

**WELLS SOUTH PUBLIC IMPROVEMENT DISTRICT  
CITY OF CELINA, TEXAS**

**AUDITED FINANCIAL STATEMENTS  
AS OF SEPTEMBER 30, 2024 AND 2023**

**CUSIP NUMBERS:**

**NIA #1 Refunding**

15114CHD9  
15114CHE7  
15114CHF4  
15114CHG2  
15114CHH0  
15114CHJ6  
15114CHK3  
15114CHL1  
15114CHM9  
15114CHN7  
15114CHP2  
15114CHQ0

**MIA Refunding**

15114CJB1  
15114CJC9  
15114CJD7  
15114CJE5  
15114CJF2  
15114CJG0  
15114CJH8  
15114CJJ4  
15114CJK1  
15114CJL9  
15114CJM7  
15114CJN5

**NIA #2-3**

15114CDC5  
15114CDD3  
15114CDE1  
15114CDF8

**NIA #4**

15114CEA8  
15114CEB6  
15114CEC4  
15114CED2

**NIA #5**

15114CFG4  
15114CFH2  
15114CFJ8  
15114CFK5

**NIA #6-7**

15114CGN8  
15114CGP3  
15114CGQ1

**WELLS SOUTH  
PUBLIC IMPROVEMENT DISTRICT  
FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024 AND 2023**

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## Independent Auditor's Report

The Honorable Mayor and Members of the City Council  
Wells South Public Improvement District  
Celina, Texas

### ***Opinion***

We have audited the financial statements of the Wells South Public Improvement District (PID) as of and for the years ended September 30, 2024 and 2023 and the related notes to the financial statements, which collectively comprise the PID's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the PID, as of September 30, 2024 and 2023, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

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

### ***Emphasis of Matter***

As discussed in *Note 7* to the financial statements, the 2023 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the PID's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 GAAS 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 GAAS, we:

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Forvis Mazars, LLP***

**Dallas, Texas  
November 4, 2025**

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## ***II. MANAGEMENT'S DISCUSSION AND ANALYSIS***

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The Management's Discussion and Analysis of the financial performance of the Wells South Public Improvement District (the "PID") provides an overall review of the PID's financial activities for the years ended September 30, 2024 and 2023. The intent of this discussion and analysis is to look at the PID's financial performance as a whole. Readers should also review the basic financial statements and notes to the financial statements to enhance their understanding of the PID's financial performance.

### **Financial Highlights**

1. The Wells South Public Improvement District was created pursuant to the PID Act and Resolution No. 2015-34R, which was passed and approved by the City Council of the City of Celina (the "City Council") on July 14, 2015, to finance certain infrastructure improvement projects provided for the benefit of the property in the PID.
2. The City has issued the following bonds ("PID Bonds") related to the PID:
  - a. The \$5,790,000 City of Celina, Texas, Special Assessment Revenue Bonds Series 2015 Neighborhood Improvement Area #1 Project (the "NIA #1 Bonds") were issued on December 22, 2015. These bonds were redeemed on September 3, 2024, and were replaced by the \$4,702,000 City of Celina, Texas, Special Assessment Revenue Refunding Bonds Series 2024 Neighborhood Improvement Area #1 Project (the "NIA #1 Refunding Bonds"), which were issued on August 30, 2024.
  - b. The \$8,040,000 City of Celina, Texas, Special Assessment Revenue Bonds, Series 2015 Major Improvement Area Project (the "MIA Bonds") were issued on December 22, 2015. These bonds were redeemed on September 10, 2024, and were replaced by the \$6,620,000 City of Celina, Texas, Special Assessment Revenue Refunding Bonds, Series 2024 Major Improvement Area Project (the "MIA Refunding Bonds"), which were issued on August 30, 2024.
  - c. The \$3,195,000 City of Celina, Texas, Special Assessment Revenue Bonds, Series 2020 Neighborhood Improvement Areas #2-3 Project (the "NIA #2-3 Bonds") were issued on September 30, 2020.
  - d. The \$5,255,000 City of Celina, Texas, Special Assessment Revenue Bonds, Series 2021 Neighborhood Improvement Area #4 Project (the "NIA #4 Bonds") were issued on October 19, 2021.
  - e. The \$6,463,000 City of Celina, Texas, Special Assessment Revenue Bonds, Series 2022 Neighborhood Improvement Area #5 Project (the "NIA #5 Bonds") were issued on October 5, 2022.

- f. The \$7,680,000 City of Celina, Texas, Special Assessment Revenue Bonds, Series 2024 Neighborhood Improvement Areas #6-7 Project (the “NIA #6-7 Bonds”) were issued on May 9, 2024.
3. The PID’s debt will be paid through the collection of special assessments imposed on the chargeable properties benefiting from the public improvements.
  4. Net position at September 30, 2024, and 2023, as restated, totaled (\$31,337,969) and (\$24,079,390) respectively, due primarily to the donation of completed public improvements to the City. Net position at September 30, 2023, was restated for the correction of an error. See *Note 7* for additional information.
  5. The PID had no capital assets at September 30, 2024 and 2023. Public improvements valued at \$5,982,000 for the NIA #6-7 Bonds were constructed and accepted by the City of Celina (the “City”) in fiscal year 2024. There were no capital assets at September 30, 2023, due to the NIA #1 Bonds’, MIA Bonds’, NIA #2-3 Bonds’, NIA #2A Reimbursement Agreement, NIA #4 Bonds’ and NIA #5 Bonds’ public improvements totaling \$23,413,475 being completed and conveyed in 2023 and prior years.
  6. Annual assessments of \$2,230,679 were imposed on the property owners for the fiscal year 2024 annual assessment levy. The annual assessments are remitted to the PID monthly as they are received by the Collin County Tax Assessor Collector (the “CCTAC”). The CCTAC reports that as of September 30, 2024, all annual installments for fiscal year 2024 have been collected and remitted to the PID. Annual assessments of \$1,802,155 were imposed on the property owners for the 2023 tax levy. The CCTAC reports that as of September 30, 2024, all annual installments for fiscal year 2023 have been collected and remitted to the PID.
  7. Annual assessments of \$2,631,856 were imposed on the property owners for the fiscal year 2025 tax levy. As of September 30, 2025, \$2,629,100 has been collected and remitted to the PID.
  8. Prepaid assessments of \$25,313 collected from property owners in fiscal year 2024, were used to redeem PID Bonds. There were no prepaid assessments collected from property owners in fiscal year 2023.
  9. On July 1, 2024, an extraordinary optional redemption was made on the NIA #1 Bonds totaling \$65,000 from prepayment assessments received. There were no extraordinary optional redemptions made in fiscal year 2023.
  10. Call premiums of \$288,477 and \$385,210 were assessed for the early redemption of the NIA #1 Bonds and MIA Bonds, respectively. These are being amortized over the time to maturity of the original or refunding bonds, whichever is earlier. Please see *Note 5* for further discussion.

## **Overview of the Financial Statements**

This annual report consists of two parts – (i) Management’s Discussion and Analysis and (ii) the basic financial statements consisting of a *Statement of Net Position*, *Statement of Revenues, Expenses, and Changes in Net Position*, *Statement of Cash Flows*, and related footnotes. The Statement of Net Position represents the financial position of the PID and provides information about the activities of the PID, including all short-term and long-term financial resources and obligations. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities and deferred inflows of resources are included in the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (e.g., revenues) and decreases (e.g., expenses) in net total financial position. The Statement of Cash Flows reflects how the PID finances and meets its cash flow needs. Finally, the notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided on the basic financial statements.

