

TRADITION MUNICIPAL UTILITY  
DISTRICT NO. 2B OF DENTON COUNTY  
DENTON COUNTY, TEXAS  
ANNUAL AUDIT REPORT  
APRIL 30, 2024

## C O N T E N T S

INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-8
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET	9
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	10
NOTES TO THE FINANCIAL STATEMENTS	11-20
SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET AND ACTUAL, GENERAL FUND	21
SCHEDULE OF TEXAS SUPPLEMENTARY INFORMATION REQUIRED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY	22
SCHEDULE OF SERVICES AND RATES	23
EXPENDITURES FOR THE YEAR ENDED APRIL 30, 2024	24
ANALYSIS OF CHANGES IN DEPOSITS, ALL GOVERNMENTAL FUND TYPES	25
SCHEDULE OF TEMPORARY INVESTMENTS	26
TAXES LEVIED AND RECEIVABLE	27-28
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS	29-32
ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT	33
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES, GENERAL FUND	34
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES, DEBT SERVICE FUND	35
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	36-37

# Mark C. Eyring, CPA, PLLC

12702 Century Drive • Suite C2 • Stafford, Texas 77477 • 281-277-9595 • Mark@EyringCPA.com

August 19, 2024

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Tradition Municipal Utility District  
No. 2B of Denton County  
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 of Denton County as of and for the year ended April 30, 2024, and the related notes to the financial statements, which collectively comprise Tradition Municipal Utility District No. 2B of Denton County'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 of Denton County, as of April 30, 2024, 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 of Denton County, 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 of Denton County'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 of Denton County's basic financial statements. The supplementary information on Pages 22 to 37 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 black ink, appearing to read "M. G. J.", is located in the lower right quadrant of the page.

## Management's Discussion and Analysis

### Using this Annual Report

Within this section of the Tradition Municipal Utility District No. 2B of Denton County (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, 2024.

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>2024</u>	<u>2023</u>	<u>Change</u>
Current and other assets	\$ 3,292,076	\$ 714,939	\$ 2,577,137
Capital assets	56,402,200	44,936,398	11,465,802
Total assets	<u>59,694,276</u>	<u>45,651,337</u>	<u>14,042,939</u>
Long-term liabilities	71,929,628	37,279,241	34,650,387
Other liabilities	739,587	8,023,367	(7,283,780)
Total liabilities	<u>72,669,215</u>	<u>45,302,608</u>	<u>27,366,607</u>
Net position:			
Invested in capital assets, net of related debt	(15,812,255)	5,711	(15,817,966)
Restricted	2,155,292		2,155,292
Unrestricted	682,024	343,018	339,006
Total net position	<u>\$ (12,974,939)</u>	<u>\$ 348,729</u>	<u>\$ (13,323,668)</u>

Summary of Changes in Net Position

	<u>2024</u>	<u>2023</u>	<u>Change</u>
Revenues:			
Property taxes, including related penalty and interest	\$ 1,682,903	\$ 586,941	\$ 1,095,962
Other revenues	48,698	1,319	47,379
Total revenues	<u>1,731,601</u>	<u>588,260</u>	<u>1,143,341</u>
Expenses:			
Service operations	12,029,600	108,402	11,921,198
Debt service	3,025,669	165,550	2,860,119
Total expenses	<u>15,055,269</u>	<u>273,952</u>	<u>14,781,317</u>
Change in net position	(13,323,668)	314,308	(13,637,976)
Net position, beginning of year	<u>348,729</u>	<u>34,421</u>	<u>314,308</u>
Net position, end of year	<u>\$ (12,974,939)</u>	<u>\$ 348,729</u>	<u>\$ (13,323,668)</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, 2024, were \$3,202,948, an increase of \$2,508,582 from the prior year.

The General Fund balance increased by \$127,896, in accordance with the District's financial plan.

The Debt Service Fund balance increased by \$2,240,292, in accordance with the District's financial plan.

The Capital Projects Fund balance increased by \$140,394, as proceeds from the District's Series 2023 utility bonds and the Series 2023 and 2023A road bonds exceeded authorized expenditures and the repayment of the Series 2022 bond anticipation note.



### 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 21 of this report. The budgetary fund balance as of April 30, 2024 was expected to be \$1,171,415 and the actual end of year fund balance was \$816,551.

### 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>2024</u>	<u>2023</u>	<u>Change</u>
Land	\$ 10,000	\$ 10,000	\$ 0
Construction in progress	40,489,813	44,926,398	\$ (4,436,585)
Roads	15,902,387		15,902,387
Totals	<u>\$ 56,402,200</u>	<u>\$ 44,936,398</u>	<u>\$ 11,465,802</u>

Changes to capital assets during the fiscal year ended April 30, 2024, are summarized as follows:

Additions:		
Utilities and roads constructed by developer	\$ 21,036,138	
Decreases:		
Assets constructed and transferred to other entities	(9,208,918)	
Depreciation	<u>(361,418)</u>	
Net change to capital assets	<u>\$ 11,465,802</u>	

#### Debt

Subsequent to April 30, 2024, the District issued its \$7,925,000 Series 2024 unlimited tax bonds on August 20, 2024.

Changes in the bonded debt position of the District during the fiscal year ended April 30, 2024, are summarized as follows:

Bonded debt payable, beginning of year	\$ 0
Bonds sold	<u>32,665,000</u>
Bonded debt payable, end of year	<u>\$ 32,665,000</u>

The District repaid its \$8,005,000 Series 2022 Bond Anticipation Note (the "BAN") from the proceeds of the District's \$12,250,000 Series 2023 utility bonds on May 18, 2023.

