

TRADITION MUNICIPAL  
UTILITY DISTRICT NO. 2B  
DENTON COUNTY, TEXAS  
ANNUAL AUDIT REPORT  
APRIL 30, 2023

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August 21, 2023

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Tradition Municipal  
Utility District No. 2B  
Denton County, Texas

### **Opinions**

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Tradition Municipal Utility District No. 2B as of and for the year ended April 30, 2023, and the related notes to the financial statements, which collectively comprise Tradition Municipal Utility District No. 2B's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Tradition Municipal Utility District No. 2B, as of April 30, 2023, and the respective changes in financial position and, where applicable, cash flows there of for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Tradition Municipal Utility District No. 2B, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Tradition Municipal Utility District No. 2B'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.

## INDEPENDENT AUDITOR'S REPORT (Continued)

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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. I 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 Tradition Municipal Utility District No. 2B's internal control. Accordingly, no such opinion is expressed. I 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. I conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Tradition Municipal Utility District No. 2B's ability to continue as a going concern for a reasonable period of time.

I am 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 I 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 and budgetary comparison information be 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. I 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 I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

INDEPENDENT AUDITOR'S REPORT (Continued)**Supplementary Information**

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Tradition Municipal Utility District No. 2B's basic financial statements. The supplementary information on Pages 19 to 27 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Except for the portion marked "unaudited," the information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The supplementary information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it. The accompanying supplementary information includes financial data excerpted from prior year financial statements which were audited by my firm.

A handwritten signature in dark ink, appearing to read "M. A. J.", is located in the lower right portion of the page.

## Management's Discussion and Analysis

### Using this Annual Report

Within this section of the Tradition Municipal Utility District No. 2B (the "District") annual report, the District's Board of Directors provides narrative discussion and analysis of the financial activities of the District for the fiscal year ended April 30, 2023.

The annual report consists of a series of financial statements plus additional supplemental information to the financial statements as required by its state oversight agency, the Texas Commission on Environmental Quality. In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program. In the District's case, the single governmental program is provision of water and sewer services. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements, and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

#### *Government-Wide Financial Statements*

The focus of government-wide financial statements is on the overall financial position and activities of the District. The District's government-wide financial statements include the statement of net position and statement of activities, which are prepared using accounting principles that are similar to commercial enterprises. The purpose of the statement of net position is to attempt to report all of the assets and liabilities owned by the District. The District reports all of its assets when it acquires or begins to maintain the assets and reports all of its liabilities when they are incurred.

The difference between the District's total assets and total liabilities is labeled as *net position* and this difference is similar to the total owners' equity presented by a commercial enterprise.

The purpose of the statement of activities is to present the revenues and expenses of the District. Again, the items presented on the statement of activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred by the District. Thus, revenues are reported even when they may not be collected for several months or years after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period.

Although the statement of activities looks different from a commercial enterprise's income statement, the financial statement is different only in format, not substance. Whereas the bottom line in a commercial enterprise is its net income, the District reports an amount described as *change in net position*, essentially the same thing.

#### *Fund Financial Statements*

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations.

Governmental fund financial statements consist of a balance sheet and statement of revenues, expenditures and change in fund balances and are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted into cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a very short period of time, but do not include capital assets such as land and water and sewer systems. Fund liabilities include amounts that are to be paid within a very short period after the end of the fiscal year. The difference between a fund's total assets and total liabilities is labeled the fund balance, and generally indicates the amount that can be used to finance the next fiscal year's activities. Likewise, the operating statement for governmental funds reports only those revenues and expenditures that were collected in cash or paid with cash, respectively, during the current period or very shortly after the end of the fiscal year.

Because the focus of the government-wide and fund financial statements are different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in Note 3 of the notes to the financial statements that reconciles the total fund balances to the amount of net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in Note 3 of the notes to the financial statements that reconciles the total change in fund balances for all governmental funds to the change in net position as reported in the governmental activities column in the statement of activities.

### **Financial Analysis of the District as a Whole**

Financial Analysis of the District as a Whole begins with an understanding of how financial resources flow through the District's funds. Resources in the Capital Projects Fund are derived principally from proceeds of the sale of bonds and expenditures from this fund are subject to the Rules of the Texas Commission on Environmental Quality. Resources in the Debt Service Fund are derived principally from the collection of property taxes and are used for the payment of tax collection costs and bond principal and interest. Resources in the General Fund are derived principally from property taxes and billings for water and sewer services and are used to operate and maintain the system and to pay costs of administration of the District.

Management has financial objectives for each of the District's funds. The financial objective for the Capital Projects Fund is to spend the funds as necessary in accordance with the Rules of the Texas Commission on Environmental Quality. The financial objective for the Debt Service Fund is to levy the taxes necessary to pay the fiscal year debt service requirements plus the cost of levying and collecting taxes, leaving the appropriate fund balance as recommended by the District's financial advisor. The financial objective for the General Fund is to keep the fund's expenditures as low as possible while ensuring that revenues are adequate to cover expenditures and maintaining the fund balance that Management believes is prudent. Management believes that these financial objectives were met during the fiscal year.

Management believes that the required method of accounting for certain elements of the government-wide financial statements makes the government-wide financial statements as a whole not useful for financial analysis. In the government-wide financial statements, certain non-cash costs of long-term debt are capitalized and amortized over the life of the related debt. Management believes that this required method of accounting is not useful for financial analysis of the District and prefers to consider the required cash flows of the debt as reported in the fund statements and the notes to the financial statements. In the government-wide financial statements, property tax revenues are required to be recorded in the fiscal year for which the taxes are levied, regardless of the year of collection. Management believes that the cash basis method of accounting for property taxes in the funds provides more useful financial information.