## **Comparative Financial Statements**

### **Summary Statements of Net Position:**

	<u>2024</u>	<u>2023 Restated</u>	<u>2022</u>
Assets:			
Current assets	\$ 3,121,549	\$ 3,758,578	\$ 2,531,918
Total assets	<u>3,121,549</u>	<u>3,758,578</u>	<u>2,531,918</u>
Liabilities:			
Current liabilities	846,516	919,454	499,905
Long-term debt	<u>32,941,988</u>	<u>26,918,514</u>	<u>20,916,531</u>
Total Liabilities	<u>33,788,504</u>	<u>27,837,968</u>	<u>21,416,436</u>
Deferred Inflows of resources	<u>671,014</u>	<u>-</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>34,459,518</u>	<u>27,837,968</u>	<u>21,416,436</u>
Net Position			
Restricted	3,102,326	3,740,666	2,509,854
Unrestricted	<u>(34,440,295)</u>	<u>(27,820,056)</u>	<u>(21,394,372)</u>
Total Net Position	<u>\$ (31,337,969)</u>	<u>\$ (24,079,390)</u>	<u>\$ (18,884,518)</u>

PID Bonds proceeds were used to finance the construction of improvements, administrative costs, and fund reserves of the PID. The decline in net position for fiscal years 2024 and 2023 is mainly attributed to the donation of the NIA #6-7 and NIA #5 improvements to the City. Additionally, the reduction in net position for fiscal year 2024 can be linked to the increase in long-term debt.

### Summary Statements of Revenues, Expenses, and Changes in Net Position:

	<u>2024</u>	<u>2023 Restated</u>	<u>2022</u>
Operating Revenues	\$ 2,261,413	\$ 1,794,811	\$ 1,695,035
Operating Expenses	<u>192,439</u>	<u>138,614</u>	<u>101,720</u>
Operating Income	2,068,974	1,656,197	1,593,315
Non-operating Revenues/(Expenses)	(3,385,553)	(1,840,616)	(1,634,129)
Donated capital assets	(8,498,732)	(5,762,015)	(4,306,776)
Developer contribution	<u>2,556,732</u>	<u>751,562</u>	<u>-</u>
Change in Net Position	<u>\$ (7,258,579)</u>	<u>\$ (5,194,872)</u>	<u>\$ (4,347,590)</u>

The negative change in net position in fiscal years 2023 and 2022 is primarily attributed to the City's acceptance of capital assets totaling \$5,762,015 in 2023 and \$4,306,776 in 2022. Capital assets donated in fiscal year 2024 consisted of construction in progress of \$5,982,000 and developer contribution of \$2,516,732.

### Capital Assets

The PID had no capital assets at September 30, 2024 and 2023. All capital assets pertaining to the MIA Bonds, NIA #1 Bonds, NIA #2-3 Bonds, NIA #2A Reimbursement Agreement, NIA #4 Bonds, NIA #5 Bonds and NIA #6-7 Bonds were completed and accepted by the City in fiscal year 2024 and prior years.

	<u>Completion and Acceptance of Public Improvements</u>	<u>Amount</u>
NIA #1	2018	\$ 4,706,231
MIA	2017	5,850,917
NIA #2A RA	2021	944,720
NIA #2-3	2021	2,594,378
NIA #4	2022	4,306,776
NIA #5	2023	5,762,015
NIA #6	2024	3,297,288
NIA #7	2024	<u>5,201,444</u>
<b>Total</b>		<u><u>\$ 32,663,769</u></u>



## **Long-Term Debt**

The \$5,790,000 City of Celina, Texas, Special Assessment Revenue Bonds, Series 2015 Neighborhood Improvement Area #1 Project were issued on December 22, 2015, bearing interest at 6.250% with final maturity of September 1, 2045. NIA #1 Bonds were redeemed on September 3, 2024, and were replaced by the \$4,702,000 City of Celina, Texas, Special Assessment Revenue Refunding Bonds, Series 2024 Neighborhood Improvement Area #1 Project. NIA Refunding Bonds were issued on August 30, 2024, bearing interest at 5.000% with final maturity of September 1, 2045.

The \$8,040,000 City of Celina, Texas, Special Assessment Revenue Bonds, Series 2015 Major Improvement Area Project were issued on December 22, 2015, bearing interest at 7.500% with final maturity of September 1, 2040. MIA Bonds were redeemed on September 10, 2024, and were replaced by the \$6,620,000 City of Celina, Texas, Special Assessment Revenue Refunding Bonds, Series 2024 Major Improvement Area Project. MIA Refunding Bonds were issued on August 30, 2024, bearing interest at 5.000% with final maturity of September 1, 2045.

The \$3,195,000 City of Celina, Texas, Special Assessment Revenue Bonds, Series 2020 Neighborhood Improvement Areas #2-3 Project were issued on September 30, 2020, bearing variable interest at 2.500% to 4.000% with final maturity of September 1, 2050.

The \$5,255,000 City of Celina, Texas, Special Assessment Revenue Bonds, Series 2021 Neighborhood Improvement Area #4 Project were issued on October 19, 2021, bearing variable interest at 2.500% to 4.000% with final maturity of September 1, 2051.

The \$6,463,000 City of Celina, Texas, Special Assessment Revenue Bonds, Series 2022 Neighborhood Improvement Area #5 Project were issued on October 5, 2022, bearing variable interest at 4.500% to 5.625% with final maturity of September 1, 2052.

The \$7,680,000 City of Celina, Texas, Special Assessment Revenue Bonds, Series 2024 Neighborhood Improvement Areas #6-7 Project were issued on May 9, 2024, bearing variable interest at 4.625% to 5.750% with final maturity of September 1, 2054.

The PID Bonds represent 100% of the PID's long-term debt balance, and are subject to mandatory sinking fund, optional, and extraordinary optional redemption requirements as specified in the NIA #1 Indenture, NIA #1 Refunding Indenture, MIA Indenture, MIA Refunding Indenture, NIA #2-3 Indenture, NIA #4 Indenture, NIA #5 Indenture and NIA #6-7 Indenture (together, the "Indentures").

The PID's debt will be paid through the collection of special assessments imposed on the chargeable properties benefiting from the public improvements.

The proceeds from the PID Bonds are being used to finance construction of certain public infrastructure improvements within the PID, to fund a debt service reserve fund, to pay costs of issuing the PID Bonds, and to pay the initial administrative expenses of the PID.

The proceeds from the NIA #1 Refunding Bonds and the MIA Refunding Bonds (the “Refunding Bonds”) were used to refund the NIA #1 Bonds, and the MIA Bonds, to fund a debt service reserve fund, and to pay the costs of issuing the Refunding Bonds.

Mandatory sinking fund payments began on September 1, 2018, for the NIA #1 Bonds and MIA Bonds from special assessment revenues received by the PID after the payment of administrative expenses. Mandatory sinking fund payments began on September 1, 2021, for the NIA #2-3 Bonds from special assessment revenues received by the PID. Mandatory sinking fund payments began on September 1, 2023, for the NIA #4 Bonds and began on September 1, 2024 for NIA #5 Bonds from special assessment revenues received by the PID. Mandatory sinking fund payments will begin on September 1, 2025, for NIA #1 Refunding Bonds and MIA Refunding Bonds from special assessment revenues received by the PID after the payment of administrative expenses. Mandatory sinking fund payments will begin on September 1, 2025, for the NIA #6-7 Bonds from special assessment revenues received by the PID.

### **Annual Installments of Special Assessments**

Annual assessments are to be imposed and collected on all properties within the PID benefiting from the public improvements to pay debt service and operating costs of the PID. The annual assessments are remitted to the PID monthly as they are received by the CCTAC.

Annual installments of \$2,230,679 were billed to the property owners for collection in fiscal year 2024. According to the CCTAC, as of September 30, 2024, all annual installments for fiscal year 2024 have been collected and remitted to the PID. Annual installments of \$1,802,155 were billed to the property owners for collection in fiscal year 2023. The CCTAC reports that as of September 30, 2024, all annual installments for fiscal year 2023 have been collected and remitted to the PID.

Special assessment prepayments of \$25,313 were collected from property owners in fiscal year 2024. There were no special assessment prepayments collected from property owners in fiscal year 2023. On July 1, 2024, an extraordinary redemption was made on the NIA #1 Bonds totaling \$65,000 from prepayment revenues received. There were no extraordinary redemptions made in fiscal year 2023.

### **Economic Factors and Future Outlook**

Presently, the PID is not aware of any significant changes in conditions that would have a significant effect on the administrative expenses in the near future.

### **Contacting District’s Financial Management**

This financial report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of the PID’s finances and to reflect the PID’s accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to the PID’s administrator, MuniCap, Inc., at 600 E. John Carpenter Freeway, Suite 150, Irving, TX 75062.

