

**HARPER ESTATES PUBLIC IMPROVEMENT DISTRICT
CITY OF CELINA, TEXAS**

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

CUSIP NUMBER:
15114CFR0

HARPER ESTATES PUBLIC IMPROVEMENT DISTRICT

ANNUAL FINANCIAL STATEMENTS SEPTEMBER 30, 2024 AND 2023

TABLE OF CONTENTS

I.	INDEPENDENT AUDITOR'S REPORT	1
II.	MANAGEMENT'S DISCUSSION AND ANALYSIS	3
III.	FINANCIAL STATEMENTS	
	Statements of Net Position	7
	Statements of Revenues, Expenses, and Changes in Net Position.....	8
	Statements of Cash Flows	9
III.	NOTES TO THE FINANCIAL STATEMENTS	
	Note 1—Financial Reporting Entity	10
	Note 2—Summary of Significant Accounting Policies	10
	Note 3—Cash and Cash Equivalents	12
	Note 4—Capital Assets	13
	Note 5—Long-Term Obligations	14
	Note 6—Revenues.....	16
	Note 7—Arbitrage.....	16
	Note 8—Subsequent Events.....	16

Independent Auditor's Report

The Honorable Mayor and Members of the City Council
Harper Estates Public Improvement District
Celina, Texas

Opinion

We have audited the financial statements of the Harper Estates 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.

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.

The Honorable Mayor and Members of the City Council
Harper Estates Public Improvement District

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

II. MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis of the financial performance of The Harper Estates Public Improvement District (the "PID") provides an overall review of the PID's financial activities for the fiscal 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 PID was formed on August 9, 2022, pursuant to Resolution No. 2022-39R adopted by the City Council of the City of Celina, Texas (the "City") for the purpose of financing the costs of certain public improvements for the benefit of the property in the PID.
2. The City issued long-term debt of \$7,226,000 in Series 2023 Special Assessment Revenue Bonds (the "Bonds") on March 14, 2023, bearing interest at 6.75% per annum with a final maturity of September 1, 2052, to finance public improvements located within the PID. The PID's debt will be paid through the collection of annual installments of assessments on the benefitted properties.
3. Net position at September 30, 2024 and 2023, totaled (\$6,521,553) and (\$804,021) respectively, due mainly to the completion and donation of capital assets.
4. Capital assets totaled \$5,455,005 at September 30, 2023, and represent construction in progress of road, water, and storm drainage improvements in the PID. Capital Assets totaling \$5,687,153 were completed and donated in fiscal year 2024 and recorded as "donated capital assets" in the financial statements.
5. Debt service on the Bonds is to be paid from annual installments of assessments imposed by the City on property owners in the PID as well as capitalized interest funded with Bond proceeds. Annual assessments totaling \$82,030 were imposed on the property owners for the assessment year 2023-2024. There were no assessments imposed for assessment year 2022-2023. As of September 30, 2024, all assessments have been collected and remitted to the PID.
6. Annual assessments totaling \$631,979 were imposed on the property owners for the assessment year 2024-2025. As of July 1, 2025, all assessments have been collected and remitted to the PID.

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 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.

Summary Statements of Net Position:

	<u>2024</u>	<u>2023</u>
Assets:		
Current and other assets	\$ 761,046	\$ 1,533,629
Capital assets	-	5,455,055
Total assets	<u>761,046</u>	<u>6,988,684</u>
Liabilities:		
Current liabilities	152,599	201,609
Long-term debt	<u>7,130,000</u>	<u>7,591,096</u>
Total Liabilities	<u>7,282,599</u>	<u>7,792,705</u>
Net Position		
Net investment in capital assets	-	(771,393)
Restricted	756,681	8,634
Unrestricted	<u>(7,278,234)</u>	<u>(41,262)</u>
Total Net Position	<u>\$ (6,521,553)</u>	<u>\$ (804,021)</u>

The deficit in net position is due primarily to the completion and donation of capital assets.

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

	<u>2024</u>	<u>2023</u>
Operating Revenues	\$ 82,030	\$ -
Operating Expenses	<u>53,150</u>	<u>11,167</u>
Operating Income (Loss)	28,880	(11,167)
Non-operating Revenues/(Expenses)	(424,355)	(797,468)
Donated capital assets	(5,687,153)	-
Developer's contribution	<u>365,096</u>	<u>4,614</u>
Change in Net Position	<u><u>\$ (5,717,532)</u></u>	<u><u>\$ (804,021)</u></u>

Net position decreased in fiscal year 2024 due primarily to the completion and donation of the public improvements.

Capital Assets

The PID's capital assets consisted of construction in progress of road improvements, water and sewer improvements, and storm drainage improvements totaling \$5,455,055 as of September 30, 2023. In fiscal year 2024, the capital assets totaling \$5,687,153 were deemed complete and donated to the City.

Long-Term Debt

The City issued the Bonds for the benefit of the PID totaling \$7,226,000 on March 14, 2023, bearing interest at 6.75% per annum with a final maturity of September 1, 2052. The Bonds are subject to optional redemption, extraordinary optional redemption, and mandatory sinking fund redemption requirements as specified in the Indenture of Trust (the "Indenture") between the City and U.S. Bank, N.A. (the "Trustee").

The proceeds from the Bonds, along with the developer's contribution, are being used to finance improvements within the PID consisting primarily of road, water, sewer, and storm drainage improvements, to fund a debt service reserve fund, to fund the payment of interest on the Bonds during the construction period, to pay costs of issuing the Bonds, and to pay the initial administrative expenses of the PID.