The following required summaries of the District's overall financial position and operations for the past two years are based on the information included in the government-wide financial statements. For the reasons described in the preceding paragraph, a separate analysis of the summaries is not presented.

Summary of Net Position

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Current and other assets	\$ 714,939	\$ 221,709	\$ 493,230
Capital assets	44,936,398	35,145,087	9,791,311
Total assets	<u>45,651,337</u>	<u>35,366,796</u>	<u>10,284,541</u>
Long-term liabilities	37,279,241	35,321,304	1,957,937
Other liabilities	8,023,367	11,071	8,012,296
Total liabilities	<u>45,302,608</u>	<u>35,332,375</u>	<u>9,970,233</u>
Net position:			
Invested in capital assets, net of related debt	5,711	10,000	(4,289)
Unrestricted	343,018	24,421	318,597
Total net position	<u>\$ 348,729</u>	<u>\$ 34,421</u>	<u>\$ 314,308</u>

Summary of Changes in Net Position

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Revenues:			
Property taxes, including related penalty and interest	\$ 586,941	\$ 218,817	\$ 368,124
Other revenues	1,319	11	1,308
Total revenues	<u>588,260</u>	<u>218,828</u>	<u>369,432</u>
Expenses:			
Service operations	108,402	45,249	63,153
Debt service	165,550	0	165,550
Total expenses	<u>273,952</u>	<u>45,249</u>	<u>228,703</u>
Change in net position	314,308	173,579	140,729
Net position, beginning of year	<u>34,421</u>	<u>(139,158)</u>	<u>173,579</u>
Net position, end of year	<u>\$ 348,729</u>	<u>\$ 34,421</u>	<u>\$ 314,308</u>

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

The District's combined fund balances as of the end of the fiscal year ended April 30, 2023, were \$694,366, an increase of \$483,728 from the prior year.

The General Fund balance increased by \$478,017, in accordance with the District's financial plan.

The Capital Projects Fund balance increased by \$5,711, as proceeds from the District's Series 2022 bond anticipation note exceeded authorized expenditures.

### *General Fund Budgetary Highlights*

The Board of Directors did not amend the budget during the fiscal year. The District's budget is primarily a planning tool. Accordingly, actual results varied from the budgeted amounts. A comparison of actual to budgeted amounts is presented on Page 18 of this report. The budgetary fund balance as of April 30, 2023 was expected to be \$767,548 and the actual end of year fund balance was \$688,655.

### **Capital Asset and Debt Administration**

#### *Capital Assets*

Capital assets held by the District at the end of the current and previous fiscal years are summarized as follows:

	<u>Capital Assets (Net of Accumulated Depreciation)</u>		
	<u>2023</u>	<u>2022</u>	<u>Change</u>
Construction in progress	\$ <u>44,936,398</u>	\$ <u>35,145,087</u>	\$ <u>9,791,311</u>

Changes to capital assets during the fiscal year ended April 30, 2023, are summarized as follows:

#### Additions:

Utilities and roads constructed by developer	\$ <u>9,791,311</u>
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#### *Debt*

The District issued its Series 2022 Bond Anticipation Note (the "BAN") in the amount of \$8,005,000 on August 8, 2022. The BAN bears interest at a rate of 4.75% per annum and is payable before August 7, 2023. The outstanding BAN was \$8,005,000 at April 30, 2023. The BAN was repaid from the proceeds of the District's \$12,250,000 Series 2023 utility bonds on May 18, 2023. The District also issued its \$8,085,000 Series 2023 road bonds on May 18, 2023.

At April 30, 2023, the District had \$45,341,966 of bonds authorized but unissued for the purposes of acquiring, constructing and improving a water, sanitary sewer and drainage system within the District and \$75,992,255 for road purposes authorized but unissued.

As further described in Note 5 of the notes to the financial statements, the developer within the District has advanced funds to the District to cover initial operating deficits. As of April 30, 2023, the cumulative amount of developer advances for this purpose was \$186,217.

As further described in Note 5 of the notes to the financial statements, the developer within the District is constructing water, sewer and drainage facilities and road improvements on behalf of the District under the terms of contracts with the District. The District has agreed to purchase these facilities from the proceeds of future bond issues subject to the approval of the Texas Commission on Environmental Quality as applicable. At April 30, 2023, the estimated amount due to the developer was \$37,093,024.

### **RELEVANT FACTORS AND WATER SUPPLY ISSUES**

#### *Property Tax Base*

The District's tax base increased approximately \$34,025,000 for the 2022 tax year due to the addition of new property and improvements within the District.

The District's tax base is concentrated in a small number of taxpayers. The District's developer owns a substantial portion of land within the District. If any one of the principal District taxpayers did not pay taxes due, the District might need to levy additional taxes or use other debt service funds available to meet the debt service obligations described in Note 5 of the Notes to the Financial Statements.

*Relationship to the City of Fort Worth*

The District obtains water, sewer and drainage service from the City of Fort Worth (the "City"). In consideration of the District's acquiring and constructing a water, sewer, drainage and road systems on behalf of the City, the City will own, operate and maintain such systems.