At April 30, 2024, the District had \$33,091,966 of bonds authorized but unissued for the purposes of acquiring, constructing and improving a water, sanitary sewer and drainage system within the District and \$55,577,255 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, 2024, the cumulative amount of developer advances for this purpose was \$138,217.

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, 2024, the estimated amount due to the developer was \$40,489,813.

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

### *Property Tax Base*

The District's tax base increased approximately \$111,450,000 for the 2023 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 OF DENTON COUNTY  
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET  
APRIL 30, 2024

	<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	\$ 32,508	\$2,241,878	\$ 112,374	\$ 2,386,760	\$	\$ 2,386,760
Temporary investments, at cost, Note 7	845,509			845,509		845,509
Receivables:						
Property taxes	3,690	15,886		19,576		19,576
Prepaid expenditures	40,231			40,231		40,231
Due from other funds	1,586		33,731	35,317	(35,317)	0
Capital assets, net of accumulated depreciation, Note 4:						
Capital assets not being depreciated				0	40,499,813	40,499,813
Depreciable capital assets				0	15,902,387	15,902,387
<b>Total assets</b>	<b><u>\$ 923,524</u></b>	<b><u>\$2,257,764</u></b>	<b><u>\$ 146,105</u></b>	<b><u>\$ 3,327,393</u></b>	<b><u>56,366,883</u></b>	<b><u>59,694,276</u></b>
<b>LIABILITIES</b>						
Accounts payable	\$ 69,552	\$	\$	\$ 69,552		69,552
Accrued interest payable				0	246,991	246,991
Due to other funds	33,731	1,586		35,317	(35,317)	0
Long-term liabilities, Note 5:						
Due within one year				0	423,044	423,044
Due in more than one year				0	71,929,628	71,929,628
<b>Total liabilities</b>	<b><u>103,283</u></b>	<b><u>1,586</u></b>	<b><u>0</u></b>	<b><u>104,869</u></b>	<b><u>72,564,346</u></b>	<b><u>72,669,215</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Property tax revenues	<u>3,690</u>	<u>15,886</u>	<u>0</u>	<u>19,576</u>	<u>(19,576)</u>	<u>0</u>
<b>FUND BALANCES / NET POSITION</b>						
Fund balances:						
Restricted for bond interest, Note 5		796,936		796,936	(796,936)	0
Assigned to:						
Debt service		1,443,356		1,443,356	(1,443,356)	0
Capital projects			146,105	146,105	(146,105)	0
Unassigned	<u>816,551</u>			<u>816,551</u>	<u>(816,551)</u>	<u>0</u>
<b>Total fund balances</b>	<b><u>816,551</u></b>	<b><u>2,240,292</u></b>	<b><u>146,105</u></b>	<b><u>3,202,948</u></b>	<b><u>(3,202,948)</u></b>	<b><u>0</u></b>
<b>Total liabilities, deferred inflows, and fund balances</b>	<b><u>\$ 923,524</u></b>	<b><u>\$2,257,764</u></b>	<b><u>\$ 146,105</u></b>	<b><u>\$ 3,327,393</u></b>		
Net position:						
Invested in capital assets, net of related debt, Note 4					(15,812,255)	(15,812,255)
Restricted for debt service					2,009,187	2,009,187
Restricted for capital projects					146,105	146,105
Unrestricted					682,024	682,024
<b>Total net position</b>					<b><u>\$(12,974,939)</u></b>	<b><u>\$(12,974,939)</u></b>

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

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B OF DENTON COUNTY

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

FOR THE YEAR ENDED APRIL 30, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Note 3)	Statement of Activities
<b>REVENUES</b>						
Property taxes	\$ 249,544	\$ 1,406,606	\$	\$ 1,656,150	\$ 17,370	\$ 1,673,520
Penalty		9,383		9,383		9,383
Interest on deposits	<u>18,856</u>	<u>27,744</u>	<u>2,098</u>	<u>48,698</u>		<u>48,698</u>
Total revenues	<u>268,400</u>	<u>1,443,733</u>	<u>2,098</u>	<u>1,714,231</u>	<u>17,370</u>	<u>1,731,601</u>
<b>EXPENDITURES / EXPENSES</b>						
Service operations:						
Professional fees	93,516	149		93,665		93,665
Contracted services	25,708			25,708		25,708
Utilities	4,110			4,110		4,110
Administrative expenditures	17,170			17,170		17,170
Depreciation				0	361,418	361,418
Capital outlay / non-capital outlay			17,687,349	17,687,349	(8,478,431)	9,208,918
Debt service:						
Bond issuance expenditures			1,936,259	1,936,259		1,936,259
Interest and fees		803,750	2,318,611	3,122,361	285,660	3,408,021
Total expenditures / expenses	<u>140,504</u>	<u>803,899</u>	<u>21,942,219</u>	<u>22,886,622</u>	<u>(7,831,353)</u>	<u>15,055,269</u>
Excess (deficiency) of revenues over expenditures	<u>127,896</u>	<u>639,834</u>	<u>(21,940,121)</u>	<u>(21,172,391)</u>	<u>7,848,723</u>	<u>(13,323,668)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Bonds issued, Note 5		2,579,485	30,085,515	32,665,000	(32,665,000)	0
Bond issuance discounts, Note 5		(979,027)		(979,027)	979,027	0
Bond Anticipation Note repaid, Note 5			(8,005,000)	(8,005,000)	8,005,000	0
Total other financing sources (uses)	<u>0</u>	<u>1,600,458</u>	<u>22,080,515</u>	<u>23,680,973</u>	<u>(23,680,973)</u>	<u>0</u>
Net change in fund balances / net position	127,896	2,240,292	140,394	2,508,582	(15,832,250)	(13,323,668)
Beginning of year	<u>688,655</u>	<u>0</u>	<u>5,711</u>	<u>694,366</u>	<u>(345,637)</u>	<u>348,729</u>
End of year	<u>\$ 816,551</u>	<u>\$ 2,240,292</u>	<u>\$ 146,105</u>	<u>\$ 3,202,948</u>	<u>\$(16,177,887)</u>	<u>\$(12,974,939)</u>

