually thereafter maturing on June 15, 2048. Interest is charged at a rate of 7.500% and is payable annually beginning December 15, 2018 and annually thereafter maturing on June 15, 2048. No bond proceeds were received on the issuance of the bonds and the bond was issued at par value. All of the taxable property in the District is subject to the levy of an ad valorem tax to pay the principal of and interest on Series 2018B without limitation as to rate and in an amount sufficient to pay Series 2018B when due. Property taxes assessed in Twin Buttes Metropolitan District Nos. 3-4 are also pledged for debt service. At year end, the District had \$328,258 in fund balance and net position restricted for debt service on Series 2016A and Series 2018B.

The Series 2018B bond issuance was intended to reimburse the Developer for the costs of construction in process – infrastructure as part of the ongoing construction of the Development.

The Series 2016A requires compliance with specified covenants and obligations such as a mandatory sinking fund redemption prior to the maturity date of the bonds, in part, by lot, upon payment of par and accrued interest, without redemption premium, on December 1 in the years and principal amounts set forth below. In addition, the District established a Reserve Fund COLOTRUST PRIME investment account as required by the agreement to hold a minimum balance of \$314,288 to pay any deficiency that exists in the bond fund and future obligations. See Note 5 for further information regarding the District’s investments. The District was in compliance with all debt covenants as of December 31, 2023.

The minimum future obligations on Series 2016A are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 70,000	\$ 241,325	\$ 311,325
2025	75,000	237,038	312,038
2026	80,000	232,444	312,444
2027	85,000	277,544	312,544
2028	90,000	222,338	312,338
2029-2033	535,000	1,022,568	1,557,568
2034-2038	725,000	836,369	1,561,369
2039-2043	975,000	586,163	1,561,163
2044-2048	1,305,000	249,595	1,554,595
<i>Total minimum future obligations</i>	<u>\$ 3,940,000</u>	<u>\$ 3,855,384</u>	<u>\$ 7,795,384</u>

The minimum future obligations on Series 2018B are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 10,000	\$ 337,500	\$ 347,500
2025	70,000	336,750	406,750
2026	75,000	331,500	406,500
2027	85,000	325,875	410,875
2028	90,000	319,500	409,500
2029-2033	560,000	1,486,125	2,046,125
2034-2038	805,000	1,241,250	2,046,250
2039-2043	1,150,000	891,750	2,041,750
2044-2048	1,655,000	376,125	2,031,125
<i>Total minimum future obligations</i>	<u>\$ 4,500,000</u>	<u>\$ 5,646,375</u>	<u>\$ 10,146,375</u>

Changes in future obligations for the year ended December 31, 2023 were as follows:

	<u>Balance December 31, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2023</u>	<u>Due Within One Year</u>
Series 2016A	\$ 4,005,000	\$ -	\$ 65,000	\$ 3,940,000	\$ 70,000
Original issue discount, net	(56,148)	-	(2,168)	(53,980)	-
Series 2018B	4,500,000	-	-	4,500,000	10,000
<i>Long-term debt</i>	<u>\$ 8,448,852</u>	<u>\$ -</u>	<u>\$ 62,832</u>	<u>\$ 8,386,020</u>	<u>\$ 80,000</u>

Interest expense of \$584,642 on future obligations has been included in the direct expenses of individual functions on the government-wide statement of activities. Authorization for future obligations is specific to a particular purpose; thus, an objective connection can be made to a specific program. All interest on future obligations is reported as a direct expense of the program for which borrowing is related.

NOTE 8 - INTERGOVERNMENTAL AGREEMENT

Effective June 1, 2020, the District and District No. 1 entered into an amended intergovernmental financing agreement for the purpose of jointly financing the costs of any public improvements, facilities, systems, programs, or projects which the District may provide, or for the purpose of providing for the operations and maintenance of the District and its facilities and properties. According to this agreement, certain administrative costs directly associated with the District are considered obligations of District No. 1. As property tax revenues and other O&M fees are received by the District, an intergovernmental

expense is recognized to transfer funds to District No. 1 to assist in the payment of these costs. Future transfers of tax revenue may be in excess of actual costs paid by District No. 1 on behalf of the District. For the year ended December 31, 2023, activities of District Nos. 1-4 were as follows:

	<u>District No. 1</u>	<u>District No. 2</u>	<u>District No. 3</u>	<u>District No. 4</u>	<u>Total</u>
Program expenses	\$ (405,776)	\$ (827,312)	\$ (28,466)	\$ (134,461)	\$ (1,396,015)
Program revenues	56,386	107,294	-	-	163,680
General revenues	<u>330,819</u>	<u>536,496</u>	<u>28,466</u>	<u>134,461</u>	<u>1,030,242</u>
<i>Change in net position</i>	<u>\$ (18,571)</u>	<u>\$ (183,522)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (202,093)</u>

NOTE 9 - RELATED PARTIES

The Developer pays certain costs on behalf of the District. During the year ended December 31, 2023, the District reimbursed the Developer for \$6,071 of such costs incurred.

As described in Note 1, the District’s Board is predominately composed of the same members as the Board of District Nos. 1, 3, & 4. In addition, the Developer’s owner is also the president of the District’s Board.

The contract accountant for the District also provides accounting services to the Developer.

NOTE 10 - CONTINGENT LIABILITIES

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. These risks are covered by the District’s participation in a Special District funded pool. Settled claims have not exceeded this commercial coverage in the past year.

Developer Subsidy Repayment

In 2019 the District received an operating subsidy from the Developer to pay certain costs related to debt service totaling \$108,000. No subsidy was paid from the Developer to the District for the year ended December 31, 2023. No formal agreement exists between the District and the Developer for the repayment of these subsidies, however it is the intention of the District to reimburse the Developer when funds become available in the future, provided the funds are not otherwise appropriated, obligated, pledged, or reserved for any current or future purpose. Due to the uncertainty of the availability of funds, and because no formal repayment agreement exists as of December 31, 2023, the District did not accrue a liability for the operating subsidies. The District, from such available sources and at its sole discretion, will reimburse the Developer for the operating subsidies.