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City, the District may be annexed by the City, as described in the following paragraph. If the District is annexed, the City will assume the District's assets and obligations (including the bonded indebtedness) and dissolve the District within ninety (90) days.

Effective January 12, 2016, as amended June 17, 2019, the District and the City entered into an Amended Creation and Operation Agreement (the "Agreement"). Per the Agreement, the City may annex the District after the earliest to occur of the following, at such time as the City finds such annexation feasible: (1) The date construction of water, sanitary sewer, drainage and road facilities to serve 90% of the District is complete; (2) Dissolution of the District; (3) The date twenty years after approval by the City of the first preliminary plat for the District that contains single-family residential lots. Furthermore, the District may not levy an ad valorem tax of less than \$1.00 per \$100 valuation. Monies collected through such tax shall be used to pay the debt service on the District's outstanding bonds, operating costs of the District, and any other legally allowable costs of the District, and to establish a fund to assist the City in absorbing the costs of the District when the City annexes all the land in the District and dissolves the District.

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

APRIL 30, 2023

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments (Note 3)</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>						
Cash, including interest-bearing accounts, Note 7	\$ 658,873	\$	\$ 10,661	\$ 669,534	\$	\$ 669,534
Receivables:						
Property taxes	2,206			2,206		2,206
Prepaid expenditures	43,199			43,199		43,199
Due from other fund	4,950			4,950	(4,950)	0
Capital assets, Note 4:				0	44,936,398	44,936,398
Total assets	<u>\$ 709,228</u>	<u>\$ 0</u>	<u>\$ 10,661</u>	<u>\$ 719,889</u>	<u>44,931,448</u>	<u>45,651,337</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 18,367	\$	\$	\$ 18,367		18,367
Due to other fund			4,950	4,950	(4,950)	0
Long-term liabilities, Note 5:						
Due within one year				0	8,005,000	8,005,000
Due in more than one year				0	37,279,241	37,279,241
Total liabilities	<u>18,367</u>	<u>0</u>	<u>4,950</u>	<u>23,317</u>	<u>45,279,291</u>	<u>45,302,608</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Property tax revenues	<u>2,206</u>	<u>0</u>	<u>0</u>	<u>2,206</u>	<u>(2,206)</u>	<u>0</u>
<b>FUND BALANCES / NET POSITION</b>						
Fund balances:						
Assigned to:						
Capital projects			5,711	5,711	(5,711)	0
Unassigned	<u>688,655</u>			<u>688,655</u>	<u>(688,655)</u>	<u>0</u>
Total fund balances	<u>688,655</u>	<u>0</u>	<u>5,711</u>	<u>694,366</u>	<u>(694,366)</u>	<u>0</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 709,228</u>	<u>\$ 0</u>	<u>\$ 10,661</u>	<u>\$ 719,889</u>		
Net position:						
Restricted for capital projects					5,711	5,711
Unrestricted					343,018	343,018
Total net position					<u>\$ 348,729</u>	<u>\$ 348,729</u>

The accompanying notes are an integral part of the financial statements.

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES

FOR THE YEAR ENDED APRIL 30, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Note 3)	Statement of Activities
<b>REVENUES</b>						
Property taxes	\$ 572,443	\$	\$	\$ 572,443	\$ 2,206	\$ 574,649
Penalty	12,292			12,292		12,292
Interest on deposits	1,319			1,319		1,319
Total revenues	586,054	0	0	586,054	2,206	588,260
<b>EXPENDITURES / EXPENSES</b>						
Service operations:						
Professional fees	87,891			87,891		87,891
Contracted services	7,195			7,195		7,195
Repairs and maintenance	700			700		700
Utilities	2,216			2,216		2,216
Administrative expenditures	10,035		365	10,400		10,400
Capital outlay / non-capital outlay			7,833,374	7,833,374	(7,833,374)	0
Debt service:						
Bond issuance expenditures			165,550	165,550		165,550
Total expenditures / expenses	108,037	0	7,999,289	8,107,326	(7,833,374)	273,952
Excess (deficiency) of revenues over expenditures	478,017	0	(7,999,289)	(7,521,272)	7,835,580	314,308
<b>OTHER FINANCING SOURCES (USES)</b>						
Bond Anticipation Note issued, Note 5			8,005,000	8,005,000	(8,005,000)	0
Total other financing sources (uses)	0	0	8,005,000	8,005,000	(8,005,000)	0
Net change in fund balances / net position	478,017	0	5,711	483,728	(169,420)	314,308
Beginning of year	210,638	0	0	210,638	(176,217)	34,421
End of year	\$ 688,655	\$ 0	\$ 5,711	\$ 694,366	\$ (345,637)	\$ 348,729

The accompanying notes are an integral part of the financial statements.

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2BNOTES TO THE FINANCIAL STATEMENTSAPRIL 30, 2023

## NOTE 1: REPORTING ENTITY

Tradition Municipal Utility District No. 2B (the "District") was created May 23, 2007 as Tradition Municipal Utility District No. 2 (the "Original District"). The Original District was created by Act of the 80<sup>th</sup> Texas Legislature, Regular Session, Chapter 752, codified as Special District Local Laws Code, Chapter 8189, as a municipal utility district, effective September 1, 2007. The Original District was divided into two districts; (1) Tradition Municipal Utility District No. 2A and (2) Tradition Municipal Utility District No. 2B by an election held May 9, 2015. The District assumed the rights, privileges and obligations of the Original District. The District operates in accordance with Texas Water Code Chapters 49 and 54 and Article III, Section 52 and Article XVI, Section 59, of the Texas Constitution. The District is located within the extra territorial jurisdiction of the City of Fort Worth and within Denton County, Texas. The District is a political subdivision of the State of Texas, governed by an elected five member Board of Directors. The Board of Directors held its first meeting on June 15, 2015. The District is subject to the continuing supervision of the TCEQ with respect to water, wastewater and drainage. The District is empowered, among other things, to provide for water, wastewater, drainage and road facilities.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water. The District may also provide solid waste collection and disposal service and operate and maintain recreational facilities. In addition, the District is authorized to construct, acquire, improve, maintain or operate roads located within its boundaries.