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

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B OF DENTON COUNTYNOTES TO THE FINANCIAL STATEMENTSAPRIL 30, 2024

## 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 either not spendable, restricted, committed, assigned or unassigned. Nonspendable 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		\$ 3,202,948
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Total capital assets, net		56,402,200
Some long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Bonds payable	\$ (32,665,000)	
Deferred charge on refunding (to be amortized as interest expense)		
Issuance discount, net of premium (to be amortized as interest expense)	940,358	
Due to developers for operating advances	(138,217)	
Due to developers for construction	<u>(40,489,813)</u>	(72,352,672)
Some receivables that do not provide current financial resources are not reported as receivables in the funds:		
Uncollected property taxes		19,576
Some liabilities that do not require the use of current financial resources are not reported as liabilities in the funds:		
Accrued interest		<u>(246,991)</u>
Net position, end of year		<u>\$12,974,939</u>

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

Total net change in fund balances		\$ 2,508,582
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	\$ 8,430,431	
Depreciation	<u>(361,418)</u>	8,069,013
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:		
Bonds issued	(32,665,000)	
Bond anticipation note principal repayment	<u>8,005,000</u>	(24,660,000)
The funds report the effect of bond issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of these items:		
Issuance premium, net of discount		940,358
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		17,370
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds:		
Operating advances reimbursed	48,000	
Accrued interest	<u>(246,991)</u>	<u>(198,991)</u>
Change in net position		<u>\$13,323,668</u>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 4: CAPITAL ASSETS

At April 30, 2024, "Invested in capital assets, net of related debt" was \$(15,812,255). As further described in Note 9, 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.

Capital asset activity for the fiscal year ended April 30, 2024, 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>44,926,398</u>	<u>21,036,138</u>	<u>25,472,723</u>	<u>40,489,813</u>
Total capital assets not being depreciated	<u>44,936,398</u>	<u>21,036,138</u>	<u>25,472,723</u>	<u>40,499,813</u>
Depreciable capital assets:				
Road system	<u>0</u>	<u>16,263,805</u>	<u>0</u>	<u>16,263,805</u>
Total depreciable capital assets	<u>0</u>	<u>16,263,805</u>	<u>0</u>	<u>16,263,805</u>
Less accumulated depreciation for:				
Road system	<u>0</u>	<u>(361,418)</u>	<u></u>	<u>(361,418)</u>
Total accumulated depreciation	<u>0</u>	<u>(361,418)</u>	<u>0</u>	<u>(361,418)</u>
Total depreciable capital assets, net	<u>0</u>	<u>15,902,387</u>	<u>0</u>	<u>15,902,387</u>
Total capital assets, net	<u>\$ 44,936,398</u>	<u>\$ 36,938,525</u>	<u>\$ 25,472,723</u>	<u>\$ 56,402,200</u>
Changes to capital assets:				
Capital outlay		\$ 8,430,431	\$	
Assets transferred to depreciable assets		16,263,805	16,263,805	
Assets transferred to other entities		9,208,918	9,208,918	
Increase in liability to developer for construction		21,036,138		
Capital outlay paid (decrease in liability) to developer		(17,639,349)		
Less depreciation expense for the fiscal year		<u>(361,418)</u>	<u></u>	
Net increases / decreases to capital assets		<u>\$ 36,938,525</u>	<u>\$ 25,472,723</u>	

NOTE 5: LONG-TERM LIABILITIES AND CONTINGENT LIABILITIES

Subsequent to April 30, 2024, the District issued its \$7,925,000 Series 2024 unlimited tax bonds on August 20, 2024.

The District repaid its \$8,005,000 Series 2022 Bond Anticipation Note (the "BAN") from the proceeds of the District's \$12,250,000 Series 2023 utility bonds on May 18, 2023.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Long-term liability activity for the fiscal year ended April 30, 2024 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Bonds payable	\$	\$ 32,665,000	\$	\$ 32,665,000	\$ 490,000
Add (less) deferred amounts:					
For issuance (discounts) premiums		<u>(979,027)</u>	<u>(38,669)</u>	<u>(940,358)</u>	<u>(66,956)</u>
Total bonds payable	<u>0</u>	<u>31,685,973</u>	<u>(38,669)</u>	<u>31,724,642</u>	<u>423,044</u>
Bond anticipation note payable	<u>8,005,000</u>		<u>8,005,000</u>	<u>0</u>	<u>0</u>
Due to developers for operating advances (see below)	186,217		48,000	138,217	-----
Due to developers for construction (see below)	<u>37,093,024</u>	<u>21,036,138</u>	<u>17,639,349</u>	<u>40,489,813</u>	-----
Total due to developers	<u>37,279,241</u>	<u>21,036,138</u>	<u>17,687,349</u>	<u>40,628,030</u>	<u>0</u>
Total long-term liabilities	<u>\$ 45,284,241</u>	<u>\$ 52,722,111</u>	<u>\$ 25,653,680</u>	<u>\$ 72,352,672</u>	<u>\$ 423,044</u>