Required Supplemental Information

TWIN BUTTES METROPOLITAN DISTRICT NO. 2

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND

For the year ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
REVENUES				
Taxes:				
Property taxes, net of property tax abatements	\$ 111,416	\$ 111,416	\$ 111,416	\$ -
Specific ownership taxes	11,142	11,528	11,424	(104)
Permits and fees	119,791	107,270	107,294	24
<i>Total Revenues</i>	<u>242,349</u>	<u>230,214</u>	<u>230,134</u>	<u>(80)</u>
EXPENDITURES				
Treasurer's fees	3,342	3,342	3,343	(1)
Intergovernmental expenditures	185,007	199,871	199,791	80
<i>Total Expenditures</i>	<u>188,349</u>	<u>203,213</u>	<u>203,134</u>	<u>79</u>
<i>Excess of Revenues Over Expenditures</i>	<u>54,000</u>	<u>27,001</u>	<u>27,000</u>	<u>(1)</u>
OTHER FINANCING USES				
Transfers out	<u>(54,000)</u>	<u>(27,000)</u>	<u>(27,000)</u>	<u>-</u>
<i>Total Other Financing Uses</i>	<u>(54,000)</u>	<u>(27,000)</u>	<u>(27,000)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	<u>\$ -</u>	<u>\$ 1</u>	<u>-</u>	<u>\$ (1)</u>
Fund Balance - January 1			<u>-</u>	
Fund Balance - December 31			<u>\$ -</u>	

See accompanying notes and independent auditor's report.

Other Supplemental Information

TWIN BUTTES METROPOLITAN DISTRICT NO. 2
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – DEBT SERVICE FUND

For the year ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Favorable (Unfavorable) Variance
REVENUES				
Taxes:				
Property taxes, net of property tax abatements	\$ 278,541	\$ 278,541	\$ 278,541	\$ -
Specific ownership taxes	27,854	27,854	28,333	479
Intergovernmental revenue	84,353	84,353	85,225	872
Earnings on deposits and investments	3,000	21,529	21,557	28
<i>Total Revenues</i>	<u>393,748</u>	<u>412,277</u>	<u>413,656</u>	<u>1,379</u>
EXPENDITURES				
Treasurer's fees	8,356	8,356	8,356	-
Bond trustee's fee	7,000	7,000	7,000	-
Intergovernmental expenditures	61,050	30,071	24,180	5,891
Debt service				
Principal	65,000	65,000	65,000	-
Interest	245,306	365,224	365,225	(1)
<i>Total Expenditures</i>	<u>386,712</u>	<u>475,651</u>	<u>469,761</u>	<u>5,890</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>7,036</u>	<u>(63,374)</u>	<u>(56,105)</u>	<u>7,269</u>
OTHER FINANCING SOURCES				
Transfers in	54,000	27,000	27,000	-
<i>Total Other Financing Sources</i>	<u>54,000</u>	<u>27,000</u>	<u>27,000</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	<u>\$ 61,036</u>	<u>\$ (36,374)</u>	<u>(29,105)</u>	<u>\$ 7,269</u>
Fund Balance - January 1			<u>357,363</u>	
Fund Balance - December 31			<u>\$ 328,258</u>	

See accompanying notes and independent auditor's report.

TWIN BUTTES METROPOLITAN DISTRICT NO. 3

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

December 31, 2023



TWIN BUTTES METROPOLITAN DISTRICT NO. 3

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Independent Auditor's Report



Board of Directors
Twin Buttes Metropolitan District No. 3
Durango, Colorado

INDEPENDENT AUDITOR'S REPORT

Opinions

We have audited the accompanying financial statements of the governmental activities and the major funds of the Twin Buttes Metropolitan District No. 3 (the District), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major funds of the District, as of December 31, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 and budgetary comparison information on page 18 is presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison information for the Debt Service Fund on page 19 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

DWC

Grand Junction, Colorado

June 6, 2024

Management's Discussion and Analysis

TWIN BUTTES METROPOLITAN DISTRICT NO. 3

MANAGEMENT'S DISCUSSION AND ANALYSIS

As of and for the year ended December 31, 2023

As management of the Twin Buttes Metropolitan District No. 3 (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2023, with comparative information presented for the year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our basic financial statements to better understand the financial position of the District.

Financial Highlights

- In the government-wide financial statements, the District's assets equaled its liabilities and deferred inflows of resources at December 31, 2023 and 2022. In addition, the District's revenues equaled its expenses for the years ended December 31, 2023 and 2022 as expected.
- The General Fund had no fund balance at December 31, 2023 and 2022 as expected.
- The Debt Service Fund had no fund balance at December 31, 2023 and 2022 as expected.
- Certain administrative costs related to operating the District were paid for by Twin Buttes Metropolitan District No. 1 (District No. 1) (See Note 5).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains required supplemental information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private sector business.

The statement of net position presents information on all of the District's assets and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether financial position is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenues and expenses are reported in the statement of activities for some items that will only result in cash flows in future fiscal periods.

In the government-wide financial statements, the District's activities are shown in one category; governmental activities. The District's activities are principally supported by property taxes.

The government-wide financial statements can be found on pages 8 and 9.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The District's funds are all considered governmental funds.

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The District presents two governmental funds, the General Fund and the Debt Service Fund. The District's Governmental Funds financial statements can be found on pages 10 and 11.

An annual appropriated budget was adopted for the funds in 2023 and 2022. Budgetary comparison schedules have been provided on pages 18 and 19 to demonstrate compliance with the adopted budgets.

Notes to Basic Financial Statements

The notes to the basic financial statements provide additional information that are essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the basic financial statements can be found on pages 12 through 17.

Required Supplementary Information (RSI)

The RSI presents additional information that differs from the basic financial statements in that the auditor applies certain limited procedures in reviewing the information. In this report, RSI includes the management's discussion and analysis and budgetary comparison schedule on page 18.