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### ***III. FINANCIAL STATEMENTS***

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**WELLS SOUTH PUBLIC IMPROVEMENT DISTRICT  
STATEMENTS OF NET POSITION  
As of September 30,**

	<b><u>2024</u></b>	<b><u>2023 Restated</u></b>
Assets		
Current Assets		
Restricted cash and cash equivalents	\$ 3,102,326	\$ 3,740,666
Accrued interest receivable	13,034	16,537
Prepaid expenses	6,189	1,375
Total Current Assets	<u>3,121,549</u>	<u>3,758,578</u>
Liabilities		
Current Liabilities		
Accounts payable	91,594	64,098
Accrued liabilities	5,000	268,856
Due to property owners	2,169	2,169
Accrued interest payable	137,753	128,331
Current portion of long-term debt	610,000	456,000
Total Current Liabilities	<u>846,516</u>	<u>919,454</u>
Noncurrent Liabilities		
Long-term debt	32,832,000	26,780,000
Premium on long-term debt	133,497	138,514
Discount on long-term debt	(23,509)	-
Total Noncurrent Liabilities	<u>32,941,988</u>	<u>26,918,514</u>
Total Liabilities	<u>33,788,504</u>	<u>27,837,968</u>
Deferred Inflows of Resources		
Deferred gain on refunding	671,014	-
Total Liabilities and Deferred Inflows of Resources	<u>34,459,518</u>	<u>3,758,578</u>
Net Position		
Restricted	3,102,326	3,740,666
Unrestricted	<u>(34,440,295)</u>	<u>(27,820,056)</u>
Net Position	<u>\$ (31,337,969)</u>	<u>\$ (24,079,390)</u>

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

**WELLS SOUTH PUBLIC IMPROVEMENT DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**For the Years Ending September 30,**

	<u><b>2024</b></u>	<u><b>2023 Restated</b></u>
Operating Revenues		
Annual assessment revenues	\$ 2,236,100	\$ 1,794,811
Prepayment revenues	25,313	-
Total Operating Revenues	<u>2,261,413</u>	<u>1,794,811</u>
Operating Expenses		
Administrative fees	181,502	128,746
Accounting and audit fees	10,937	9,868
Total Operating Expenses	<u>192,439</u>	<u>138,614</u>
Operating Income	<u>2,068,974</u>	<u>1,656,197</u>
Non-Operating Revenues/(Expenses)		
Interest and dividend income	297,958	247,622
Penalties and interest revenues	4,009	5,890
Bond issuance costs	(2,011,443)	(546,169)
Interest expense	(1,676,077)	(1,547,959)
Total Non-Operating Revenues/(Expenses)	<u>(3,385,553)</u>	<u>(1,840,616)</u>
Donated Capital Assets	(8,498,732)	(5,762,015)
Developer Contribution	<u>2,556,732</u>	<u>751,562</u>
Change in Net Position	(7,258,579)	(5,194,872)
Net Position, Beginning of Year	<u>(24,079,390)</u>	<u>(18,884,518)</u>
Net Position, End of Year	<u><u>\$ (31,337,969)</u></u>	<u><u>\$ (24,079,390)</u></u>

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

**WELLS SOUTH PUBLIC IMPROVEMENT DISTRICT**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ending September 30,**

	<u><b>2024</b></u>	<u><b>2023 Restated</b></u>
Cash Flows from Operating Activities		
Cash receipts from property owners	\$ 2,261,413	\$ 1,810,722
Cash payments for administrative fees	(158,819)	(103,144)
Cash payments for accounting and audit fees	(10,938)	(9,868)
Net Cash Provided by Operating Activities	<u>2,091,656</u>	<u>1,697,710</u>
Cash Flows from Investing Activities		
Interest and dividends received on investments	<u>301,461</u>	<u>235,989</u>
Net Cash Provided by Investing Activities	<u>301,461</u>	<u>235,989</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from bond issuance	19,651,870	6,463,000
Acquisition and construction of capital assets	(6,250,856)	(4,741,597)
Redemption of bonds	(12,275,000)	-
Principal paid on long-term debt	(521,000)	(359,000)
Interest paid on long-term debt	(1,674,037)	(1,525,011)
Bond issuance costs paid	(2,006,443)	(546,169)
Developer contribution	40,000	-
Penalties and interest received	<u>4,009</u>	<u>5,890</u>
Net Cash Used in Capital and Related Financing Activities	<u>(3,031,457)</u>	<u>(702,887)</u>
Change in Cash and Cash Equivalents	(638,340)	1,230,812
Cash and Cash Equivalents, Beginning of Year	<u>3,740,666</u>	<u>2,509,854</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 3,102,326</u></u>	<u><u>\$ 3,740,666</u></u>
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities:		
Operating Income	\$ 2,068,974	\$ 1,656,197
Adjustments		
Increase in accounts payable	27,496	25,728
Increase in prepaid expenses	(4,814)	(125)
Decrease in accounts receivable	<u>-</u>	<u>15,910</u>
Net Cash Provided by Operating Activities	<u><u>\$ 2,091,656</u></u>	<u><u>\$ 1,697,710</u></u>
Supplemental Information		
Developer contribution (non-cash)	\$ 2,516,732	\$ 751,562
Construction in progress in accrued liabilities	\$ -	\$ 268,856
Donated capital assets	<u>\$ 8,498,732</u>	<u>\$ 5,762,015</u>

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

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## ***IV. NOTES TO THE FINANCIAL STATEMENTS***

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### **NOTE 1—FINANCIAL REPORTING ENTITY**

The Wells South Public Improvement District (the “PID”) was created pursuant to Chapter 372 of the Texas Local Government Public Improvement District Assessment Act (the “PID Act”) and Resolution No. 2015-34R, which was passed and approved by the City Council of the City of Celina (the “City Council”) on July 14, 2015 to finance certain infrastructure improvement projects provided for the benefit of the property in the PID.

The \$5,790,000 City of Celina, Texas, Special Assessment Revenue Bonds, Series 2015 Neighborhood Improvement Area #1 Project (the “NIA #1 Bonds”) were issued pursuant to the PID Act and an ordinance adopted by the City Council on December 7, 2015 and an Indenture of Trust (the “NIA #1 Indenture”) dated as of December 1, 2015 by and between the City of Celina (the “City”) and U.S. Bank, National Association (the “Trustee”). The NIA #1 Bonds were issued to finance certain infrastructure improvement projects located within Neighborhood Improvement Area #1 of the PID (the “NIA #1”). NIA #1 consists of approximately 93 acres out of the approximate 401-acre PID and contains 293 lots. NIA #1 Bonds were redeemed on September 3, 2024, and were replaced by the \$4,702,000 City of Celina, Texas, Special Assessment Revenue Refunding Bonds Series 2024 Neighborhood Improvement Area #1 Project (the “NIA #1 Refunding Bonds”), which were issued on August 30, 2024.

The \$8,040,000 City of Celina, Texas, Special Assessment Revenue Bonds, Series 2015 Major Improvement Area Project (the “MIA Bonds”) were issued pursuant to the PID Act and an ordinance adopted by the City Council on December 7, 2015 and an Indenture of Trust (the “MIA Indenture”) dated as of December 1, 2015 by and between the City and the Trustee. The MIA Bonds were issued to finance certain infrastructure improvement projects located within the Major Improvement Area of the PID (the “MIA”). MIA Bonds were redeemed on September 10, 2024, and were replaced by the \$6,620,000 City of Celina, Texas, Special Assessment Revenue Refunding Bonds, Series 2024 Major Improvement Area Project (the “MIA Refunding Bonds”), which were issued on August 30, 2024.

The \$3,195,000 City of Celina, Texas, Special Assessment Revenue Bonds, Series 2020 Neighborhood Improvement Areas #2-3 Project (the “NIA #2-3 Bonds”) were issued pursuant to the PID Act and an ordinance adopted by the City Council on September 8, 2020 and an Indenture of Trust (the “NIA #2-3 Indenture”) dated as of September 1, 2020 by and between the City and the Trustee. The NIA #2-3 Bonds were issued to finance certain infrastructure improvement projects located within the Neighborhood Improvement Area #2 and #3 of the PID (the “NIA #2 and NIA #3”). NIA #2 is anticipated to include 99 lots and consists of approximately 21 acres out of the total 401-acre PID. NIA #3 is anticipated to include 182 lots and consists of approximately 45 acres out of the total 401-acre PID.