As of April 30, 2024, the debt service requirements on the bonds outstanding were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 490,000	\$ 1,468,469	\$ 1,958,469
2026	790,000	1,431,519	2,221,519
2027	820,000	1,383,681	2,203,681
2028	860,000	1,333,761	2,193,761
2029	900,000	1,281,456	2,181,456
2030 - 2034	5,180,000	5,634,100	10,814,100
2035 - 2039	6,525,000	4,410,277	10,935,277
2040 - 2044	8,195,000	2,854,977	11,049,977
2045 - 2049	<u>8,905,000</u>	<u>907,632</u>	<u>9,812,632</u>
	<u>\$ 32,665,000</u>	<u>\$ 20,705,872</u>	<u>\$ 53,370,872</u>

Water, sewer and drainage bonds voted	\$ 45,341,966
Water, sewer and drainage bonds approved for sale and sold	12,250,000
Water, sewer and drainage bonds voted and not issued	33,091,966
Road bonds voted	\$ 75,992,255
Road bonds approved for sale and sold	20,415,000
Road bonds voted and not issued	55,577,255

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The bond issues payable at April 30, 2024, were as follows:

	<u>Series 2023 Utility</u>	<u>Series 2023 Road</u>	<u>Series 2023A Road</u>
Amounts outstanding, April 30, 2024	\$12,250,000	\$8,085,000	\$12,330,000
Interest rates	3.00% to 5.50%	3.00% to 5.50%	4.25% to 6.75%
Maturity dates, serially beginning/ending	September 1, 2024/2047	September 1, 2024/2047	September 1, 2025/2048
Interest payment dates	September 1/March 1	September 1/March 1	September 1/March 1
Callable dates	March 1, 2030*	March 1, 2030*	December 1, 2030*

\*Or any date thereafter, callable at par plus accrued interest in whole or in part at the option of the District.

In accordance with the Series 2023 utility and 2023 and 2023A road Bond Orders, a portion of the bond proceeds was deposited into the debt service fund and reserved for the payment of bond interest. This bond interest reserve is reduced as the interest is paid. Transactions for the current year are summarized as follows:

Sale of bonds, Series 2023 and 2023A:			
18 months' interest from sale of Series 2023 utility bonds	\$	778,405	
18 months' interest from sale of Series 2023 road bonds		513,706	
6 months' interest from sale of Series 2023A road bonds		<u>308,347</u>	1,600,458
Deduct appropriation for bond interest paid:			
Series 2023 utility bonds		(409,760)	
Series 2023 road bonds		(270,422)	
Series 2023A road bonds		<u>(123,339)</u>	<u>(803,521)</u>
Bond interest reserve, end of year:			
Series 2023 utility bonds		368,645	
Series 2023 road bonds		243,284	
Series 2023A road bonds		<u>185,008</u>	<u>\$ 796,937</u>

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, 2024, was \$40,489,813. 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, 2024, the cumulative amount of unreimbursed developer advances was \$138,217. 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 \$820,241.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 18, 2023, the District levied the following ad valorem taxes for the 2023 tax year on the adjusted taxable valuation of \$167,352,031:

	Rate	Amount
Debt service, Utilities	\$ 0.3100	\$ 518,791
Debt service, Roads	0.5400	903,701
Maintenance	0.1500	251,028
	\$ 1.0000	\$ 1,673,520

A reconciliation of the tax levy to property tax revenues on the Statement of Activities is as follows:

2022 tax year total property tax levy	\$ 1,673,520
Appraisal district adjustments to prior year taxes	0
Statement of Activities property tax revenues	\$ 1,673,520

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.

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 and an authorized private sector investment pool (Texas CLASS). The private sector investment pool is rated AAAM by Standard & Poor's.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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.

At the balance sheet date the carrying value and market value of the investments in the authorized private sector investment pool was \$845,509.

Deposits and temporary investments restricted by state statutes and Bond Orders:

Debt Service Fund

For payment of debt principal and interest, paying agent fees and costs of assessing and collecting taxes:

Cash \$ 2,241,878

Capital Projects Fund

For construction of capital assets:

Cash \$ 112,374

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, 2024, 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 OF DENTON COUNTY

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

FOR THE YEAR ENDED APRIL 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 637,000	\$ 637,000	\$ 249,544	\$ (387,456)
Interest on deposits	<u>0</u>	<u>0</u>	<u>18,856</u>	<u>18,856</u>
<b>TOTAL REVENUES</b>	<u>637,000</u>	<u>637,000</u>	<u>268,400</u>	<u>(368,600)</u>
<b>EXPENDITURES</b>				
Service operations:				
Professional fees	115,000	115,000	93,516	(21,484)
Contracted services	20,000	20,000	25,708	5,708
Repairs and maintenance	2,000	2,000	0	(2,000)
Utilities	2,000	2,000	4,110	2,110
Administrative expenditures	<u>15,240</u>	<u>15,240</u>	<u>17,170</u>	<u>1,930</u>
<b>TOTAL EXPENDITURES</b>	<u>154,240</u>	<u>154,240</u>	<u>140,504</u>	<u>(13,736)</u>
<b>EXCESS REVENUES (EXPENDITURES)</b>	<b>482,760</b>	<b>482,760</b>	<b>127,896</b>	<b>(354,864)</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>688,655</u>	<u>688,655</u>	<u>688,655</u>	<u>0</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 1,171,415</u>	<u>\$ 1,171,415</u>	<u>\$ 816,551</u>	<u>\$ (354,864)</u>