Government-wide Financial Analysis

The following summarizes the District's governmental net position as of December 31:

	<u>2023</u>	<u>2022</u>
Assets		
Current and other assets	\$ 27,864	\$ 25,807
Total Assets	<u>27,864</u>	<u>25,807</u>
Liabilities		
Current liabilities	-	-
Total Liabilities	<u>-</u>	<u>-</u>
Deferred Inflows of Resources		
Property tax revenue	27,864	25,807
Total Deferred Inflows of Resources	<u>27,864</u>	<u>25,807</u>
Net Position		
Unrestricted	-	-
Total Net Position	<u>\$ -</u>	<u>\$ -</u>

The following summarizes the change in the District's governmental net position for the year ended December 31:

	<u>2023</u>	<u>2022</u>
Revenues		
General revenues:		
Taxes	\$ 28,452	\$ 25,941
Conservation trust funds	14	13
Total Revenues	<u>28,466</u>	<u>25,954</u>
Expenses		
Treasurer's fees	775	702
Intergovernmental expenses	27,691	25,252
Total Expenses	<u>28,466</u>	<u>25,954</u>
Change in Net Position	<u>-</u>	<u>-</u>
Net position – January 1	-	-
Net position – December 31	<u>\$ -</u>	<u>\$ -</u>

Mill Levy and Debt

Total authorized mill levy and total authorized and outstanding debt consists of the following as of December 31, 2023:

	General	Debt	Total
Authorized Mill Levy	20.000	50.000	70.000
Debt Authorized	Debt Outstanding		
\$37,250,000	\$0		

Financial Analysis of Governmental Funds

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

The focus of governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The District has two major governmental funds, the General Fund and the Debt Service Fund. As expected the General Fund and Debt Service Fund had no fund balance as of December 31, 2023 and 2022 as pursuant to agreement with District No. 1 and 2, the District revenues are transferred out to Districts No. 1 and 2.

General Fund and Debt Service Fund - Budgetary Highlights

The various revenues of this District are primarily dedicated to District No. 1 operations and District No. 2 debt service. The District's expenditures in 2023 were intergovernmental transfers of collected revenues to fund District No. 1's operating costs and District No 2's debt service costs and were comparable to budget and prior year as expected. The District's General Fund and Debt Service Fund unassigned fund balances were drawn down to zero at the end of 2023 accordingly.

Economic Factors and Next Year's Budget

The District was formed for the primary purpose of generating revenue from property taxes, development fees, and real estate transfer fees to either fund operating costs of District No. 1 or to service bonded debt issued by any of the three other districts. This District is currently composed of approximately 100 acres of undeveloped land and is either classified as ranch property or governmental with minimal assessable value. Development of the property within the District will not occur for several years. Until such development activity occurs the assessable value and property tax revenues will remain minimal. Development fee and real estate transfer fee revenues will not occur until development is complete and the properties are sold. Accordingly, fund activity and balances, whether government wide or on an individual fund basis, were minimal for 2023 and the foreseeable future.

Request for Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Steven Wilson, 692 Twin Buttes Ave. Durango, CO 81301.

Basic Financial Statements

Government-wide Financial Statements

TWIN BUTTES METROPOLITAN DISTRICT NO. 3

STATEMENT OF NET POSITION

December 31, 2023

ASSETS

Property taxes receivable

\$ 27,864

Total Assets

27,864

DEFERRED INFLOWS OF RESOURCES

Property tax revenue

27,864

Total Deferred Inflows of Resources

27,864

NET POSITION

Unrestricted

-

Total Net Position

\$ -

See accompanying notes.

TWIN BUTTES METROPOLITAN DISTRICT NO. 3

STATEMENT OF ACTIVITIES

For the year ended December 31, 2023

GOVERNMENTAL ACTIVITIES:

PROGRAM EXPENSES

Treasurer's fees	\$	775
Intergovernmental expenses		27,691
		<hr/>
<i>Total Program Expenses</i>		28,466

GENERAL REVENUES

Taxes:		
Property taxes		25,807
Specific ownership taxes		2,645
Conservation trust funds		14
		<hr/>
<i>Total General Revenues</i>		28,466

Change in Net Position -

Net Position - January 1		<hr/>
		-
Net Position - December 31	\$	<hr/> <hr/>
		-

See accompanying notes.

Fund Financial Statements

TWIN BUTTES METROPOLITAN DISTRICT NO. 3

BALANCE SHEET – GOVERNMENTAL FUNDS

December 31, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Property taxes receivable	\$ 7,961	\$ 19,903	\$ 27,864
<i>Total Assets</i>	<u>\$ 7,961</u>	<u>\$ 19,903</u>	<u>\$ 27,864</u>
DEFERRED INFLOWS OF RESOURCES			
Property tax revenue	\$ 7,961	\$ 19,903	\$ 27,864
<i>Total Deferred Inflows of Resources</i>	<u>7,961</u>	<u>19,903</u>	<u>27,864</u>
FUND BALANCE			
Unassigned	-	-	-
<i>Total Fund Balance</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</i>	<u>\$ 7,961</u>	<u>\$ 19,903</u>	<u>\$ 27,864</u>

See accompanying notes.

TWIN BUTTES METROPOLITAN DISTRICT NO. 3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – GOVERNMENTAL FUNDS

For the year ended December 31, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes:			
Property taxes	\$ 7,373	\$ 18,434	\$ 25,807
Specific ownership taxes	756	1,889	2,645
Conservation trust funds	14	-	14
<i>Total Revenues</i>	<u>8,143</u>	<u>20,323</u>	<u>28,466</u>
EXPENDITURES			
Treasurer's fees	221	554	775
Intergovernmental expenditures	7,922	19,769	27,691
<i>Total Expenditures</i>	<u>8,143</u>	<u>20,323</u>	<u>28,466</u>
<i>Excess of Revenues Over Expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	-	-	-
Fund Balance - January 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - December 31	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying notes.