The \$5,255,000 City of Celina, Texas, Special Assessment Revenue Bonds, Series 2021 Neighborhood Improvement Area #4 Project (the “NIA #4 Bonds”) were issued pursuant to the PID Act, and an ordinance adopted by the City Council on September 28, 2021, and an Indenture of Trust (the “NIA #4 Indenture”) dated as of October 1, 2021, by and between the City and the Trustee. The NIA #4 Bonds were issued to finance certain infrastructure improvement projects located within the Neighborhood Improvement Area #4 of the PID (the “NIA #4”). NIA #4 is anticipated to include 276 lots and consists of approximately 67 acres out of the total 401-acre PID.

The \$6,463,000 City of Celina, Texas, Special Assessment Revenue Bonds, Series 2022 Neighborhood Improvement Area #5 Project (the “NIA #5 Bonds”) were issued pursuant to the PID Act, and an ordinance adopted by the City Council on September 13, 2022, and an Indenture of Trust (the “NIA #5 Indenture”) dated as of October 1, 2022, by and between the City and the Trustee. The NIA #5 Bonds were issued to finance certain infrastructure improvement projects located within the Neighborhood Improvement Area #5 of the PID (the “NIA #5”). NIA #5 is anticipated to include 207 lots and consists of approximately 55 acres out of the total 401-acre PID.

The \$7,680,000 City of Celina, Texas, Special Assessment Revenue Bonds, Series 2024 Neighborhood Improvement Areas #6-7 Project (the “NIA #6-7 Bonds”) were issued pursuant to the PID Act on May 9, 2024 and an ordinance adopted by the City Council on April 9, 2024, and an Indenture of Trust (the “NIA #6-7 Indenture”) dated as of May 1, 2024, by and between the City and the Trustee. The NIA #6-7 Bonds were issued to finance certain infrastructure improvement projects located within the Neighborhood Improvement Area #6-7 of the PID (the “NIA #6-7”). NIA #6 is anticipated to include 100 lots and consists of approximately 21 acres out of the total 401-acre PID. NIA #7 is anticipated to include 152 lots and consists of approximately 48 acres out of the total 401-acre PID.

The City is located in north central Collin and Denton Counties, forty miles north of Dallas and fifteen miles northwest of the City of McKinney. The land in the PID is being developed by Celina Development, LLC. The PID consists of approximately 401 acres and is projected to consist of 1,387 lots (single-family homes and attached townhomes) and the infrastructure necessary to provide roadways, drainage, and utilities to the PID.

The NIA #1 Refunding Bonds, MIA Refunding Bonds, NIA #2-3 Bonds, NIA #4 Bonds, NIA #5 Bonds and NIA #6-7 (collectively, the “PID Bonds”) are intended to be paid primarily from annual assessments imposed and collected by the Collin County Tax Assessor Collector (CCTAC) against the properties benefiting from the public improvements of the PID. If an annual assessment is not paid in full, the PID Act authorizes the City to collect interest and collections costs on the outstanding annual assessment. The City covenanted in the NIA #1 Refunding Indenture, MIA Refunding Indenture, NIA #2-3 Indenture, NIA #4 Indenture, NIA #5 Indenture and the NIA #6-7 Indenture (together, the “Indentures”) that it will take and pursue all actions permissible under applicable laws to cause the annual installment of special assessment to be collected and any resulting liens enforced.



The PID's management believes these financial statements present all activities for which the PID is financially accountable.

## **NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to accounting principles generally accepted in the United States of America (GAAP) for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources.

### **A. Basis of Presentation**

The PID's basic financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows. The PID uses enterprise fund accounting to maintain its financial records during the fiscal year. Enterprise fund accounting focuses on the determination of operating income, financial position and changes in net position, and cash flows.

### **B. Measurement Focus and Basis of Accounting**

The PID's financial activity is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities and deferred inflows of resources associated with the operation of the PID are included within the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (e.g., revenues) and decreases (e.g., expenses) in net position. The Statement of Cash Flows reflects how the PID finances and meets its cash flow needs.

Net Position is segregated into Net Investment in Capital Assets, Restricted, and Unrestricted components, if applicable.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements, and measurement focus relates to the timing of the measurements made. The PID uses the accrual basis of accounting and the flow of economic resources measurement focus for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

### **C. Cash and Cash Equivalents**

Cash received by the PID is deposited with a financial institution or invested. Deposits and investments having an original maturity of three months or less at the time they are purchased are presented in the financial statements as Cash and Cash Equivalents.



## **D. Capital Assets**

All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets will be recorded at their acquisition value on the date that they will be donated. All infrastructure assets are capitalized. The PID does not depreciate capital assets as all assets have or will be donated to the City upon completion/acquisition.

## **E. Net Position**

Net position represents the difference between assets and liabilities and deferred inflows of resources. Net Position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by the PID or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The PID first applies restricted resources when an expense is incurred for which both restricted and unrestricted resources are available.

## **F. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the PID. For the PID, these revenues are special assessments and prepaid assessments. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the PID. All revenues and expenses not meeting this definition are reported as non-operating.

## **G. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

## **H. Income Taxes**

The PID is a governmental entity, and therefore, is exempt from all federal and state income taxes.

## **I. New Accounting Standards**

GASB Statement No. 100, *Accounting Changes and Error Corrections*, became effective in fiscal year 2024. See *Note 7* for additional information related to an error correction reported retroactively by restating the 2023 financial statements and for disclosures related thereto.

## **J. Future Accounting Standards**

GASB has issued new standards that will become effective in future fiscal years. The PID will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

### NOTE 3—CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following as of September 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Money market funds	\$ 3,102,326	\$ 1,835,022
Local government investment cooperatives	-	1,905,644
Total cash and cash equivalents	<u>\$ 3,102,326</u>	<u>\$ 3,740,666</u>

#### A. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the PID's deposits may not be returned. There is no custodial credit risk to these accounts as the entire bank balance is required to be invested in accordance with the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended (the "Investment Act") and as authorized by the City's official investment policy.

#### B. Interest Rate Risk

Interest rate risk is the risk that an interest rate change could adversely affect an investment's fair value. As a means of limiting exposure to fair value losses arising from rising interest rates, the Indenture requires the investment of moneys in all funds in accordance with the Investment Act and the City's official investment policy.

#### C. Credit Risk

Credit risk is the risk that an issuer or counterparty to an investment will be unable to fulfill its obligations. The Indentures specify that investments in time deposits or certificates of deposit must be secured in the manner required by law for public funds, or be invested in direct obligations of the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the Investment Act, provided that all such deposits and investments shall be made in such manner that the money required to be expended from any fund will be available at the proper time. For purposes of maximizing investment returns, to the extent permitted by law, money in such funds may be invested in common investments of the kind described above, or in a common pool of such investments which shall be kept and held at an official depository bank. Investments at September 30, 2024 and 2023 were in compliance with the Indentures.

All funds held in the accounts created by the Indentures which are on deposit with any bank will be continuously secured in the manner required by the Indentures and the Investment Act.

#### D. Concentration of Credit Risk

Concentration of credit risk can arise by failing to adequately diversify investments. The Investment Act establishes limitations on portfolio composition to control concentration of credit risk.

## E. Recurring Measurements

The PID's investments in money market accounts and local government investment cooperatives are measured at the net asset value per share (or its equivalent) practical expedient. Accordingly, these investments have not been classified in the fair value hierarchy.

### NOTE 4—CAPITAL ASSETS

The PID had no capital assets at September 30, 2024 and 2023. Capital assets for the NIA #6-7 improvements, totaling \$5,982,000, were conveyed to the City in fiscal year 2024. Capital assets for the NIA #5 improvements, totaling \$5,010,453, were conveyed to the City in fiscal year 2023.