In evaluating how to define the District for financial reporting purposes, the Board of Directors of the District has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there were no other entities which were included as a component unit in the District's financial statements.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board (the "GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board issued through November 30, 1989 (when applicable), that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

#### Basic Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and governmental fund financial statements (reporting the District's funds). Because the District is a single-program government as defined by the GASB, the District has combined the government-wide statements and the fund financial statements using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column on the face of the financial statements. An additional reconciliation between the fund and the government-wide financial data is presented in Note 3.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. The District's net position are reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The government-wide statement of activities reports the components of the changes in net position during the reporting period.

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for in a separate set of self-balancing accounts that comprises its assets, liabilities, fund balances, revenues and expenditures and changes in fund balances. The District's fund balances are reported as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balances are either not in spendable form or are contractually required to remain intact. Restricted fund balances include amounts that can only be used for the specific purposes stipulated by constitutional provisions, external resource providers or enabling legislation. Committed fund balances include amounts that can only be used for the specific purposes determined by formal action of the District's Board of Directors. Assigned fund balances are intended for a specific purpose but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. The transactions of the District are accounted for in the following funds:

General Fund -- To account for all revenues and expenditures not required to be accounted for in other funds.

Debt Service Fund -- To account for the accumulation of financial resources for, and the payment of, bond principal and interest, paid principally from property taxes levied by the District.

Capital Projects Fund -- To account for financial resources designated to construct or acquire capital assets. Such resources are derived principally from proceeds of the sale of bonds.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Basis of Accounting

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting which recognizes all long-term assets and receivables as well as long-term debt and obligations. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem property taxes are recognized as revenues in the fiscal year for which they have been levied and related penalties and interest are recognized in the fiscal year in which they are imposed. An allowance for uncollectibles is estimated for delinquent property taxes and reported separately in the financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred except for principal and interest on bonds payable which are recorded only when payment is due.

### Interfund Activity

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is reported as interfund receivables or payables, as appropriate, as are all other outstanding balances between funds. Operating transfers between funds represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

### Receivables

Service accounts receivable as reported are considered collectible. The District uses the direct write off method for uncollectible service accounts. Unbilled water and sewer revenues are not material and are not recorded at year end. The District considers service accounts revenues to be available if they are to be collected within 60 days after the end of the fiscal year.

In the fund financial statements, ad valorem taxes and penalties and interest are reported as revenues in the fiscal year in which they become available to finance expenditures of the fiscal year for which they have been levied. Property taxes which have been levied and are not yet collected (or have been collected in advance of the fiscal year for which they have been levied) are recorded as deferred revenues. Property taxes collected after the end of the fiscal year are not included in revenues.

### Long-term Liabilities

Long-term debt and other long-term obligations are reported in the government-wide financial statements. Bond premiums and discounts, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable premium or discount. If bonds are refunded and the carrying amount of the new debt is different than the net carrying amount of the old debt, the difference is netted against the new debt and amortized using the effective interest method over the shorter of the remaining life of the refunded debt or the life of the new debt issued.

In the fund financial statements, ad valorem taxes and penalties and interest are reported as revenues in the fiscal year in which they become available to finance expenditures of the fiscal year for which they have been levied. Property taxes which have been levied and are not yet collected (or have been collected in advance of the fiscal year for which they have been levied) are recorded as deferred inflow of resources. Property taxes collected after the end of the fiscal year are not included in revenues.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### NOTE 3: RECONCILIATION OF FUND TO GOVERNMENT-WIDE FINANCIAL STATEMENTS

Reconciliation of year end fund balances to net position:

Total fund balances, end of year	\$ 694,366
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Total capital assets, net	44,936,398
Some long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:	
Bond Anticipation Note payable	\$ (8,005,000)
Due to developers for operating advances	(186,217)
Due to developers for construction	<u>(37,093,024)</u> (45,284,241)
Some receivables that do not provide current financial resources are not reported as receivables in the funds:	
Uncollected property taxes	<u>2,206</u>
Net position, end of year	<u>\$ 348,729</u>

Reconciliation of net change in fund balances to change in net position:

Total net change in fund balances	\$ 483,728
The funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Capital outlay	7,833,374
The issuance of long-term debt (bonds payable) provides current financial resources to the funds, while the repayment of the principal of long-term debt consumes the current financial resources of the funds. Neither transaction, however, has any effect on net position. The effect of these differences in the treatment of long-term debt:	
Bond Anticipation Note issued	(8,005,000)
Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in the funds:	
Uncollected property taxes	<u>2,206</u>
Change in net position	<u>\$ 314,308</u>

### NOTE 4: CAPITAL ASSETS

The District lies wholly within the extraterritorial jurisdiction of the City of Fort Worth (the "City") and obtains water, sewer and drainage service from the City. In consideration of the District's acquiring and constructing water, sewer, drainage and road systems on behalf of the City, the City will own, operate and maintain such systems. The District transfers the ownership of certain capital assets constructed by the District to the City.