Notes to Basic Financial Statements

TWIN BUTTES METROPOLITAN DISTRICT NO. 3

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Twin Buttes Metropolitan District No. 3 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District's significant accounting policies are described below:

Financial Reporting Entity

The Twin Buttes Metropolitan District Nos. 1-4 are political subdivisions of the State of Colorado, formed in 2013 for the purpose of providing the management, implementation, and coordination of the financing, acquisition, completion, and operation of certain public infrastructure and services throughout the Twin Buttes of Durango Development (the Development). The improvements will be for the collective use and benefit of the property owners within, and residents of, the Development. The District was designed, along with Twin Buttes Metropolitan District No. 4 (District No. 4), to collect property taxes which are pledged to repay the bonds issued by Twin Buttes Metropolitan District No. 2 (District No. 2). It will also contain a portion of the residential property of the Development. The commercial property of the Development will be located in District No. 4. Twin Buttes Metropolitan District No. 1 (District No.1) is the managing district and incurs a majority of the operating costs of the Development (see Note 6). District Nos. 2 and 4 are authorized to issue bonds and collect property taxes for the repayment of the debt. The District is governed by an elected five-member Board of Directors (the Board).

Government-wide Financial Statements

The government-wide financial statements consist of a statement of net position and a statement of activities to report information on all of the non-fiduciary activities of the District as a whole. These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets, liabilities, and deferred inflows of resources, including any capital assets and any long-term liabilities, are included in the accompanying Statement of Net Position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or program. There were no *Program revenues* for the year ended December 31, 2023, but in future years this may include 1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions, that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues, will be reported instead as *general revenues*, and are pledged to pay principal and interest payments for the bond held by District No. 2. The District has no *business-type activities*, which rely to a significant extent on user charges for support.

Fund Financial Statements

The accounts of the District are organized on the basis of funds. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Governmental funds are accounted for on a flow of current financial resources basis. Balance sheets for these funds generally include only current assets, current liabilities, and appropriate deferred inflows and deferred outflows of resources. Reported fund balances are considered a measure of available, spendable resources. Operating statements for these funds present a summary of available, spendable resources and expenditures for the period.

For the year ended December 31, 2023, the District has two funds, the General Fund, which is the District's primary operating fund that accounts for all financial resources of the District, except those required to be accounted for in another fund; and the Debt Service Fund, which is the fund that accounts for property taxes which are pledged to repay the bonds held by District No. 2. Both funds are considered major funds.

Separate financial statements are provided for the governmental funds.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues will be recorded when earned. Expenditures 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, if any, are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The modified accrual basis of accounting is used by all governmental funds. 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. Revenues will be considered available if collected within 60 days after year end. The revenues associated with the current period which are susceptible to accrual are property taxes. Grant revenues, if any, will be recognized as they are earned. All other revenues will be reported when cash is received. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule would include principal and interest on general long-term debt which would be recognized when due, and compensated absences which would be recognized when the obligations are expected to be liquidated with available financial resources.

Use of Estimates

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

Property Taxes

Property taxes for the current year are levied in December of the previous year and attach as a lien on property on January 1. They are payable in full by April 30 or in two equal installments due February 28 and June 15. Property taxes levied in 2023 are reported as a receivable and deferred inflow of resources at December 31. The deferred taxes are reported as revenue in the year in which the lien attaches and they are available and collectible.

District No. 2 issued Tax Supported Revenue Bond Series 2016A and 2018B in 2016 and 2018, respectively. Property tax revenues from the District and District No. 4 are pledged for the repayment of these bonds. This was accounted for as an intergovernmental expenditure in 2023.

Deferred Inflows of Resources

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* (GASB 63), defines the five elements that make up a statement of financial position to include:

- Assets – resources with a present service capacity under District control.
- Deferred Outflows of Resources – consumption of net position by the District that is applicable to a future reporting period. The District had no deferred outflows of resources as of December 31, 2023.
- Liabilities – present obligations to sacrifice resources.
- Deferred Inflows of Resources – acquisitions of net position by the District that is applicable to a future reporting period.
- Net Position – residual of all other elements presented in a statement of financial position.

Net Position

Net position represents the difference between assets, liabilities, and deferred inflows of resources. Net position is reported as restricted when there are limitations on their use due to external restrictions imposed by creditors, grantors, laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. For the year ended December 31, 2023, the District had no restrictions on net position.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Non-spendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District did not have any non-spendable resources as of December 31, 2023.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District did not have any restricted resources as of December 31, 2023.

- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District’s Board. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed resources as of December 31, 2023.
- Assigned: This classification includes amounts that are constrained by the District’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the District manager through the budgetary process. The District did not have any assigned resources as of December 31, 2023.
- Unassigned: This classification includes the residual fund balance for the General Fund.

The District would typically use committed resources first and then assigned resources as appropriate opportunities arise, but the District reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE FUND FINANCIAL STATEMENTS

The governmental fund balance sheet normally includes a reconciliation between *fund balance* of the *governmental fund* and *net position of governmental activities* as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balance normally includes a reconciliation between the *net change in fund balances* of the *governmental fund* and the *changes in net position of governmental activities* as reported in the government-wide statement of activities. These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for government fund statements to the economic resources measurement and full accrual basis used for government-wide statements. As of and for the year ended December 31, 2023, these reconciliations are not presented as the District had no reconciling items that required adjustments from the fund financial statements to the government wide financial statements.

NOTE 3 - TAX, SPENDING AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20 Taxpayer Bill of Rights, commonly known as TABOR, which has several limitations including revenue raising, spending abilities, debt limitations, and other specific requirements of state and local governments. Future spending and revenue limits are determined based on the year’s fiscal year spending, adjusted for allowable increases based upon information and local growth. An election was held in November 2013 and voters approved a measure to allow the District to keep and retain all revenues, including grants, in excess of the fiscal year spending limit. TABOR also requires a reserve of 3% of the District’s fiscal year spending, excluding bonded debt service. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. As of December 31, 2023, none of the District’s governmental fund balance is classified as restricted for an emergency reserve.