	Balance October 1, 2023	Additions	Reductions	Balance September 30, 2024
<b><u>2024</u></b>				
Construction In Progress	\$ -	\$ 5,982,000	\$ (5,982,000)	\$ -
Developer Contributions	-	2,516,732	(2,516,732)	-
Total Capital Assets	<u>\$ -</u>	<u>\$ 8,498,732</u>	<u>\$ (8,498,732)</u>	<u>\$ -</u>
	Balance October 1, 2022	Additions	Reductions	Balance September 30, 2023
<b><u>2023 Restated</u></b>				
Construction In Progress	\$ -	\$ 5,010,453	\$ (5,010,453)	\$ -
Developer Contributions	-	751,562	(751,562)	-
Total Capital Assets	<u>\$ -</u>	<u>\$ 5,762,015</u>	<u>\$ (5,762,015)</u>	<u>\$ -</u>

All capital assets and developer contributions pertaining to the MIA Bonds, NIA #1 Bonds, NIA #2-3 Bonds, NIA #2A Reimbursement Agreement, NIA #4 Bonds, NIA #5 Bonds and NIA #6-7 Bonds were completed and accepted by the City in fiscal year 2024 and prior years, totaling \$32,663,769.

	Completion and Acceptance of Public Improvements	Amount
NIA #1	2018	\$ 4,706,231
MIA	2017	5,850,917
NIA #2A RA	2021	944,720
NIA #2-3	2021	2,594,378
NIA #4	2022	4,306,776
NIA #5	2023	5,762,015
NIA #6	2024	3,297,288
NIA #7	2024	5,201,444
<b>Total</b>		<u>\$ 32,663,769</u>

These costs covered various construction and installation projects, including water, storm drainage, wastewater systems, waterlines, mains, and road improvements. All capital assets donated to the City have been recorded as donated capital assets in the financial statements.

## NOTE 5—LONG-TERM OBLIGATIONS

Long-term debt consisted of the following at September 30, 2024 and 2023:

	Balance			Balance	
<b>2024</b>	October 1, 2023	Increase	Decrease	September 30, 2024	Due in one year
NIA #1 Bonds	\$ 5,110,000	\$ -	\$ (5,110,000)	\$ -	\$ -
MIA Bonds	7,460,000	-	(7,460,000)	-	-
NIA #2-3 Bonds	3,032,000	-	(60,000)	2,972,000	60,000
NIA #4 Bonds	5,171,000	-	(86,000)	5,085,000	88,000
NIA #5 Bonds	6,463,000	-	(80,000)	6,383,000	83,000
NIA #6-7 Bonds	-	7,680,000	-	7,680,000	50,000
NIA #1 Refunding Bonds	-	4,702,000	-	4,702,000	138,000
MIA Refunding Bonds	-	6,620,000	-	6,620,000	191,000
Bond premium NIA #2-3	45,559	-	(1,687)	43,872	-
Bond premium NIA #4	92,955	-	(3,330)	89,625	-
Bond discount NIA #6-7	-	(23,816)	308	(23,509)	-
<b>Total Long-term debt</b>	<b>\$ 27,374,514</b>	<b>\$ 18,978,184</b>	<b>\$ (12,800,709)</b>	<b>\$ 33,551,988</b>	<b>\$ 610,000</b>

  

	Balance			Balance	
<b>2023</b>	October 1, 2022	Increase	Decrease	September 30, 2023	Due in one year
NIA #1 Bonds	\$ 5,210,000	\$ -	\$ (100,000)	\$ 5,110,000	\$ 105,000
MIA Bonds	7,575,000	-	(115,000)	7,460,000	125,000
NIA #2-3 Bonds	3,092,000	-	(60,000)	3,032,000	60,000
NIA #4 Bonds	5,255,000	-	(84,000)	5,171,000	86,000
NIA #5 Bonds	-	6,463,000	-	6,463,000	80,000
Bond premium NIA #2-3	47,246	-	(1,687)	45,559	-
Bond premium NIA #4	96,285	-	(3,330)	92,955	-
<b>Total Long-term debt</b>	<b>\$ 21,275,531</b>	<b>\$ 6,463,000</b>	<b>\$ (364,017)</b>	<b>\$ 27,374,514</b>	<b>\$ 456,000</b>

**A. Special Assessment Revenue Bonds, Series 2015**

On December 22, 2015, the City issued \$5,790,000 in Special Assessment Revenue Bonds, Series 2015 NIA #1 Bonds and \$8,040,000 in Special Assessment Revenue Bonds, Series 2015 MIA Bonds, (collectively, the “ 2015 Bonds”) to finance construction of certain public infrastructure improvements within the respective areas, to pay a portion of the interest on the 2015 Bonds during and after the period of acquisition and construction, to fund a debt service reserve fund, to pay costs of issuing the 2015 Bonds, and to pay the initial administrative expenses of the 2015 Bonds. The 2015 Bonds were refunded on September 3, 2024 and September 10, 2024, respectively, with the Series 2024 Special Assessment Refunding Bonds. See Note 5 for additional information.

The 2015 Bonds were intended to be paid primarily from special assessments imposed and collected by the City against the properties benefiting from the public improvements. Annual assessments shall be collected by the City in the same manner and at the same time as ad valorem taxes, and will be subject to the same penalties, procedures, and foreclosure sale in case of delinquencies, as are provided for ad valorem taxes of the City. The City Council may also provide for other means of collecting annual installments to the extent permitted under the PID Act. The City covenanted in the Indentures that it will take and pursue all actions permissible under applicable laws to cause the assessments to be collected and any resulting liens enforced.

The 2015 Bonds were special obligations of the City payable solely from and secured by a pledge of special assessments. They were not payable from funds raised or to be raised from taxation.

The 2015 Bonds were issued as follows:

	<u>Par Value</u>	<u>Rate</u>	<u>Final Maturity</u>
MIA Bonds	\$ 8,040,000	7.500%	September 1, 2045
	<u>Par Value</u>	<u>Rate</u>	<u>Final Maturity</u>
NIA #1 Bonds	\$ 5,790,000	6.250%	September 1, 2045

The 2015 Bonds were subject to mandatory sinking fund, optional, and extraordinary optional redemption requirements as specified in the Indentures. Principal payments on the 2015 Bonds were due each September 1 and began on September 1, 2018 according to the mandatory sinking fund redemption schedule.

Interest on the 2015 Bonds was payable according to the terms specified by the Indentures semiannually on March 1 and September 1 of each year commencing on March 1, 2016. Interest on the 2015 Bonds was calculated based on a 360-day year comprised of twelve 30-day months. Interest payments on the NIA #1 Bonds totaled \$318,698 and \$325,625 for the years ended September 30, 2024, and 2023, respectively. Interest payments on the MIA Bonds totaled \$559,500 and \$568,125 for the years ended September 30, 2024, and 2023, respectively.

## **1. Optional Redemption**

The City reserved the right and option to redeem the 2015 Bonds before their scheduled maturity dates, in whole or in part, on any interest payment date on or after September 1, 2024, at a price of par plus accrued interest to the date of the redemption.

Because the 2015 Bonds were deemed refunded on August 30, 2024, a call premium of 6.14% of the redeemed amount was assessed totaling \$288,477 for the NIA #1 Bonds, and 5.82% of the redeemed amount was assessed totaling \$385,210 for the MIA Bonds. The premiums are being amortized over the time to maturity of the bonds redeemed which was shorter or equal to the time to maturity of the refunding bonds. The amount amortized in fiscal year 2024 was \$1,145 and \$1,528 for the NIA #1 Bonds and the MIA Bonds, respectively. This is reported as “deferred gain on refunding” in the financial statements.

## **2. Extraordinary Optional Redemption**

The 2015 Bonds were subject to extraordinary optional redemption by the City prior to their scheduled maturity on the first day of any month after the required notice of redemption, at a redemption price equal to 100% of the principal amount of the bonds, or portions thereof, to be redeemed, plus accrued interest to the redemption date from amounts on deposit in the Redemption Fund as a result of special assessment prepayments before the due date, unexpended proceeds transferred from the Project Fund to the Redemption Fund, foreclosure proceeds, and transfers to the Redemption Fund from the Delinquency Reserve Account and the Prepayment Reserve Account. For the fiscal year ending September 30, 2024, an extraordinary redemption of \$65,000 was made on the NIA #1 Bonds on July 1, 2024, utilizing prepayment assessments received. There were no extraordinary optional redemptions made during the fiscal year ending September 30, 2023.

## **B. Special Assessment Revenue Bonds, Series 2020**

On September 30, 2020, the City issued \$3,195,000 in Special Assessment Revenue Bonds, Series 2020 NIA #2-3 (the “NIA #2-3 Bonds”) to finance construction of certain public infrastructure improvements within the respective areas, to pay a portion of the interest on the NIA #2-3 Bonds during and after the period of acquisition and construction, to fund a debt service reserve fund, to pay costs of issuing the NIA #2-3 Bonds, and to pay a portion of the costs incidental to the organization of the PID.