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

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B OF DENTON COUNTY  
SCHEDULE OF TEXAS SUPPLEMENTARY INFORMATION  
REQUIRED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

APRIL 30, 2024

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

- [X] TSI-1. Services and Rates
- [X] TSI-2. General Fund Expenditures
- [X] TSI-3. Temporary Investments
- [X] TSI-4. Taxes Levied and Receivable
- [X] TSI-5. Long-Term Debt Service Requirements by Years
- [X] TSI-6. Changes in Long-Term Bonded Debt
- [X] TSI-7. Comparative Schedule of Revenues and Expenditures -  
General Fund and Debt Service Fund - Five Year
- [X] TSI-8. Board Members, Key Personnel and Consultants



TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B OF DENTON COUNTY

SCHEDULE OF SERVICES AND RATES

APRIL 30, 2024

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

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

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. 2B OF DENTON COUNTY

EXPENDITURES

FOR THE YEAR ENDED APRIL 30, 2024

	<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	\$ 8,500	\$	\$	8,500
Legal	80,732	149		80,881
Engineering	4,284			4,284
	<u>93,516</u>	<u>149</u>	<u>0</u>	<u>93,665</u>
Contracted services:				
Bookkeeping	14,068			14,068
Tax assessor-collector	530			530
Appraisal district	11,110			11,110
	<u>25,708</u>	<u>0</u>	<u>0</u>	<u>25,708</u>
Utilities	<u>4,110</u>	<u>0</u>	<u>0</u>	<u>4,110</u>
Administrative expenditures:				
Director's fees	9,511			9,511
Insurance	3,069			3,069
Other	4,590			4,590
	<u>17,170</u>	<u>0</u>	<u>0</u>	<u>17,170</u>
<b>CAPITAL OUTLAY</b>				
Authorized expenditures	<u>0</u>	<u>0</u>	<u>17,687,349</u>	<u>17,687,349</u>
<b>DEBT SERVICE</b>				
Bond issuance expenditures	<u>0</u>	<u>0</u>	<u>1,936,259</u>	<u>1,936,259</u>
Interest and fees:				
Interest		803,521	2,318,611	3,122,132
Paying agent fees		229		229
	<u>0</u>	<u>803,750</u>	<u>2,318,611</u>	<u>3,122,361</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 140,504</u>	<u>\$ 803,899</u>	<u>\$ 21,942,219</u>	<u>\$ 22,886,622</u>

See accompanying independent auditor's report.

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B OF DENTON COUNTY

ANALYSIS OF CHANGES IN DEPOSITS  
ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED APRIL 30, 2024

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
<b>SOURCES OF DEPOSITS</b>				
Cash receipts from revenues excluding maintenance taxes	\$ 18,856	\$ 1,443,733	\$ 2,098	\$ 1,464,687
Maintenance tax receipts		249,544		249,544
Transfer of maintenance taxes	247,958			247,958
Proceeds from sale of Bonds		<u>1,600,458</u>	<u>30,085,515</u>	<u>31,685,973</u>
<b>TOTAL DEPOSITS PROVIDED</b>	<u>266,814</u>	<u>3,293,735</u>	<u>30,087,613</u>	<u>33,648,162</u>
<b>APPLICATIONS OF DEPOSITS</b>				
Cash disbursements for:				
Current expenditures	47,670	149		47,819
Capital outlay			20,005,960	20,005,960
Debt service		803,750	1,936,259	2,740,009
Other fund			33,731	33,731
Repayment of interfund payable			4,950	4,950
Repayment of bond anticipation note			8,005,000	8,005,000
Transfer of maintenance taxes		<u>247,958</u>		<u>247,958</u>
<b>TOTAL DEPOSITS APPLIED</b>	<u>47,670</u>	<u>1,051,857</u>	<u>29,985,900</u>	<u>31,085,427</u>
<b>INCREASE (DECREASE) IN DEPOSITS</b>	219,144	2,241,878	101,713	2,562,735
<b>DEPOSITS BALANCES, BEGINNING OF YEAR</b>	<u>658,873</u>	<u>0</u>	<u>10,661</u>	<u>669,534</u>
<b>DEPOSITS BALANCES, END OF YEAR</b>	<u>\$ 878,017</u>	<u>\$ 2,241,878</u>	<u>\$ 112,374</u>	<u>\$ 3,232,269</u>

See accompanying independent auditor's report.

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B OF DENTON COUNTYSCHEDULE OF TEMPORARY INVESTMENTSAPRIL 30, 2024

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Year End Balance</u>	<u>Accrued Interest Receivable</u>
GENERAL FUND				
Texas CLASS				
No. TX-01-1139-0001	Market	On demand	\$ <u>845,509</u>	\$ <u>0</u>

See accompanying independent auditor's report.