NOTE 4 - BUDGETS

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- A. Budgets are required by state law.
- B. The budget officer is required to submit a proposed budget to the Board by October 15.
- C. Public hearings are conducted by the Board to obtain taxpayer comments.
- D. Certification of the mill levies to the Board of County Commissioners and adoption of the budget and appropriations are required by December 15.
- E. Expenditures may not legally exceed appropriations at the fund level. Board approval is required for changes in the budget. The District expended \$21 more than was appropriated in the General Fund and \$46 more than was appropriated in the Debt Service Fund due to the fact that fees and taxes collected were higher than budgeted and therefore intergovernmental transfers were higher than budgeted. This may be a violation of state budget law.
- F. Budget appropriations lapse at the end of each year.
- G. Budgets are adopted on the modified accrual basis of accounting.

NOTE 5 - INTERGOVERNMENTAL AGREEMENT

Effective June 1, 2020, the District and District No. 1 entered into an amended intergovernmental financing agreement for the purpose of jointly financing the costs of any public improvements, facilities, systems, programs, or projects which the District may provide, or for the purpose of providing for the operations and maintenance of the District and its facilities and properties. According to this agreement, certain administrative costs directly associated with the District are considered obligations of District No. 1. When property tax and other operating and maintenance revenues are received by the District, an inter-governmental expense is recognized to transfer the tax revenue to District No. 1 to assist in the payment of these costs. Property tax revenues are transferred to District No. 1 or District No. 2. Future transfers of tax revenue may be in excess of actual costs paid by District No. 1 on behalf of the District. For the year ended December 31, 2023, activities of District Nos. 1-4 were as follows:

	<u>District No. 1</u>	<u>District No. 2</u>	<u>District No. 3</u>	<u>District No. 4</u>	<u>Total</u>
Program expenses	\$ (405,776)	\$ (827,312)	\$ (28,466)	\$ (134,461)	\$ (1,396,015)
Program revenues	56,386	107,294	-	-	163,680
General revenues	<u>330,819</u>	<u>536,496</u>	<u>28,466</u>	<u>134,461</u>	<u>1,030,242</u>
<i>Change in net position</i>	<u>\$ (18,571)</u>	<u>\$ (183,522)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (202,093)</u>

NOTE 6 - ECONOMIC DEPENDENCY

Pursuant to the Intergovernmental Agreement referred to in Note 5, the District relies on District No. 1 to cover the combined operating costs of all the districts. For the year ended December 31, 2023, the District earned no program revenue.

NOTE 7 - RELATED PARTIES

As described in Note 1, the District's Board is predominately composed of the same members as the Board of District Nos. 1, 2, & 4. In addition, the Developer's owner is also the president of the District's Board.

The contract accountant for the District also provides accounting services to the Developer.

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. These risks are covered by the District's participation in a special district-funded pool. Settled claims have not exceeded this commercial coverage in the past year.

Required Supplemental Information

TWIN BUTTES METROPOLITAN DISTRICT NO. 3

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND

For the year ended December 31, 2023

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
REVENUES			
Taxes:			
Property taxes	\$ 7,373	\$ 7,373	\$ -
Specific ownership taxes	737	756	19
Conservation trust funds	12	14	2
<i>Total Revenues</i>	<u>8,122</u>	<u>8,143</u>	<u>21</u>
EXPENDITURES			
Treasurer's fees	221	221	-
Intergovernmental expenditures	7,901	7,922	(21)
<i>Total Expenditures</i>	<u>8,122</u>	<u>8,143</u>	<u>(21)</u>
<i>Excess of Revenues Over Expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance - January 1		<u>-</u>	
Fund Balance - December 31		<u>\$ -</u>	

See accompanying notes and independent auditor's report.

Other Supplemental Information

TWIN BUTTES METROPOLITAN DISTRICT NO. 3

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – DEBT SERVICE FUND**

For the year ended December 31, 2023

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
REVENUES			
Taxes:			
Property taxes	\$ 18,434	\$ 18,434	\$ -
Specific ownership taxes	1,843	1,889	46
<i>Total Revenues</i>	<u>20,277</u>	<u>20,323</u>	<u>46</u>
EXPENDITURES			
Treasurer's fees	553	554	(1)
Intergovernmental expenditures	19,724	19,769	(45)
<i>Total Expenditures</i>	<u>20,277</u>	<u>20,323</u>	<u>(46)</u>
<i>Excess of Revenues Over Expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance - January 1		<u>-</u>	
Fund Balance - December 31		<u>\$ -</u>	

See accompanying notes and independent auditor's report.

TWIN BUTTES METROPOLITAN DISTRICT NO. 4

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

December 31, 2023



TWIN BUTTES METROPOLITAN DISTRICT NO. 4

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Independent Auditor's Report



Board of Directors
Twin Buttes Metropolitan District No. 4
Durango, Colorado

INDEPENDENT AUDITOR'S REPORT

Opinions

We have audited the accompanying financial statements of the governmental activities and the major funds of the Twin Buttes Metropolitan District No. 4 (the District), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major funds of the District, as of December 31, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 and budgetary comparison information on page 18 is presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison information for the Debt Service Fund on page 19 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

DWC

Grand Junction, Colorado

June 6, 2024

Management's Discussion and Analysis

TWIN BUTTES METROPOLITAN DISTRICT NO. 4

MANAGEMENT'S DISCUSSION AND ANALYSIS

As of and for the year ended December 31, 2023

As management of the Twin Buttes Metropolitan District No. 4 (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2023, with comparative information presented for the year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our basic financial statements to better understand the financial position of the District.