The NIA #2-3 Bonds are intended to be paid primarily from special assessments imposed and collected by the City against the properties benefiting from the public improvements. Annual assessments shall be collected by the City in the same manner and at the same time as ad valorem taxes, and will be subject to the same penalties, procedures, and foreclosure sale in case of delinquencies, as are provided for ad valorem taxes of the City. The City Council may also provide for other means of collecting annual assessments to the extent permitted under the PID Act. The City covenanted in the Indentures that it will take and pursue all actions permissible under applicable laws to cause the assessments to be collected and any resulting liens enforced.

The NIA #2-3 Bonds are special obligations of the City payable solely from and secured by a pledge of special assessments. They are not payable from funds raised or to be raised from taxation.

The NIA# 2-3 Bonds were issued as follows:

	<u>Par Value</u>	<u>Rate</u>	<u>Final Maturity</u>	<u>Bond Premium</u>
Term 2025	\$ 265,000	2.500%	September 1, 2025	\$ -
Term 2030	\$ 290,000	3.125%	September 1, 2030	\$ -
Term 2040	\$ 705,000	4.000%	September 1, 2040	\$ 22,137
Term 2050	\$ 1,935,000	4.000%	September 1, 2050	\$ 28,483

The term 2040 and term 2050 Bonds were issued at a premium. The premium is being amortized over the life of the NIA #2-3 Bonds using the straight-line method.

The NIA #2-3 Bonds represent 9% of the PID's long term debt as of September 30, 2024. The NIA #2-3 Bonds are subject to mandatory sinking fund, optional, and extraordinary optional redemption requirements as specified in the Indentures. Principal payments on the NIA# 2-3 Bonds are due each September 1 and began on September 1, 2021, according to the mandatory sinking fund redemption schedule.

Interest on the NIA #2-3 Bonds is payable according to the terms specified by the Indentures semiannually on March 1 and September 1 of each year commencing on March 1, 2021. Interest on the NIA #2-3 Bonds is calculated based on a 360-day year comprised of twelve 30-day months. Interest payments on the NIA #2-3 Bonds totaled \$116,943 and \$118,443 for the years ended September 30, 2024, and 2023, respectively.

### **1. Optional Redemption**

The City reserves the right and option to redeem the NIA #2-3 Bonds maturing on or after September 1, 2040, before their respective scheduled maturity date, in whole or in part, on any date on or after September 1, 2030, at a price of par, plus accrued and unpaid interest to the date of redemption.

### **2. Extraordinary Optional Redemption**

The NIA #2-3 Bonds are subject to extraordinary optional redemption by the City prior to their scheduled maturity on the first day of any month after the required notice of redemption, at a redemption price equal to 100% of the principal amount of the bonds, or portions thereof, to be redeemed, plus accrued interest to the redemption date from amounts on deposit in the Redemption Fund as a result of special assessment prepayments before the due date. There were no extraordinary optional redemptions made in the fiscal years ending September 30, 2024 and 2023.

### C. Special Assessment Revenue Bonds, Series 2021

On October 19, 2021, the City issued \$5,255,000 in Special Assessment Revenue Bonds, Series 2021 NIA #4 (the “NIA #4 Bonds”) to finance construction of certain public infrastructure improvements, to pay a portion of the interest on the NIA #4 Bonds during and after the period of acquisition and construction, to fund a debt service reserve fund, to pay costs of issuing the NIA #4 Bonds, and to pay a portion of the costs incidental to the organization of the PID.

The NIA #4 Bonds are intended to be paid primarily from special assessments imposed and collected by the City against the properties benefiting from the public improvements. Annual assessments shall be collected by the City in the same manner and at the same time as ad valorem taxes, and will be subject to the same penalties, procedures, and foreclosure sale in case of delinquencies, as are provided for ad valorem taxes of the City. The City Council may also provide for other means of collecting annual assessments to the extent permitted under the PID Act. The City covenanted in the Indentures that it will take and pursue all actions permissible under applicable laws to cause the assessments to be collected and any resulting liens enforced.

The NIA #4 Bonds are special obligations of the City payable solely from and secured by a pledge of special assessments. They are not payable from funds raised or to be raised from taxation.

The NIA #4 Bonds were issued as follows:

	<u>Par Value</u>	<u>Rate</u>	<u>Final Maturity</u>	<u>Bond Premium (Discount)</u>
Term 2026	\$ 348,000	2.500%	September 1, 2026	\$ -
Term 2031	\$ 491,000	3.000%	September 1, 2031	\$ -
Term 2041	\$ 1,258,000	3.375%	September 1, 2041	\$ (4,554)
Term 2051	\$ 3,158,000	4.000%	September 1, 2051	\$ 103,993

The term 2051 Bonds were issued at a net premium. The premium is being amortized over the life of the NIA #4 Bonds using the straight-line method.

The NIA #4 Bonds represent 15% of the PID’s long-term debt as of September 30, 2024. The NIA #4 Bonds are subject to mandatory sinking fund, optional, and extraordinary optional redemption requirements as specified in the Indentures. Principal payments on the NIA #4 Bonds are due each September 1 and began on September 1, 2023, according to the mandatory sinking fund redemption schedule.

Interest on the NIA #4 Bonds is payable according to the terms specified by the Indentures semiannually on March 1 and September 1 of each year commencing on March 1, 2022. Interest on the NIA #4 Bonds is calculated based on a 360-day year comprised of twelve 30-day months. Interest payments on the NIA #4 Bonds totaled \$190,108 and \$192,208 for the years ended September 30, 2024, and 2023, respectively.



## 1. Optional Redemption

The City reserves the right and option to redeem the NIA #4 Bonds maturing on or after September 1, 2041, before their respective scheduled maturity date, in whole or in part, on any date on or after September 1, 2031, at a price of par, plus accrued and unpaid interest to the date of redemption.

## 2. Extraordinary Optional Redemption

The NIA #4 Bonds are subject to extraordinary optional redemption by the City prior to their scheduled maturity on the first day of any month after the required notice of redemption, at a redemption price equal to 100% of the principal amount of the bonds, or portions thereof, to be redeemed, plus accrued interest to the redemption date from amounts on deposit in the Redemption Fund as a result of special assessment prepayments before the due date. There were no extraordinary optional redemptions made in the fiscal years ending September 30, 2024, and 2023.

## D. Special Assessment Revenue Bonds, Series 2022

On October 5, 2022, the City issued \$6,463,000 in Special Assessment Revenue Bonds, Series 2022 NIA #5 (the “NIA #5 Bonds”) to finance construction of certain public infrastructure improvements, to pay a portion of the interest on the NIA #5 Bonds during and after the period of acquisition and construction, to fund a debt service reserve fund, to pay costs of issuing the NIA# 5 Bonds, and to pay a portion of the costs incidental to the organization of the PID.

The NIA #5 Bonds are intended to be paid primarily from special assessments imposed and collected by the City against the properties benefiting from the public improvements. Annual assessments shall be collected by the City in the same manner and at the same time as ad valorem taxes, and will be subject to the same penalties, procedures, and foreclosure sale in case of delinquencies, as are provided for ad valorem taxes of the City. The City Council may also provide for other means of collecting annual assessments to the extent permitted under the PID Act. The City covenanted in the Indentures that it will take and pursue all actions permissible under applicable laws to cause the assessments to be collected and any resulting liens enforced.

The NIA #5 Bonds are special obligations of the City payable solely from and secured by a pledge of special assessments. They are not payable from funds raised or to be raised from taxation.

The NIA #5 Bonds were issued as follows:

	<u>Par Value</u>	<u>Rate</u>	<u>Final Maturity</u>
Term 2027	\$ 339,000	4.500%	September 1, 2027
Term 2032	\$ 510,000	4.875%	September 1, 2032
Term 2042	\$ 1,485,000	5.500%	September 1, 2042
Term 2052	\$ 4,129,000	5.625%	September 1, 2052

The NIA #5 Bonds represent 19% of the PID's long-term debt as of September 30, 2024. The NIA #5 Bonds are subject to mandatory sinking fund, optional, and extraordinary optional redemption requirements as specified in the Indentures. Principal payments on the NIA# 5 Bonds are due each September 1 and beginning on September 1, 2024, according to the mandatory sinking fund redemption schedule.