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B OF DENTON COUNTYTAXES LEVIED AND RECEIVABLEFOR THE YEAR ENDED APRIL 30, 2024

	<u>Maintenance Taxes</u>	<u>Road Debt Service Taxes</u>	<u>Utility Debt Service Taxes</u>
RECEIVABLE, BEGINNING OF YEAR	\$ 2,206	\$	\$
2023 ADJUSTED TAX ROLL	<u>251,028</u>	<u>903,701</u>	<u>518,791</u>
Total to be accounted for	253,234	903,701	518,791
Tax collections: Current tax year	(248,226)	(893,609)	(512,997)
Prior tax years	<u>(1,319)</u>	<u></u>	<u>0</u>
RECEIVABLE, END OF YEAR	<u>\$ 3,690</u>	<u>\$ 10,092</u>	<u>\$ 5,794</u>
RECEIVABLE, BY TAX YEAR			
2022	\$ 888	\$	\$
2023	<u>2,802</u>	<u>10,092</u>	<u>5,794</u>
RECEIVABLE, END OF YEAR	<u>\$ 3,690</u>	<u>\$ 10,092</u>	<u>\$ 5,794</u>

See accompanying independent auditor's report.

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B OF DENTON COUNTY

TAXES LEVIED AND RECEIVABLE (Continued)

FOR THE YEAR ENDED APRIL 30, 2024

ADJUSTED PROPERTY VALUATIONS AS OF JANUARY 1 OF TAX YEAR	<u>2023</u>	<u>2022</u>	<u>2021**</u>
Land	\$ 83,131,865	\$ 66,362,276	\$ 28,930,750
Improvements	103,389,575	4,137,478	31,345
Personal property	225,806	34,833	0
Less exemptions	<u>(19,395,215)</u>	<u>(14,630,551)</u>	<u>(7,084,623)</u>
 TOTAL PROPERTY VALUATIONS	 <u>\$ 167,352,031</u>	 <u>\$ 55,904,036</u>	 <u>\$ 21,877,472</u>
 Debt service tax rate, utilities	 \$ 0.31000	 \$ 0.00000	 \$ 0.00000
Debt service tax rate, roads	0.54000	0.00000	0.00000
Maintenance tax rates*	<u>0.15000</u>	<u>1.00000</u>	<u>1.00000</u>
 TOTAL TAX RATES PER \$100 VALUATION	 <u>\$ 1.00000</u>	 <u>\$ 1.00000</u>	 <u>\$ 1.00000</u>
 TAX ROLLS	 <u>\$ 1,673,520</u>	 <u>\$ 559,040</u>	 <u>\$ 218,775</u>
 PERCENT OF TAXES COLLECTED TO TAXES LEVIED	 <u>98.9 %</u>	 <u>99.8 %</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.

See accompanying independent auditor's report.

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B OF DENTON COUNTY

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS

APRIL 30, 2024

<u>Due During Fiscal Years Ending April 30</u>	<u>Series 2023 Utility</u>		
	<u>Principal Due September 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2025	\$ 295,000	\$ 513,137	\$ 808,137
2026	305,000	496,638	801,638
2027	320,000	479,450	799,450
2028	335,000	461,437	796,437
2029	350,000	442,600	792,600
2030	365,000	422,938	787,938
2031	380,000	402,450	782,450
2032	400,000	386,000	786,000
2033	420,000	371,600	791,600
2034	435,000	354,500	789,500
2035	455,000	336,700	791,700
2036	475,000	318,100	793,100
2037	500,000	298,600	798,600
2038	520,000	278,200	798,200
2039	545,000	256,900	801,900
2040	570,000	234,600	804,600
2041	595,000	211,300	806,300
2042	620,000	187,000	807,000
2043	650,000	161,600	811,600
2044	680,000	135,000	815,000
2045	710,000	107,200	817,200
2046	740,000	78,200	818,200
2047	775,000	47,900	822,900
2048	810,000	16,200	826,200
<b>TOTALS</b>	<b>\$ 12,250,000</b>	<b>\$ 6,998,250</b>	<b>\$ 19,248,250</b>

See accompanying independent auditor's report.

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B OF DENTON COUNTY

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)

APRIL 30, 2024

<u>Due During Fiscal Years Ending April 30</u>	<u>Series 2023 Road</u>		
	<u>Principal Due September 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2025	\$ 195,000	\$ 338,638	\$ 533,638
2026	205,000	327,637	532,637
2027	210,000	316,225	526,225
2028	220,000	304,400	524,400
2029	230,000	292,025	522,025
2030	240,000	279,100	519,100
2031	250,000	265,625	515,625
2032	265,000	254,775	519,775
2033	275,000	245,300	520,300
2034	290,000	234,000	524,000
2035	300,000	222,200	522,200
2036	315,000	209,900	524,900
2037	330,000	197,000	527,000
2038	345,000	183,500	528,500
2039	360,000	169,400	529,400
2040	375,000	154,700	529,700
2041	390,000	139,400	529,400
2042	410,000	123,400	533,400
2043	430,000	106,600	536,600
2044	445,000	89,100	534,100
2045	470,000	70,800	540,800
2046	490,000	51,600	541,600
2047	510,000	31,600	541,600
2048	535,000	10,700	545,700
<b>TOTALS</b>	<b>\$ 8,085,000</b>	<b>\$ 4,617,625</b>	<b>\$ 12,702,625</b>

See accompanying independent auditor's report.



TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B OF DENTON COUNTY

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)

APRIL 30, 2024

<u>Series 2023A Road</u>			
<u>Due During Fiscal Years Ending April 30</u>	<u>Principal Due September 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2025	\$	\$ 616,694	\$ 616,694
2026	280,000	607,244	887,244
2027	290,000	588,006	878,006
2028	305,000	567,924	872,924
2029	320,000	546,831	866,831
2030	335,000	524,725	859,725
2031	355,000	501,881	856,881
2032	370,000	481,094	851,094
2033	390,000	463,556	853,556
2034	410,000	446,556	856,556
2035	430,000	428,706	858,706
2036	450,000	410,006	860,006
2037	475,000	389,756	864,756
2038	500,000	367,506	867,506
2039	525,000	343,803	868,803
2040	550,000	318,600	868,600
2041	575,000	291,882	866,882
2042	605,000	263,857	868,857
2043	635,000	234,406	869,406
2044	665,000	203,532	868,532
2045	700,000	171,112	871,112
2046	735,000	137,032	872,032
2047	770,000	101,288	871,288
2048	810,000	62,750	872,750
2049	850,000	21,250	871,250
TOTALS	<u>\$ 12,330,000</u>	<u>\$ 9,089,997</u>	<u>\$ 21,419,997</u>

See accompanying independent auditor's report.

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B OF DENTON COUNTY

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)

APRIL 30, 2024

<u>Due During Fiscal Years Ending April 30</u>	<u>Annual Requirements for All Series</u>		
	<u>Total Principal Due</u>	<u>Total Interest Due</u>	<u>Total</u>
2025	\$ 490,000	\$ 1,468,469	\$ 1,958,469
2026	790,000	1,431,519	2,221,519
2027	820,000	1,383,681	2,203,681
2028	860,000	1,333,761	2,193,761
2029	900,000	1,281,456	2,181,456
2030	940,000	1,226,763	2,166,763
2031	985,000	1,169,956	2,154,956
2032	1,035,000	1,121,869	2,156,869
2033	1,085,000	1,080,456	2,165,456
2034	1,135,000	1,035,056	2,170,056
2035	1,185,000	987,606	2,172,606
2036	1,240,000	938,006	2,178,006
2037	1,305,000	885,356	2,190,356
2038	1,365,000	829,206	2,194,206
2039	1,430,000	770,103	2,200,103
2040	1,495,000	707,900	2,202,900
2041	1,560,000	642,582	2,202,582
2042	1,635,000	574,257	2,209,257
2043	1,715,000	502,606	2,217,606
2044	1,790,000	427,632	2,217,632
2045	1,880,000	349,112	2,229,112
2046	1,965,000	266,832	2,231,832
2047	2,055,000	180,788	2,235,788
2048	2,155,000	89,650	2,244,650
2049	850,000	21,250	871,250
<b>TOTALS</b>	<b>\$ 32,665,000</b>	<b>\$ 20,705,872</b>	<b>\$ 53,370,872</b>

See accompanying independent auditor's report.

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B OF DENTON COUNTY

ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT

FOR THE YEAR ENDED APRIL 30, 2024

	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>Totals</u>
Bond Series:	2023 Utility	2023 Road	2023A Road	
Interest Rate:	3.00% to 5.50%	3.00% to 5.50%	4.25% to 6.75%	
Dates Interest Payable:	March 1/ September 1	March 1/ September 1	March 1/ September 1	
Maturity Dates:	September 1, 2024/2047	September 1, 2024/2047	September 1, 2025/2048	
Bonds Outstanding at Beginning of Current Year	\$	\$	\$	\$ 0
Add Bonds Sold	12,250,000	8,085,000	12,330,000	32,665,000
Less Retirements	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u> 0
Bonds Outstanding at End of Current Year	<u>\$ 12,250,000</u>	<u>\$ 8,085,000</u>	<u>\$ 12,330,000</u>	<u>\$ 32,665,000</u>
Current Year Interest Paid	<u>\$ 409,760</u>	<u>\$ 270,422</u>	<u>\$ 123,339</u>	<u>\$ 803,521</u>

Bond Descriptions and Original Amount of Issue

- (1) Tradition Municipal Utility District No. 2B of Denton County Unlimited Tax Utility Bonds, Series 2023 (\$12,250,000)
- (2) Tradition Municipal Utility District No. 2B of Denton County Unlimited Tax Road Bonds, Series 2023 (\$8,085,000)
- (3) Tradition Municipal Utility District No. 2B of Denton County Unlimited Tax Road Bonds, Series 2023A(\$12,330,000)

Paying Agent/Registrar

- (1) (2) (3) BOKF, N.A., Dallas, Texas

<u>Bond Authority</u>	<u>Tax Bonds</u>	<u>Other Bonds</u>	<u>Refunding Bonds</u>
Amount Authorized by Voters:	\$ 121,334,221	\$ 0	\$ 0
Amount Issued:	32,665,000		
Remaining to be Issued:	88,669,221		

Net Debt Service Fund deposits balances as of April 30, 2024: \$ 2,240,292  
 Average annual debt service payment for remaining term of all debt: 2,134,835

See accompanying independent auditor's report.