The District shall be the owner of each phase of the systems until such phase is completed and approved by the City, at which time ownership of such phase shall be transferred to the City. However, the District shall have a security interest therein until all bonds issued by the District pursuant to the respective agreement are retired. The District will construct, own and maintain a road system within the District.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Capital asset activity for the fiscal year ended April 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Easements	\$ 10,000	\$	\$	\$ 10,000
Construction in progress	<u>35,135,087</u>	<u>9,791,311</u>		<u>44,926,398</u>
Total capital assets not being depreciated	<u>35,145,087</u>	<u>9,791,311</u>	<u>0</u>	<u>44,936,398</u>
 Total capital assets, net	 <u>\$ 35,145,087</u>	 <u>\$ 9,791,311</u>	 <u>\$ 0</u>	 <u>\$ 44,936,398</u>
Changes to capital assets:				
Increase in liability to developer for construction		<u>9,791,311</u>	<u>\$</u>	
Net increases / decreases to capital assets		<u>\$ 9,791,311</u>	<u>\$ 0</u>	

NOTE 5: LONG-TERM LIABILITIES AND CONTINGENT LIABILITIES

Long-term liability activity for the fiscal year ended April 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Bond anticipation note payable	\$ 0	\$ 8,005,000	\$ 0	\$ 8,005,000	\$ 8,005,000
Due to developer for operating advances (see below)	186,217			186,217	-----
Due to developer for construction (see below)	<u>35,135,087</u>	<u>9,791,311</u>	<u>7,833,374</u>	<u>37,093,024</u>	<u>-----</u>
Total due to developers	<u>35,321,304</u>	<u>9,791,311</u>	<u>7,833,374</u>	<u>37,279,241</u>	<u>0</u>
Total long-term liabilities	<u>\$ 35,321,304</u>	<u>\$ 17,796,311</u>	<u>\$ 7,833,374</u>	<u>\$ 45,284,241</u>	<u>\$ 8,005,000</u>

The District issued its Series 2022 Bond Anticipation Note (the "BAN") in the amount of \$8,005,000 on August 8, 2022. The BAN bears interest at a rate of 4.75% per annum and is payable before August 7, 2023. The outstanding BAN was \$8,005,000 at April 30, 2023. The BAN was repaid from the proceeds of the District's \$12,250,000 Series 2023 utility bonds on May 18, 2023. The District also issued its \$8,085,000 Series 2023 road bonds on May 18, 2023.

Water, sewer and drainage bonds voted	\$ 45,341,966
Water, sewer and drainage bonds approved for sale and sold	0
Water, sewer and drainage bonds voted and not issued	45,341,966
 Road bonds voted	 \$ 75,992,255
Road bonds approved for sale and sold	0
Road bonds voted and not issued	75,992,255

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Developer Construction Commitments, Liabilities and Advances

The developer within the District is constructing certain facilities within the District's boundaries. The District has agreed to reimburse the developer for these construction and related engineering costs plus interest not to exceed the interest rate of the applicable District bond issue. These amounts are to be reimbursed from the proceeds of a future bond issue to the extent approved by the Texas Commission on Environmental Quality as applicable. The District's engineer stated that cost of the construction in progress at April 30, 2023, was \$37,093,024. This amount has been recorded in the government-wide financial statements and in the schedules in Notes 4 and 5.

The developer within the District has advanced funds to the District to cover initial operating deficits. At April 30, 2023, the cumulative amount of unreimbursed developer advances was \$186,217. These amounts have been recorded in the government-wide financial statements and in the schedules in Note 5. This amount has been recorded as a decrease in "Unrestricted net position" in the government-wide financial statements. Without this decrease, "Unrestricted net position" would have a balance of \$529,235.

### NOTE 6: PROPERTY TAXES

The Denton County Appraisal District has the responsibility for appraising property for all taxing units within the county as of January 1 of each year, subject to review and change by the county Appraisal Review Board. The appraisal roll, as approved by the Appraisal Review Board, must be used by the District in establishing its tax roll and tax rate. The District's taxes are usually levied in the fall, are due when billed and become delinquent after January 31 of the following year or 30 days after the date billed, whichever is later. On January 1 of each year, a statutory tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property.

At an election held November 3, 2015, the voters within the District authorized a maintenance tax not to exceed \$1.20 per \$100 valuation on all property subject to taxation within the District. This maintenance tax is being used by the General Fund to pay expenditures of operating the District.

On September 19, 2022, the District levied the following ad valorem taxes for the 2022 tax year on the adjusted taxable valuation of \$55,904,036:

	<u>Rate</u>	<u>Amount</u>
Maintenance	<u>\$ 1.0000</u>	<u>\$ 559,040</u>

### Concentration of Tax Base

The District's tax base is concentrated in a small number of taxpayers. The District's developer owns a substantial portion of land within the District. If any one of the principal District taxpayers did not pay taxes due, the District might need to levy additional taxes or use other debt service funds available to meet the debt service obligations described in Note 5.