Interest on the NIA #5 Bonds is payable according to the terms specified by the Indentures semiannually on March 1 and September 1 of each year commencing on March 1, 2023. Interest on the NIA #5 Bonds is calculated based on a 360-day year comprised of twelve 30-day months. Interest payments on the NIA #5 Bonds totaled \$354,048 and \$320,611 in the fiscal years ending September 30, 2024, and 2023, respectively.

### **1. Optional Redemption**

The City reserves the right and option to redeem the NIA #5 Bonds maturing on or after September 1, 2042, before their respective scheduled maturity date, in whole or in part, on any date on or after September 1, 2032, at a price of par, plus accrued and unpaid interest to the date of redemption.

### **2. Extraordinary Optional Redemption**

The NIA #5 Bonds are subject to extraordinary optional redemption by the City prior to their scheduled maturity on the first day of any month after the required notice of redemption, at a redemption price equal to 100% of the principal amount of the bonds, or portions thereof, to be redeemed, plus accrued interest to the redemption date from amounts on deposit in the Redemption Fund as a result of special assessment prepayments before the due date. There were no extraordinary optional redemptions made in the fiscal years ending September 30, 2024 and 2023.

## **E. Special Assessment Revenue Bonds, Series 2024**

On May 9, 2024, the City issued \$7,680,000 in Special Assessment Revenue Bonds, Series 2024 NIA #6-7 (the "NIA #6-7 Bonds") to finance construction of certain public infrastructure improvements, to pay a portion of the interest on the NIA #6-7 Bonds during and after the period of acquisition and construction, to fund a debt service reserve fund, to pay costs of issuing the NIA #6-7 Bonds, and to pay a portion of the costs incidental to the organization of the PID.

The NIA #6-7 Bonds are intended to be paid primarily from special assessments imposed and collected by the City against the properties benefiting from the public improvements. Annual assessments shall be collected by the City in the same manner and at the same time as ad valorem taxes, and will be subject to the same penalties, procedures, and foreclosure sale in case of delinquencies, as are provided for ad valorem taxes of the City. The City Council may also provide for other means of collecting annual assessments to the extent permitted under the PID Act. The City covenanted in the Indentures that it will take and pursue all actions permissible under applicable laws to cause the assessments to be collected and any resulting liens enforced.

The NIA #6-7 Bonds are special obligations of the City payable solely from and secured by a pledge of special assessments. They are not payable from funds raised or to be raised from taxation.

The NIA #6-7 Bonds were issued as follows:

	<u>Par Value</u>	<u>Rate</u>	<u>Final Maturity</u>	<u>Bond Discount</u>
Term 2031	\$ 335,000	4.625%	September 1, 2031	\$ -
Term 2044	\$ 1,895,000	5.500%	September 1, 2044	\$ -
Term 2054	\$ 5,450,000	5.750%	September 1, 2054	\$ (23,816)

The term 2054 Bonds were issued at a discount. The discount is being amortized over the life of the NIA# 6-7 Bonds using the straight-line method.

The NIA #6-7 Bonds represent 23% of the PID's long-term debt as of September 30, 2024. The NIA #6-7 Bonds are subject to mandatory sinking fund, optional, and extraordinary optional redemption requirements as specified in the Indentures. Principal payments on the NIA #6-7 Bonds are due each September 1 and will begin on September 1, 2025, according to the mandatory sinking fund redemption schedule.

Interest on the NIA #6-7 Bonds is payable according to the terms specified by the Indentures semiannually on March 1 and September 1 of each year commencing on September 1, 2024. Interest on the NIA #6-7 Bonds is calculated based on a 360-day year comprised of twelve 30-day months. Interest payments on the NIA #6-7 Bonds totaled \$134,740 for fiscal year 2024.

### **1. Optional Redemption**

The City reserves the right and option to redeem the NIA #6-7 Bonds maturing on or after September 1, 2044, before their respective scheduled maturity date, in whole or in part, on any date on or after September 1, 2032, at a price of par, plus accrued and unpaid interest to the date of redemption.

### **2. Extraordinary Optional Redemption**

The NIA #6-7 Bonds are subject to extraordinary optional redemption by the City prior to their scheduled maturity on the first day of any month after the required notice of redemption, at a redemption price equal to 100% of the principal amount of the bonds, or portions thereof, to be redeemed, plus accrued interest to the redemption date from amounts on deposit in the Redemption Fund as a result of special assessment prepayments before the due date. There were no extraordinary optional redemptions in fiscal year 2024.

## F. Special Assessment Revenue Refunding Bonds, Series 2024

On August 30, 2024, the City issued \$4,702,000 in Series 2024 Special Assessment Revenue Refunding Bonds, NIA #1 (the “NIA #1 Refunding Bonds”) and \$6,620,000 in Series 2024 Special Assessment Revenue Refunding Bonds, MIA (the “MIA Refunding Bonds”) to fund a debt service reserve fund, and to pay the costs of issuing the Refunding Bonds. The MIA Bonds and NIA #1 Bonds were redeemed with the MIA Refunding Bonds and NIA #1 Refunding Bonds, respectively (together known as the “Refunding Bonds”). The issuance of the NIA #1 Refunding Bonds and the MIA Refunding Bonds resulted in net present value savings of \$640,479 and \$1,178,503, respectively.

The Refunding Bonds were issued as follows:

### MIA Refunding Bonds:

	<u>Par Value</u>	<u>Rate</u>	<u>Final Maturity</u>	<u>Call Premium</u>
Serial 2025-2034	\$ 2,374,000	5.000%	September 1, 2034	\$ 159,484
Term 2038	\$ 1,300,000	5.000%	September 1, 2038	\$ 97,487
Term 2045	\$ 2,946,000	5.000%	September 1, 2045	\$ 128,239

### NIA #1 Refunding Bonds:

	<u>Par Value</u>	<u>Rate</u>	<u>Final Maturity</u>	<u>Call Premium</u>
Serial 2025-2034	\$ 1,700,000	5.000%	September 1, 2034	\$ 118,324
Term 2038	\$ 923,000	5.000%	September 1, 2038	\$ 72,502
Term 2045	\$ 2,079,000	5.000%	September 1, 2045	\$ 97,651

The Refunding Bonds are intended to be paid primarily from annual assessments imposed by the City and collected by the CCTAC on behalf of the City against the properties benefiting from the public improvements. If an annual assessment is not paid in full, the PID Act authorizes the City to collect interest and collections costs on the outstanding annual assessments. The City covenanted in the NIA #1 Refunding Indenture and the MIA Refunding Indenture that it will take and pursue all actions permissible under applicable laws to cause the annual assessments to be collected and any resulting liens enforced.

The MIA Refunding Bonds and NIA #1 Refunding Bonds were issued at a call premium. A call premium of \$385,210 was assessed on the MIA Refunding Bonds and \$288,477 was assessed on the NIA #1 Refunding bonds. The premium is being amortized over the life of the Refunding Bonds using the straight-line method. For fiscal year 2024, the amortized amounts were \$1,528 for the MIA Refunding Bonds and \$1,145 for the NIA #1 Refunding Bonds.

The Refunding Bonds are special obligations of the City payable solely from and secured by pledged revenues, consisting primarily of assessments. They are not payable from funds raised or to be raised from taxation.

The Refunding Bonds bear interest at 5.000% per annum with maturity dates beginning September 1, 2025, to final maturity on September 1, 2045.

The NIA #1 Refunding Bonds and the MIA Refunding Bonds represent 14% and 20%, respectively, of the PID's long-term debt balance as of September 30, 2024, and are subject to mandatory sinking fund, optional, and extraordinary optional redemption requirements as specified in the NIA #1 Refunding Indenture and the MIA Refunding Indenture. Principal payments on the bonds are due each September 1 and will begin on September 1, 2025, according to the mandatory sinking fund redemption schedules.

Interest on the Refunding Bonds is payable according to the terms specified by the NIA #1 Refunding Indenture and the MIA Refunding Indenture semiannually on March 1 and September 1 of each year commencing on March 1, 2025. Interest on the Bonds is calculated based on a 360-day year comprised of twelve 30-day months.