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B OF DENTON COUNTY

COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,  
GENERAL FUND

FOR YEARS ENDED APRIL 30

	AMOUNT					PERCENT OF TOTAL REVENUES				
	2024	2023	2022	2021*	2020	2024	2023	2022	2021	2020
<b>REVENUES</b>										
Property taxes	\$ 249,544	\$ 572,443	\$ 218,775	\$ 0	\$ 0	93.0 %	97.7 %	100 %	0.0 %	0.0 %
Penalty	0	12,292	42	0	0	0.0	2.1	0.0	0.0	0.0
Interest on deposits	<u>18,856</u>	<u>1,319</u>	<u>11</u>	<u>0</u>	<u>0</u>	<u>7.0</u>	<u>0.2</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
<b>TOTAL REVENUES</b>	<u>268,400</u>	<u>586,054</u>	<u>218,828</u>	<u>0</u>	<u>0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>N/A</u>	<u>N/A</u>
<b>EXPENDITURES</b>										
Service operations:										
Professional fees	93,516	87,891	32,520	12,617	30,385	34.8	15.0	14.9		
Contracted services	25,708	7,195	3,218	2,748	838	9.6	1.2	1.5		
Utilities	4,110	2,216				1.5	0.4			
Repairs and maintenance	0	700				0.0	0.1			
Administrative expenditures	17,170	10,035	9,511	7,513	2,745	6.4	1.7	4.3		
Capital outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,000</u>		<u>0.0</u>	<u>0.0</u>	<u>0.0</u>		
<b>TOTAL EXPENDITURES</b>	<u>140,504</u>	<u>108,037</u>	<u>45,249</u>	<u>32,878</u>	<u>33,968</u>	<u>52.3</u>	<u>18.4</u>	<u>20.7</u>	<u>N/A</u>	<u>N/A</u>
<b>EXCESS REVENUES (EXPENDITURES)</b>	<u>\$ 127,896</u>	<u>\$ 478,017</u>	<u>\$ 173,579</u>	<u>\$ (32,878)</u>	<u>\$ (33,968)</u>	<u>47.7 %</u>	<u>81.6 %</u>	<u>79.3 %</u>	<u>N/A %</u>	<u>N/A %</u>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>					
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>					

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

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B OF DENTON COUNTY

COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,  
DEBT SERVICE FUND

FOR YEARS ENDED APRIL 30

	<u>AMOUNT</u>					<u>PERCENT OF TOTAL REVENUES</u>				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
REVENUES										
Property taxes	\$ 1,406,606					97.5 %				
Penalty and interest	9,383					0.6				
Interest on deposits	<u>27,744</u>					<u>1.9</u>				
TOTAL REVENUES	<u>1,443,733</u>					<u>100.0</u>				
EXPENDITURES										
Current:										
Professional fees	149					0.0				
Contracted services	0					0.0				
Other expenditures	0					0.0				
Debt service:										
Principal retirement	0					0.0				
Interest and fees	<u>803,750</u>					<u>55.7</u>				
TOTAL EXPENDITURES	<u>803,899</u>					<u>55.7</u>				
EXCESS REVENUES (EXPENDITURES)	<u>\$ 639,834</u>					<u>44.3 %</u>				

\*First year of financial activity.

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B OF DENTON COUNTYBOARD MEMBERS, KEY PERSONNEL AND CONSULTANTSAPRIL 30, 2024

Complete District Mailing Address: Tradition Municipal Utility District No. 2B of Denton County  
c/o Allen Boone Humphries Robinson LLP  
4514 Cole Avenue, Suite 1450  
Dallas, Texas 75205

District Business Telephone No.: 972-823-0800

Submission date of the most recent District Registration Form: February 26, 2024

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 4514 Cole Avenue, Suite 1450 Dallas, Texas 75205	Elected 5/04/24- 5/06/28	\$ 2,360	\$ 62	President
Stephanie White c/o Allen Boone Humphries Robinson LLP 4514 Cole Avenue, Suite 1450 Dallas, Texas 75205	Elected 5/04/24- 5/06/28	884	54	Vice President
Matthew Mildren c/o Allen Boone Humphries Robinson LLP 4514 Cole Avenue, Suite 1450 Dallas, Texas 75205	Elected 5/04/24- 5/06/28	1,768	73	Secretary
Kristopher T. Baird c/o Allen Boone Humphries Robinson LLP 4514 Cole Avenue, Suite 1450 Dallas, Texas 75205	Elected 5/07/22- 5/02/26	1,918	83	Assistant Secretary
Traci S. Kilmer c/o Allen Boone Humphries Robinson LLP 4514 Cole Avenue, Suite 1450 Dallas, Texas 75205	Appointed 2/26/24- 5/02/26	663	0	Assistant Secretary

See accompanying independent auditor's report.

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B OF DENTON COUNTYBOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (Continued)

APRIL 30, 2024

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 4514 Cole Avenue, Suite 1450 Dallas, Texas 75205	8/01/22	\$ 80,617 610,728 Bonds	Attorney
Coats Rose, P.C. 14755 Preston Road, Suite 600 Dallas, Texas 77524	Replaced 8/1/22	115 190,000 Bonds	Attorney
McCreary, Veselka, Bragg & Allen, P.C. 700 Jeffrey Way, Suite100 Round Rock, Texas 78665	3/20/23	149	Delinquent Tax Attorney
L & S District Services, LLC P.O. Box 170 Tomball, Texas 77377	6/15/15	14,068 3,000 Bonds	Bookkeeper
Westwood Professional Services 11000 Frisco Street, Suite 400 Frisco, Texas 75033	4/8/20	4,284 63,749 Bonds	Engineer
Denton County Tax Assessor Collector Denton County Annex 101 N. Washington Kaufman, Texas 75142	6/15/15	530	Tax Assessor- Collector
Denton Central Appraisal District P.O. Box 2816 Denton, Texas 76202	Legislative Action	11,110	Central Appraisal District
Robert W. Baird & Co. 1331 Lamar, Suite 1360 Houston, Texas 77010	6/15/15	662,146 Bonds	Financial Advisor
Mark C. Eyring, CPA, PLLC 12702 Century Drive, Suite C2 Stafford, Texas 77477	4/19/21	8,500 16,850 Bonds	Independent Auditor

See accompanying independent auditor's report.