### NOTE 7: DEPOSITS

The District complied with the requirements of the Public Funds Investment Act during the current fiscal year including the preparation of quarterly investment reports required by the Act.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

State statutes authorize the District to invest and reinvest in direct or indirect obligations of the United States, the State of Texas, any county, city, school district, or other political subdivision of the state, or in local government investment pools authorized under the Public Funds Investment Act. Funds of the District may be placed in certificates of deposit of state or national banks or savings and loan associations within the state provided that they are secured in the manner provided for the security of the funds under the laws of the State of Texas. In accordance with the District's investment policies, during the current year the District's funds were invested in interest bearing accounts at authorized financial institutions.

In accordance with state statutes and the District's investment policies, the District requires that insurance or security be provided by depositories for all funds held by them. At the balance sheet date, the District's deposits were covered by federal insurance.

### NOTE 8: RISK MANAGEMENT

The District is exposed to various risks of loss related to: torts; theft of, damage to, and destruction of assets; errors and omissions; personal injuries and natural disasters. Significant losses are covered by insurance as described below. There were no significant reductions in insurance coverage from the prior fiscal year. There have been no settlements which have exceeded the insurance coverage for each of the past three fiscal years.

At April 30, 2023, the District had comprehensive general liability coverage with a per occurrence limit of \$1,000,000 and \$3,000,000 general aggregate and consultant's crime coverage of \$10,000.

### NOTE 9: CITY OF FORT WORTH

The District obtains water, sewer and drainage service from the City of Fort Worth (the "City"). In consideration of the District's acquiring and constructing a water, sewer, drainage and road systems on behalf of the City, the City will own, operate and maintain such systems.

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City, the District may be annexed by the City, as described in the following paragraph. If the District is annexed, the City will assume the District's assets and obligations (including the bonded indebtedness) and dissolve the District within ninety (90) days.

Effective January 12, 2016, as amended June 17, 2019, the District and the City entered into an Amended Creation and Operation Agreement (the "Agreement"). Per the Agreement, the City may annex the District after the earliest to occur of the following, at such time as the City finds such annexation feasible: (1) The date construction of water, sanitary sewer, drainage and road facilities to serve 90% of the District is complete; (2) Dissolution of the District; (3) The date twenty years after approval by the City of the first preliminary plat for the District that contains single-family residential lots. Furthermore, the District may not levy an ad valorem tax of less than \$1.00 per \$100 valuation. Monies collected through such tax shall be used to pay the debt service on the District's outstanding bonds, operating costs of the District, and any other legally allowable costs of the District, and to establish a fund to assist the City in absorbing the costs of the District when the City annexes all the land in the District and dissolves the District.

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B

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

FOR THE YEAR ENDED APRIL 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 637,000	\$ 637,000	\$ 572,443	\$ (64,557)
Penalty	0	0	12,292	12,292
Interest on deposits	0	0	1,319	1,319
TOTAL REVENUES	<u>637,000</u>	<u>637,000</u>	<u>586,054</u>	<u>(50,946)</u>
EXPENDITURES				
Service operations:				
Professional fees	50,000	50,000	87,891	37,891
Contracted services	18,600	18,600	7,195	(11,405)
Repairs and maintenance	0	0	700	700
Utilities	0	0	2,216	2,216
Administrative expenditures	<u>11,490</u>	<u>11,490</u>	<u>10,035</u>	<u>(1,455)</u>
TOTAL EXPENDITURES	<u>80,090</u>	<u>80,090</u>	<u>108,037</u>	<u>27,947</u>
EXCESS REVENUES (EXPENDITURES)	556,910	556,910	478,017	(78,893)
FUND BALANCE, BEGINNING OF YEAR	<u>210,638</u>	<u>210,638</u>	<u>210,638</u>	<u>0</u>
FUND BALANCE, END OF YEAR	<u>\$ 767,548</u>	<u>\$ 767,548</u>	<u>\$ 688,655</u>	<u>\$ (78,893)</u>

The accompanying notes are an integral part of the financial statements.

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2BSCHEDULE OF TEXAS SUPPLEMENTARY INFORMATION  
REQUIRED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITYAPRIL 30, 2023

(Schedules included are checked or explanatory notes provided for omitted schedules.)

- [X] TSI-1. Services and Rates
- [X] TSI-2. General Fund Expenditures
- [ ] TSI-3. Temporary Investments  
Not Applicable. None at April 30, 2023.
- [X] TSI-4. Taxes Levied and Receivable
- [ ] TSI-5. Long-Term Debt Service Requirements by Years  
Not Applicable. None at April 30, 2023.
- [ ] TSI-6. Changes in Long-Term Bonded Debt  
Not Applicable. None at April 30, 2023.
- [X] TSI-7. Comparative Schedule of Revenues and Expenditures -  
General Fund and Debt Service Fund - Five Year  
Not Applicable for Debt Service Fund.
- [X] TSI-8. Board Members, Key Personnel and Consultants

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B  
SCHEDULE OF SERVICES AND RATES  
APRIL 30, 2023

1. Services Provided by the District during the Fiscal Year:

- |   |   |   |
|---|---|---|
| <input type="checkbox"/> Retail Water   | <input type="checkbox"/> Wholesale Water      | <input type="checkbox"/> Drainage         |
| <input type="checkbox"/> Retail Wastewater  | <input type="checkbox"/> Wholesale Wastewater | <input type="checkbox"/> Irrigation       |
| <input type="checkbox"/> Parks/Recreation   | <input type="checkbox"/> Fire Protection      | <input type="checkbox"/> Security         |
| <input type="checkbox"/> Solid Waste/Garbage  | <input type="checkbox"/> Flood Control        | <input checked="" type="checkbox"/> Roads |
| <input type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect) |   |   |
| <input checked="" type="checkbox"/> Other <u>All services are provided by the City of Fort Worth.</u>                                 |   |   |

2. Retail Service Providers

a. Retail Rates for a 5/8" meter (or equivalent):

Contact the City of Fort Worth.

b. Water and Wastewater Retail Connections:

Contact the City of Fort Worth.