Financial Highlights

- In the government-wide financial statements, the District's assets equaled its liabilities and deferred inflows of resources at December 31, 2023 and 2022. In addition, the District's revenues equaled its expenses for the years ended December 31, 2023 and 2022.
- The General Fund and Debt Service Fund had no fund balance at December 31, 2023 and 2022.
- Certain administrative costs related to operating the District were paid for by Twin Buttes Metropolitan District No. 1 (District No. 1) (See Note 5).
- The property tax base of the District contains all the commercial property of the development and is primarily comprised of a commercial gas station and convenience store located on the east side of the development. Although, future development will drive additional tax base growth. The District currently relies on the commercial gas station and convenience store as one of its primary property tax revenue generators for District No. 1 operations and District No. 2 debt service. In 2023 budgeted revenues from this district were collected as anticipated.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains required supplemental information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private sector business.

The statement of net position presents information on all of the District's assets and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether financial position is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenues and expenses are reported in the statement of activities for some items that will only result in cash flows in future fiscal periods.

In the government-wide financial statements, the District's activities are shown in one category; governmental activities. The District's activities are principally supported by property taxes.

The government-wide financial statements can be found on pages 8 and 9.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The District's funds are all considered governmental funds.

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The District presents two governmental funds, the General Fund and the Debt Service Fund. The District's governmental fund financial statements can be found on pages 10 and 11.

An annual appropriated budget was adopted for the funds in 2023 and 2022. Budgetary comparison schedules have been provided on pages 18 and 19 to demonstrate compliance with the adopted budgets.

Notes to Basic Financial Statements

The notes to the basic financial statements provide additional information that are essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the basic financial statements can be found on pages 12 through 17.

Required Supplementary Information (RSI)

The RSI presents additional information that differs from the basic financial statements in that the auditor applies certain limited procedures in reviewing the information. In this report, RSI includes the management's discussion and analysis and budgetary comparison schedule on page 18.

Government-wide Financial Analysis

The following summarizes the District's governmental net position as of December 31:

	<u>2023</u>	<u>2022</u>
Assets		
Current and other assets	\$ 152,310	\$ 120,802
Total Assets	152,310	120,802
Liabilities		
Current liabilities	-	-
Total Liabilities	-	-
Deferred Inflows of Resources		
Property tax revenue	152,310	120,802
Total Deferred Inflows of Resources	152,310	120,802
Net Position		
Unrestricted	-	-
Total Net Position	\$ -	\$ -

The following summarizes the change in the District's governmental net position for the year ended December 31:

	<u>2023</u>	<u>2022</u>
Revenues		
General revenues:		
Taxes	\$ 134,461	\$ 124,641
Total Revenues	134,461	124,641
Expenses		
Treasurer's fees	3,624	3,332
Intergovernmental expenses	130,837	121,309
Total Expenses	134,461	124,641
Change in Net Position	-	-
Net position – January 1	-	-
Net position – December 31	\$ -	\$ -

Mill Levy and Debt

Total authorized mill levy and total authorized and outstanding debt consists of the following as of December 31, 2023:

	General	Debt	Total
Authorized Mill Levy	60.000	50.000	110.000
Debt Authorized	Debt Outstanding		
\$37,250,000			\$0

Financial Analysis of Governmental Funds

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

The focus of governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The District has two major governmental funds, the General Fund and the Debt Service Fund. The General Fund and Debt Service Fund had no fund balance as of December 31, 2023 and 2022.

General Fund and Debt Service Fund - Budgetary Highlights

The various revenues of this District are primarily dedicated to District No. 1 operations and District No. 2 debt service. The District's expenditures in 2023 were intergovernmental transfers of collected revenues to fund District No. 1's operating costs and District No. 2's debt service costs. The District's revenues and expenditures were comparable to budget and the District's General Fund and Debt Service Fund unassigned fund balances were drawn down to zero at the end of 2023 accordingly.

Economic Factors and Next Year's Budget

The 2024 budget reflects primarily property tax revenue levied for the purposes stated above. Actual property tax revenues derived from the operations and maintenance mill levy ("O&M") will continue to shift to District No. 1 to fund operating and maintenance costs the District. Actual property tax revenues derived for bonded debt service will continue to be shifted to District No. 2 to fund debt service costs. The District's 2024 budget is comparable to 2023 actual results as the tax base and 2023 mill levy rates remain essentially comparable to 2023 as expected.

Request for Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Steven Wilson, 692 Twin Buttes Ave. Durango, CO 81301.

Basic Financial Statements

Government-wide Financial Statements

TWIN BUTTES METROPOLITAN DISTRICT NO. 4

STATEMENT OF NET POSITION

December 31, 2023

ASSETS

Property taxes receivable

\$ 152,310

Total Assets

152,310

DEFERRED INFLOWS OF RESOURCES

Property tax revenue

152,310

Total Deferred Inflows of Resources

152,310

NET POSITION

Unrestricted

-

Total Net Position

\$ -

See accompanying notes.

TWIN BUTTES METROPOLITAN DISTRICT NO. 4

STATEMENT OF ACTIVITIES

For the year ended December 31, 2023

GOVERNMENTAL ACTIVITIES:

PROGRAM EXPENSES

Treasurer's fees	\$	3,624
Intergovernmental expenses		130,837
		<hr/>
<i>Total Program Expenses</i>		134,461

GENERAL REVENUES

Taxes:		
Property taxes		120,802
Specific ownership taxes		13,643
Public improvement fee		16
		<hr/>
<i>Total General Revenues</i>		134,461

Change in Net Position -

Net Position - January 1		<hr/>
		-
Net Position - December 31	\$	<hr/> <hr/>
		-

See accompanying notes.

Fund Financial Statements

TWIN BUTTES METROPOLITAN DISTRICT NO. 4

BALANCE SHEET – GOVERNMENTAL FUNDS

December 31, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Property taxes receivable	\$ 83,078	\$ 69,232	\$ 152,310
<i>Total Assets</i>	<u>\$ 83,078</u>	<u>\$ 69,232</u>	<u>\$ 152,310</u>
DEFERRED INFLOWS OF RESOURCES			
Property tax revenue	\$ 83,078	\$ 69,232	\$ 152,310
<i>Total Deferred Inflows of Resources</i>	<u>83,078</u>	<u>69,232</u>	<u>152,310</u>
FUND BALANCE			
Unassigned	-	-	-
<i>Total Fund Balance</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</i>	<u>\$ 83,078</u>	<u>\$ 69,232</u>	<u>\$ 152,310</u>

See accompanying notes.

