

**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**

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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

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## Management's Discussion and Analysis

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## TWIN BUTTES METROPOLITAN DISTRICT NO. 2

### MANAGEMENT'S DISCUSSION AND ANALYSIS

As of and for the year ended December 31, 2023

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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>
<b>Assets</b>		
Current and other assets	\$ 907,473	\$ 753,391
Capital assets, net	<u>5,287,044</u>	<u>5,287,044</u>
<b>Total Assets</b>	<b>6,194,517</b>	<b>6,040,435</b>
<b>Liabilities</b>		
Current liabilities	1,844,879	1,618,701
Future obligations	<u>8,306,020</u>	<u>8,383,852</u>
<b>Total Liabilities</b>	<b>10,150,899</b>	<b>10,002,553</b>
<b>Deferred Inflows of Resources</b>		
Property tax revenue	<u>579,215</u>	<u>389,957</u>
<b>Total Deferred Inflows of Resources</b>	<b>579,215</b>	<b>389,957</b>
<b>Net Position</b>		
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>
<b>Total Net Position</b>	<b>\$ (4,535,597)</b>	<b>\$ (4,352,075)</b>

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

	<u>2023</u>	<u>2022</u>
<b>Revenues</b>		
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>
<b>Total Revenues</b>	<b>643,790</b>	<b>540,198</b>
<b>Expenses</b>		
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
<b>Total Expenses</b>	<u>827,312</u>	<u>796,650</u>
<b>Change in Net Position</b>	<b>(183,522)</b>	<b>(256,452)</b>
<b>Net position – January 1</b>	<u>(4,352,075)</u>	<u>(4,095,623)</u>
<b>Net position – December 31</b>	<b>\$ (4,535,597)</b>	<b>\$ (4,352,075)</b>

## 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	\$ 8,440,000	\$ 8,505,000	\$ (65,000)

## 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.

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## **Basic Financial Statements**

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**Government-wide Financial Statements**

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## TWIN BUTTES METROPOLITAN DISTRICT NO. 2

### STATEMENT OF NET POSITION

December 31, 2023

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#### 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

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#### 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
<i>Change in Net Position</i>		(183,522)

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

See accompanying notes.



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**Fund Financial Statements**

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**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>
<b>ASSETS</b>			
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>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
Intergovernmental payables	-	-	-
<i>Total Liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
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>
<b>FUND BALANCE</b>			
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

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<b>Total Fund Balance - Governmental Funds</b>		\$ 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)
<b>Total Net Position - Governmental Activities</b>		<b>\$ (4,535,597)</b>

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>
<b>REVENUES</b>			
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>			
<b>EXPENDITURES</b>			
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>
<b>OTHER FINANCING SOURCES (USES)</b>			
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)
<b>Fund Balance - January 1</b>	-	357,363	357,363
<b>Fund Balance - December 31</b>	<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

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<b>Net Change in Fund Balance - Total Governmental Funds</b>	\$ (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
<b>Change in Net Position of Governmental Activities</b>	<u><u>\$ (183,522)</u></u>

See accompanying notes.

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**Notes to Basic Financial Statements**

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## TWIN BUTTES METROPOLITAN DISTRICT NO. 2

### NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2023

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#### 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](http://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.



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**Required Supplemental Information**

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**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>
<b>REVENUES</b>				
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>
<b>EXPENDITURES</b>				
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>
<b>OTHER FINANCING USES</b>				
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>
<b>Fund Balance - January 1</b>			<u>-</u>	
<b>Fund Balance - December 31</b>			<u>\$ -</u>	

See accompanying notes and independent auditor's report.

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**Other Supplemental Information**

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**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>	<b>Favorable (Unfavorable) Variance</b>
<b>REVENUES</b>				
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>
<b>EXPENDITURES</b>				
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>
<b>OTHER FINANCING SOURCES</b>				
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>
<b>Fund Balance - January 1</b>			<u>357,363</u>	
<b>Fund Balance - December 31</b>			<u>\$ 328,258</u>	

See accompanying notes and independent auditor's report.