3. Total Water Consumption during the Fiscal Year (rounded to thousands):

Contact the City of Fort Worth.

4. Standby Fees (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes ☐ No ☒

If yes, date of the most recent Commission Order: \_\_\_\_\_

Does the District have Operation and Maintenance standby fees? Yes ☐ No ☒

If yes, date of the most recent Commission Order: \_\_\_\_\_

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2BEXPENDITURESFOR THE YEAR ENDED APRIL 30, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
<b>CURRENT</b>				
Professional fees:				
Auditing	\$ 4,500	\$	\$	\$ 4,500
Legal	83,391			83,391
	<u>87,891</u>	<u>0</u>	<u>0</u>	<u>87,891</u>
Contracted services:				
Bookkeeping	3,976			3,976
Tax assessor-collector	21			21
Central appraisal district	3,198			3,198
	<u>7,195</u>	<u>0</u>	<u>0</u>	<u>7,195</u>
Repairs and maintenance	<u>700</u>	<u>0</u>	<u>0</u>	<u>700</u>
Utilities	<u>2,216</u>	<u>0</u>	<u>0</u>	<u>2,216</u>
Administrative expenditures:				
Director's fees	3,450			3,450
Insurance	3,021			3,021
Other	3,564		365	3,929
	<u>10,035</u>	<u>0</u>	<u>365</u>	<u>10,400</u>
<b>CAPITAL OUTLAY</b>				
Authorized expenditures	<u>0</u>	<u>0</u>	<u>7,833,374</u>	<u>7,833,374</u>
BAN issuance expenditures	<u>0</u>	<u>0</u>	<u>165,550</u>	<u>165,550</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 108,037</u>	<u>\$ 0</u>	<u>\$ 7,999,289</u>	<u>\$ 8,107,326</u>

See accompanying independent auditor's report.

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2BANALYSIS OF CHANGES IN DEPOSITS  
ALL GOVERNMENTAL FUND TYPESFOR THE YEAR ENDED APRIL 30, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
SOURCES OF DEPOSITS				
Cash receipts from revenues	\$ 586,054	\$	\$	\$ 586,054
Proceeds from bond anticipation note			8,005,000	8,005,000
TOTAL DEPOSITS	<u>586,054</u>	<u>0</u>	<u>8,005,000</u>	<u>8,591,054</u>
APPLICATIONS OF DEPOSITS				
Cash disbursements for:				
Current expenditures	100,741		365	101,106
Capital outlay			7,833,374	7,833,374
Debt service			160,600	160,600
Other fund	4,950			4,950
Prepaid expenditures	<u>33,199</u>			<u>33,199</u>
TOTAL DEPOSITS APPLIED	<u>138,890</u>	<u>0</u>	<u>7,994,339</u>	<u>8,133,229</u>
INCREASE (DECREASE) IN DEPOSITS	447,164	0	10,661	457,825
DEPOSITS BALANCES, BEGINNING OF YEAR	<u>211,709</u>	<u>0</u>	<u>0</u>	<u>211,709</u>
DEPOSITS BALANCES, END OF YEAR	<u>\$ 658,873</u>	<u>\$ 0</u>	<u>\$ 10,661</u>	<u>\$ 669,534</u>

See accompanying independent auditor's report.

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2BTAXES LEVIED AND RECEIVABLEFOR THE YEAR ENDED APRIL 30, 2023

	<u>Maintenance Taxes</u>
RECEIVABLE, BEGINNING OF YEAR	\$ 0
Additions and corrections to prior year taxes	<u>15,609</u>
Adjusted receivable, beginning of year	15,609
2022 ADJUSTED TAX ROLL	<u>559,040</u>
Total to be accounted for	574,649
Tax collections: Current tax year	(556,834)
Prior tax years	<u>(15,609)</u>
RECEIVABLE, END OF YEAR	<u>\$ 2,206</u>
RECEIVABLE, BY TAX YEAR	
2022	<u>\$ 2,206</u>
RECEIVABLE, END OF YEAR	<u>\$ 2,206</u>

See accompanying independent auditor's report.

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2BTAXES LEVIED AND RECEIVABLE (Continued)FOR THE YEAR ENDED APRIL 30, 2023

ADJUSTED PROPERTY VALUATIONS AS OF JANUARY 1 OF TAX YEAR	<u>2022</u>	<u>2021**</u>
Land	\$ 66,362,276	\$ 28,930,750
Improvements	4,137,478	31,345
Personal property	34,833	0
Less exemptions	<u>(14,630,551)</u>	<u>(7,084,623)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 55,904,036</u>	<u>\$ 21,877,472</u>
 TAX RATES PER \$100 VALUATION*	 <u>\$ 1.00000</u>	 <u>\$ 1.00000</u>
 TAX ROLLS	 <u>\$ 559,040</u>	 <u>\$ 218,775</u>
 PERCENT OF TAXES COLLECTED TO TAXES LEVIED	 <u>99.6 %</u>	 <u>100 %</u>

\*Maximum tax rate approved by voters on November 3, 2015: \$1.20

\*\*The District first levied taxes for tax year 2021.