### **1. Optional Redemption**

The City reserves the right and option to redeem the Refunding Bonds maturing on or after September 1, 2033, before their respective scheduled maturity date, in whole or in part, on any date on or after September 1, 2032, at a price of par, plus accrued interest to the date of redemption.

### **2. Extraordinary Optional Redemption**

The Refunding Bonds are subject to extraordinary optional redemption by the City prior to their scheduled maturity on any date at a redemption price equal to 100% of the principal amount of the bonds, or portions thereof to be redeemed, plus accrued interest to the redemption date, from amounts on deposit in the Redemption Fund as a result of prepayments or transfers to the Redemption Fund made pursuant to various provisions of the NIA #1 Refunding Indenture and the MIA Refunding Indenture. There were no extraordinary optional redemptions in fiscal year 2024.

## G. Mandatory Sinking Fund Redemption

The Bonds are required to be redeemed each September 1 in the years and in the amounts set forth below:

For the period ending September 30:	NIA #1 Refunding Bonds		MIA Refunding Bonds	
	Principal	Interest	Principal	Interest
2025	\$ 138,000	\$ 235,753	\$ 191,000	\$ 331,919
2026	145,000	228,200	201,000	321,450
2027	151,000	220,950	210,000	311,400
2028	158,000	213,400	220,000	300,900
2029	165,000	205,500	230,000	289,900
2030-2034	943,000	896,200	1,322,000	1,265,800
2035-2039	1,181,000	637,800	1,664,000	902,750
2040-2044	1,482,000	313,750	2,100,000	445,250
2045	339,000	16,950	482,000	24,100
<b>Total</b>	<b>\$ 4,702,000</b>	<b>\$ 2,968,503</b>	<b>\$ 6,620,000</b>	<b>\$ 4,193,469</b>

  

For the period ending September 30:	NIA #2-3 Bonds		NIA #4 Bonds	
	Principal	Interest	Principal	Interest
2025	\$ 60,000	\$ 115,443	\$ 88,000	\$ 187,958
2026	60,000	113,943	90,000	185,758
2027	65,000	112,068	92,000	183,508
2028	55,000	110,036	95,000	180,748
2029	55,000	108,318	98,000	177,898
2030-2034	310,000	511,119	541,000	842,215
2035-2039	365,000	445,200	637,000	745,911
2040-2044	445,000	365,800	755,000	627,900
2045-2049	1,340,000	223,600	1,783,000	416,960
2050-2051	217,000	8,680	906,000	54,720
<b>Total</b>	<b>\$ 2,972,000</b>	<b>\$ 2,114,207</b>	<b>\$ 5,085,000</b>	<b>\$ 3,603,576</b>

For the period ending September 30:	NIA #5 Bonds		NIA #6-7 Bonds	
	Principal	Interest	Principal	Interest
2025	\$ 83,000	\$ 350,449	\$ 50,000	\$ 433,094
2026	86,000	346,714	51,000	430,781
2027	90,000	342,844	50,000	428,423
2028	93,000	338,794	44,000	426,110
2029	97,000	334,260	43,000	424,075
2030-2034	560,000	1,594,860	401,000	2,080,186
2035-2039	717,000	1,428,856	688,000	1,932,900
2040-2044	929,000	1,209,326	903,000	1,721,260
2045-2049	2,052,000	852,019	2,217,000	1,349,238
2050-2054	1,676,000	192,150	3,233,000	579,830
<b>Total</b>	<b>\$ 6,383,000</b>	<b>\$ 6,990,272</b>	<b>\$ 7,680,000</b>	<b>\$ 9,805,897</b>

For the period ending September 30:	Total PID Bonds	
	Principal	Interest
2025	\$ 610,000	\$ 1,654,616
2026	633,000	1,626,846
2027	658,000	1,599,193
2028	665,000	1,569,988
2029	688,000	1,539,951
2030-2034	4,077,000	7,190,380
2035-2039	5,252,000	6,093,417
2040-2044	6,614,000	4,683,286
2045-2049	8,213,000	2,882,867
2050-2054	6,032,000	835,380
<b>Total</b>	<b>\$ 33,442,000</b>	<b>\$ 29,675,924</b>

## NOTE 6—ANNUAL ASSESSMENTS

Annual assessments are to be imposed and collected on all properties within the PID benefiting from the public improvements (excepting those for which the assessment lien has been prepaid), to pay debt service and operating costs of the PID. The annual assessments are remitted to the PID monthly as they are received by the CCTAC. The amount assessed, generally, is equal to: (i) annual debt service and administrative expenses, less (ii) other amounts available for the payment of such debt service and expense.

In addition, the annual payment includes a 0.20% additional interest rate for the prepayment reserve and a 0.30% additional interest rate for the delinquency reserve as described in the Indentures. Annual assessments are payable to the CCTAC no later than February 1 of each year. Annual assessments were billed as follows:

<b>Annual Installments</b>	<b>2024</b>	<b>2023</b>
NIA #1	\$ 467,914	\$ 485,812
MIA	728,085	753,757
NIA #2-3	226,080	234,603
NIA #4	315,082	327,983
NIA #5	493,518	-
<b>Total</b>	<b>\$ 2,230,679</b>	<b>\$ 1,802,155</b>

As of September 30, 2024, there were no delinquent annual assessments for the fiscal years 2024 or 2023.

Prepaid assessments of \$25,313 were collected from property owners in fiscal year 2024. There were no prepaid assessments collected from property owners in fiscal year 2023. On July 1, 2024, an extraordinary optional redemption was made on NIA #1 Bonds in the amount of \$65,000 from prepayment revenues received. There were no extraordinary optional redemptions made in fiscal year 2023.

#### **NOTE 7— RESTATEMENT OF FISCAL YEAR 2023 FINANCIAL STATEMENTS**

During fiscal year 2024, it was discovered that \$268,856 in NIA #5 capital assets, which were completed and accepted by the City as of October 3, 2022, had not been recorded in accrued liabilities as of September 30, 2023. Additionally, it was discovered that \$751,562 in capital asset improvements donated by the developer during fiscal year 2023 had not been recorded. As a result of this correction of an error, the fiscal year 2023 financial statements have been restated as follows:

##### *Statements of Net Position*

	2023		
	As Previously Reported	As Restated	Effect of Change
Accrued liabilities	\$ -	\$ 268,856	\$ 268,856
Unrestricted net position	\$ (27,551,200)	\$ (27,820,056)	\$ 268,856



*Statements of Revenues, Expenses, and Changes in Net Position*

	2023		
	As Previously Reported	As Restated	Effect of Change
Donated capital assets	\$ (4,741,597)	\$ (5,762,015)	\$ (1,020,418)
Developer's Contribution	\$ -	\$ 751,562	\$ 751,562
Net position, end of year	\$ (23,810,534)	\$ (24,079,390)	\$ (268,856)

*Statements of Cash Flows*

	2023		
	As Previously Reported	As Restated	Effect of Change
<i>Supplemental Information</i>			
Donated capital assets	\$ 4,741,597	\$ 5,762,015	\$ 1,020,418
Construction in progress in accrued liabilities	\$ -	\$ 268,856	\$ 268,856
Developer contribution (non-cash)	\$ -	\$ 751,562	\$ 751,562

**NOTE 8—ARBITRAGE**

When applicable, arbitrage calculations are performed on the PID's funds to determine any arbitrage rebate or yield restriction liability. There is a potential yield reduction liability totaling \$318 for NIA #2-3 and \$633 for NIA #4 for the fiscal year ending September 30, 2024. No liabilities for arbitrage rebate or yield restriction were identified in the fiscal year ending September 30, 2023.

**NOTE 9—SUBSEQUENT EVENTS**

**Annual Assessments**

The annual assessments imposed on the PID for collection in fiscal year 2025 are as follows:

<b>Annual Installments</b>	<b>2025</b>
NIA #1	\$ 409,606
MIA	558,772
NIA #2-3	221,890
NIA #4	309,721
NIA #5	483,013
NIA #6-7	648,854
<b>Total</b>	<b>\$ 2,631,856</b>

As of September 30, 2025, the CCTAC has received annual assessments totaling \$2,629,100.