TWIN BUTTES METROPOLITAN DISTRICT NO. 4
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – GOVERNMENTAL FUNDS

For the year ended December 31, 2023

	General Fund	Debt Service Fund	Total Governmental Funds
REVENUES			
Taxes:			
Property taxes	\$ 60,401	\$ 60,401	\$ 120,802
Specific ownership taxes	6,776	6,867	13,643
Public improvement fees	16	-	16
<i>Total Revenues</i>	67,193	67,268	134,461
EXPENDITURES			
Treasurer's fees	1,812	1,812	3,624
Intergovernmental expenditures	65,381	65,456	130,837
<i>Total Expenditures</i>	67,193	67,268	134,461
<i>Excess of Revenues Over Expenditures</i>	-	-	-
<i>Net Change in Fund Balance</i>	-	-	-
Fund Balance - January 1	-	-	-
Fund Balance - December 31	\$ -	\$ -	\$ -

See accompanying notes.

Notes to Basic Financial Statements

TWIN BUTTES METROPOLITAN DISTRICT NO. 4

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Twin Buttes Metropolitan District No. 4 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District's significant accounting policies are described below:

Financial Reporting Entity

The Twin Buttes Metropolitan District Nos. 1-4 are political subdivisions of the State of Colorado, formed in 2013 for the purpose of providing the management, implementation, and coordination of the financing, acquisition, completion, and operation of certain public infrastructure and services throughout the Twin Buttes of Durango Development (the Development). The improvements will be for the collective use and benefit of the property owners within, and residents of, the Development. The District was designed, along with Twin Buttes Metropolitan District No. 3 (District No. 3), to collect property taxes which are pledged to repay the bonds issued by Twin Buttes Metropolitan District No. 2 (District No. 2). It will also contain the commercial property of the Development while District No. 2 and District No. 3 will contain the residential property. The District is also authorized to issue bonds and collect property taxes for the repayment of the debt. Twin Buttes Metropolitan District No. 1 (District No. 1) is the managing district and incurs a majority of the operating costs of the Development (see Note 6). The District is governed by an elected five-member Board of Directors (the Board).

Government-wide Financial Statements

The government-wide financial statements consist of a statement of net position and a statement of activities to report information on all of the non-fiduciary activities of the District as a whole. These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets, liabilities, and deferred inflows of resources, including any capital assets and any long-term liabilities, are included in the accompanying Statement of Net Position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or program. There were no *program revenues* for the year ended December 31, 2023, but in future years this may include 1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions, that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues, will be reported instead as *general revenues*, and are pledged to pay principal and interest payments for the bonds held by District No. 2. The District has no *business-type activities*, which rely to a significant extent on user charges for support.

Fund Financial Statements

The accounts of the District are organized on the basis of funds. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures. Government resources are allocated to, and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Governmental funds are accounted for on a flow of current financial resources basis. Balance sheets for these funds generally include only current assets, current liabilities, and appropriate deferred inflows and deferred outflows of resources. Reported fund balances are considered a measure of available, spendable resources. Operating statements for these funds present a summary of available, spendable resources and expenditures for the period.

For the year ended December 31, 2023, the District has two funds, the General Fund, which is the District's primary operating fund that accounts for all financial resources of the District, except those required to be accounted for in another fund; and the Debt Service Fund, which is the fund that accounts for property taxes which are pledged to repay the bonds held by District No. 2. Both funds are considered major funds.

Separate financial statements are provided for governmental funds.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues will be recorded when earned. Expenditures 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, if any, are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The modified accrual basis of accounting is used by all governmental funds. 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. Revenues will be considered available if collected within 60 days after year end. The revenues associated with the current period which are susceptible to accrual are property taxes. Grant revenues, if any, will be recognized as they are earned. All other revenues are reported when cash is received. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule would include principal and interest on general long-term debt which would be recognized when due, and compensated absences which would be recognized when the obligations are expected to be liquidated with available financial resources.

Use of Estimates

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

Property Taxes

Property taxes for the current year are levied in December of the previous year and attach as a lien on property on January 1. They are payable in full by April 30 or in two equal installments due February 28 and June 15. Property taxes levied in 2023 are reported as a receivable and deferred inflow of resources at December 31. The deferred taxes are reported as revenue in the year in which the lien attaches and they are available and collectible.

District No. 2 issued Tax Supported Revenue Bond Series 2016A and 2018B in 2016 and 2018, respectively. Property tax revenues from the District and District No. 3 are pledged for the repayment of these bonds. This was accounted for as an intergovernmental expenditure in 2023.

Deferred Inflows of Resources

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* (GASB 63), defines the five elements that make up a statement of financial position to include:

- Assets – resources with a present service capacity under District control.
- Deferred Outflows of Resources – consumption of net position by the District that is applicable to a future reporting period. The District had no deferred outflows of resources as of December 31, 2023.
- Liabilities – present obligations to sacrifice resources.
- Deferred Inflows of Resources – acquisitions of net position by the District that is applicable to a future reporting period.
- Net Position – residual of all other elements presented in a statement of financial position.

Net Position

Net position represents the difference between assets, liabilities, and deferred inflows of resources. Net position is reported as restricted when there are limitations on their use due to external restrictions imposed by creditors, grantors, laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. For the year ended December 31, 2023, the District had no restrictions on net position.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Non-spendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District did not have any non-spendable resources as of December 31, 2023.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District did not have any restricted resources as of December 31, 2023.

- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District’s Board. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed resources as of December 31, 2023.
- Assigned: This classification includes amounts that are constrained by the District’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the District manager through the budgetary process. The District did not have any assigned resources as of December 31, 2023.
- Unassigned: This classification includes the residual fund balance for the General Fund.