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B  
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,  
GENERAL FUND  
FOR YEARS ENDED DECEMBER 31

	AMOUNT					PERCENT OF TOTAL REVENUES				
	2023	2022	2021*	2020	2019	2023	2022	2021	2020	2019
REVENUES										
Property taxes	\$ 572,443	\$ 218,775	\$ 0	\$ 0	\$ 0	97.7 %	100 %	0.0 %	0.0 %	0.0 %
Penalty	12,292	42	0	0	0	2.1	0.0	0.0	0.0	0.0
Interest on deposits	1,319	11	0	0	0	0.2	0.0	0.0	0.0	0.0
TOTAL REVENUES	586,054	218,828	0	0	0	100.0	100.0	N/A	N/A	N/A
EXPENDITURES										
Service operations:										
Professional fees	87,891	32,520	12,617	30,385	11,702	15.0	14.9			
Contracted services	7,195	3,218	2,748	838	684	1.2	1.5			
Utilities	2,216					0.4				
Repairs and maintenance	700					0.1				
Administrative expenditures	10,035	9,511	7,513	2,745	2,440	1.7	4.3			
Capital outlay	0	0	10,000	0	0	0.0	0.0			
TOTAL EXPENDITURES	108,037	45,249	32,878	33,968	14,826	18.4	20.7	N/A	N/A	N/A
EXCESS REVENUES (EXPENDITURES)	\$ 478,017	\$ 173,579	\$ (32,878)	\$ (33,968)	\$ (14,826)	81.6 %	79.3 %	N/A %	N/A %	N/A %
TOTAL ACTIVE RETAIL WATER CONNECTIONS	N/A	N/A	N/A	N/A	N/A					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	N/A	N/A	N/A	N/A	N/A					

\*District was funded by developer advances for fiscal years 2021 and prior.

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2BBOARD MEMBERS, KEY PERSONNEL AND CONSULTANTSAPRIL 30, 2023

Complete District Mailing Address: Tradition Municipal Utility District No. 2B  
c/o Allen Boone Humphries Robinson LLP  
3100 McKinnon Street, Suite 1100  
Dallas, Texas 75201

District Business Telephone No.: 972-823-0802

Submission date of the most recent District Registration Form: December 20, 2022

Limit on Fees of Office that a Director may receive during a fiscal year: \$7,200

BOARD MEMBERS

<u>Name and Address</u>	<u>Term of Office (Elected/ Appointed)</u>	<u>Fees of Office Paid</u>	<u>Expense Reimb.</u>	<u>Title at Year End</u>
Michael Swaldi c/o Allen Boone Humphries Robinson LLP 3100 McKinnon Street, Suite 1100 Dallas, Texas 75201	Elected 5/02/20- 5/04/24	\$ 600	\$ 26	President
Lloyd Borders c/o Allen Boone Humphries Robinson LLP 3100 McKinnon Street, Suite 1100 Dallas, Texas 75201	Elected 5/02/20- 5/04/24	900	30	Vice President
Matthew Mildren c/o Allen Boone Humphries Robinson LLP 3100 McKinnon Street, Suite 1100 Dallas, Texas 75201	Elected 5/02/20- 5/04/24	900	57	Secretary
Kristopher T. Baird c/o Allen Boone Humphries Robinson LLP 3100 McKinnon Street, Suite 1100 Dallas, Texas 75201	Elected 5/07/22- 5/02/26	750	48	Assistant Secretary
Nick Hayden c/o Allen Boone Humphries Robinson LLP 3100 McKinnon Street, Suite 1100 Dallas, Texas 75201	Elected 5/07/22- 5/02/26	300	13	Assistant Secretary

See accompanying independent auditor's report.

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (Continued)

APRIL 30, 2023

CONSULTANTS

<u>Name and Address</u>	<u>Date Hired</u>	<u>Fees and Expense Reimbursements</u>	<u>Title at Year End</u>
Allen Boone Humphries Robinson LLP 3100 McKinnon Street, Suite 1100 Dallas, Texas 75201	8/01/22	\$ 71,932 40,025 BAN	Attorney
Coats Rose, P.C. 14755 Preston Road, Suite 600 Dallas, Texas 77524	Replaced 8/1/22	9,153 40,025 BAN	Attorney
McCreary, Veselka, Bragg & Allen, P.C. 700 Jeffrey Way, Suite 100 Round Rock, Texas 78665	3/20/23	2,306	Delinquent Tax Attorney
L & S District Services, LLC P.O. Box 170 Tomball, Texas 77377	6/15/15	3,976	Bookkeeper
Peloton Land Solutions, Inc. 11000 Frisco Street, Suite 400 Frisco, Texas 75033	4/8/20	0	Engineer
Denton County Tax Assessor Collector Denton County Annex 101 N. Washington Kaufman, Texas 75142	6/15/15	21	Tax Assessor- Collector
Denton Central Appraisal District P.O. Box 2816 Denton, Texas 76202	Legislative Action	3,198	Central Appraisal District
Robert W. Baird & Co. 1331 Lamar, Suite 1360 Houston, Texas 77010	6/15/15	80,050 BAN	Financial Advisor
Mark C. Eyring, CPA, PLLC 12702 Century Drive, Suite C2 Stafford, Texas 77477	4/19/21	4,500 4,950 BAN	Independent Auditor

See accompanying independent auditor's report.