The District would typically use committed resources first and then assigned resources as appropriate opportunities arise, but the District reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE FUND FINANCIAL STATEMENTS

The governmental fund balance sheet normally includes a reconciliation between *fund balance* of the *governmental fund* and *net position of governmental activities* as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balance normally includes a reconciliation between the *net change in fund balances* of the *governmental fund* and the *changes in net position of governmental activities* as reported in the government-wide statement of activities. These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for government fund statements to the economic resources measurement and full accrual basis used for government-wide statements. As of and for the year ended December 31, 2023, these reconciliations are not presented as the District had no reconciling items that required adjustments from the fund financial statements to the government-wide financial statements.

NOTE 3 - TAX, SPENDING AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20 Taxpayers Bill of Rights, commonly known as TABOR, which has several limitations including revenue raising, spending abilities, debt limitations, and other specific requirements of state and local governments. Future spending and revenue limits are determined based on the year’s ‘fiscal year spending,’ adjusted for allowable increases based upon information and local growth. An election was held in November 2013 and voters approved a measure to allow the District to keep and retain all revenues, including grants, in excess of the fiscal year spending limit. TABOR also requires a reserve of 3% of the District’s fiscal year spending, excluding bonded debt service. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. As of December 31, 2023, none of the District’s governmental fund balance is classified as restricted for an emergency reserve.

NOTE 4 - BUDGETS

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- A. Budgets are required by state law.
- B. The budget officer is required to submit a proposed budget to the Board by October 15.
- C. Public hearings are conducted by the Board to obtain taxpayer comments.
- D. Certification of the mill levies to the Board of County Commissioners and adoption of the budget and appropriations are required by December 15.
- E. Expenditures may not legally exceed appropriations at the fund level. Board approval is required for changes in the budget. The District expended \$237 more than was appropriated in the General Fund and \$827 more than was appropriated in the Debt Service Fund due to the fact that fees and taxes collected were higher than budgeted and therefore intergovernmental transfers were higher than budgeted. This may be a violation of state budget law.
- F. Budget appropriations lapse at the end of each year.
- G. Budgets are adopted on the modified accrual basis of accounting.

NOTE 5 - INTERGOVERNMENTAL AGREEMENT

Effective June 1, 2020, the District and District No. 1 entered into an amended intergovernmental financing agreement for the purpose of jointly financing the costs of any public improvements, facilities, systems, programs, or projects which the District may provide, or for the purpose of providing for the operations and maintenance of the District and its facilities and properties. According to this agreement, certain administrative costs directly associated with the District are considered obligations of District No. 1. When property tax and other operating and maintenance revenues are received by the District, an inter-governmental expense is recognized to transfer the tax revenue to District No. 1 to assist in the payment of these costs. Property tax revenues are transferred to District No. 1 or District No. 2. Future transfers of tax revenue may be in excess of actual costs paid by District No. 1 on behalf of the District. For the year ended December 31, 2023, activities of District Nos. 1-4 were as follows:

	<u>District No. 1</u>	<u>District No. 2</u>	<u>District No. 3</u>	<u>District No. 4</u>	<u>Total</u>
Program expenses	\$ (405,776)	\$ (827,312)	\$ (28,466)	\$ (134,461)	\$ (1,396,015)
Program revenues	56,386	107,294	-	-	163,680
General revenues	<u>330,819</u>	<u>536,496</u>	<u>28,466</u>	<u>134,461</u>	<u>1,030,242</u>
<i>Change in net position</i>	<u>\$ (18,571)</u>	<u>\$ (183,522)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (202,093)</u>

NOTE 6 - ECONOMIC DEPENDENCY

Pursuant to the Intergovernmental Agreement referred to in Note 5, the District relies on District No. 1 to cover the combined operating costs of all the districts. For the year ended December 31, 2023, the District earned no program revenue.

NOTE 7 - RELATED PARTIES

As described in Note 1, the District's Board is predominately composed of the same members as the Board of District Nos. 1-3. In addition, the Developer's owner is also the president of the District's Board.

The contract accountant for the District also provides accounting services to the Developer.

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. These risks are covered by the District's participation in a special district-funded pool. Settled claims have not exceeded this commercial coverage in the past year.

Required Supplemental Information

TWIN BUTTES METROPOLITAN DISTRICT NO. 4

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND

For the year ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Favorable (Unfavorable) Variance
REVENUES				
Taxes:				
Property taxes	\$ 60,401	\$ 60,401	\$ 60,401	\$ -
Specific ownership taxes	6,040	6,540	6,776	236
Public improvement fees	50	15	16	1
<i>Total Revenues</i>	<u>66,491</u>	<u>66,956</u>	<u>67,193</u>	<u>237</u>
EXPENDITURES				
Treasurer's fees	1,812	1,812	1,812	-
Intergovernmental expenditures	<u>64,679</u>	<u>65,144</u>	<u>65,381</u>	<u>(237)</u>
<i>Total Expenditures</i>	<u>66,491</u>	<u>66,956</u>	<u>67,193</u>	<u>(237)</u>
<i>Excess of Revenues Over Expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance - January 1			<u>-</u>	
Fund Balance - December 31			<u>\$ -</u>	

See accompanying notes and independent auditor's report.

Other Supplemental Information

TWIN BUTTES METROPOLITAN DISTRICT NO. 4

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – DEBT SERVICE FUND**

For the year ended December 31, 2023

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
REVENUES			
Taxes:			
Property taxes	\$ 60,401	\$ 60,401	\$ -
Specific ownership taxes	6,040	6,867	827
<i>Total Revenues</i>	66,441	67,268	827
EXPENDITURES			
Treasurer's fees	1,812	1,812	-
Intergovernmental expenditures	64,629	65,456	(827)
<i>Total Expenditures</i>	66,441	67,268	(827)
<i>Excess of Revenues Over Expenditures</i>	-	-	-
<i>Net Change in Fund Balance</i>	\$ -	-	\$ -
Fund Balance - January 1		-	
Fund Balance - December 31		\$ -	

See accompanying notes and independent auditor's report.