Mandatory sinking fund payments will begin on September 1, 2025, from pledged revenues received by the PID.

Pledged Revenues

Pledged revenues consist of assessments paid by the benefitted property owners deposited by the City with the Trustee. The annual installments of special assessments totaled \$631,979 and \$82,030 for fiscal year 2025 and 2024, respectively. All assessments for fiscal year 2025 and 2024 have been collected. There were no annual installments of assessments collected during fiscal year 2023 as debt service and operating expenses were funded from bond proceeds.

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 the 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.

III. FINANCIAL STATEMENTS

**HARPER ESTATES PUBLIC IMPROVEMENT DISTRICT
STATEMENTS OF NET POSITION
As of September 30,**

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets		
Restricted cash and cash equivalents	\$ 756,681	\$ 1,524,682
Accrued interest receivable	3,219	7,801
Prepaid expenses	1,146	1,146
Total Current Assets	<u>761,046</u>	<u>1,533,629</u>
Noncurrent Assets		
Capital assets	-	5,455,055
Total Noncurrent Assets	<u>-</u>	<u>5,455,055</u>
Total Assets	<u>761,046</u>	<u>6,988,684</u>
Liabilities		
Current Liabilities		
Accounts payable	15,953	9,563
Accrued liabilities	-	151,400
Accrued interest payable	40,646	40,646
Current portion of long-term debt	96,000	-
Total Current Liabilities	<u>152,599</u>	<u>201,609</u>
Noncurrent Liabilities		
Long-term debt	7,130,000	7,591,096
Total Noncurrent Liabilities	<u>7,130,000</u>	<u>7,591,096</u>
Total Liabilities	<u>7,282,599</u>	<u>7,792,705</u>
Net Position		
Net investment in capital assets	-	(771,393)
Restricted	756,681	8,634
Unrestricted	<u>(7,278,234)</u>	<u>(41,262)</u>
Net Position	<u>\$ (6,521,553)</u>	<u>\$ (804,021)</u>

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

HARPER ESTATES PUBLIC IMPROVEMENT DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Years Ending September 30,

	<u>2024</u>	<u>2023</u>
Operating Revenues		
Annual assessment revenues	\$ 82,030	\$ -
Total Operating Revenues	<u>82,030</u>	<u>-</u>
Operating Expenses		
Administrative fees	50,962	11,167
Accounting and audit fees	2,188	-
Total Operating Expenses	<u>53,150</u>	<u>11,167</u>
Operating Income (Loss)	<u>28,880</u>	<u>(11,167)</u>
Non-Operating Revenues/(Expenses)		
Interest and dividend income	63,400	107,633
Bond issuance costs	-	(638,191)
Interest expense	<u>(487,755)</u>	<u>(266,910)</u>
Total Non-Operating Revenues/(Expenses)	<u>(424,355)</u>	<u>(797,468)</u>
Donated Capital Assets	(5,687,153)	-
Developer Contribution	<u>365,096</u>	<u>4,614</u>
Change in Net Position	(5,717,532)	(804,021)
Net Position, Beginning of Year	<u>(804,021)</u>	<u>-</u>
Net Position, End of Year	<u><u>\$ (6,521,553)</u></u>	<u><u>\$ (804,021)</u></u>

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

HARPER ESTATES PUBLIC IMPROVEMENT DISTRICT
STATEMENTS OF CASH FLOWS
For the Years Ending September 30,

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities		
Cash receipts from property owners	\$ 82,030	\$ -
Cash payments for administrative fees	(44,572)	(2,750)
Cash payments for accounting and audit fees	(2,188)	-
Net Cash Provided by (Used in) Operating Activities	<u>35,270</u>	<u>(2,750)</u>
Cash Flows from Investing Activities		
Interest and dividends received on investments	<u>67,982</u>	<u>99,832</u>
Net Cash Provided by Investing Activities	<u>67,982</u>	<u>99,832</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from bond issuance	-	7,226,000
Acquisition and construction of capital assets	(383,498)	(5,303,655)
Interest paid on debt	(487,755)	(226,264)
Bond issuance costs paid	-	(638,191)
Developer's contribution	-	369,710
Net Cash (Used in) Provided by Capital and Related Financing Activities	<u>(871,253)</u>	<u>1,427,600</u>
Change in cash and cash equivalents	(768,001)	1,524,682
Cash and cash equivalents, Beginning of Year	<u>1,524,682</u>	-
Cash and cash equivalents, End of Year	<u>\$ 756,681</u>	<u>\$ 1,524,682</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used in) Operating Activities:		
Operating Income (Loss)	\$ 28,880	\$ (11,167)
Adjustments		
Increase in accounts payable	6,390	9,563
Increase in prepaid expenses	-	(1,146)
Net Cash Provided By (Used in) Operating Activities	<u>\$ 35,270</u>	<u>\$ (2,750)</u>
Supplemental Information		
Donated capital assets	<u>\$ 5,687,153</u>	<u>\$ -</u>
Construction in progress in accrued liabilities	<u>\$ -</u>	<u>\$ 151,400</u>

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

III. NOTES TO THE FINANCIAL STATEMENTS

NOTE 1—FINANCIAL REPORTING ENTITY

On August 9, 2022, the City Council (the "City Council") of the City of Celina, Texas (the "City") passed and approved Resolution No. 2022-39R approving and authorizing the creation of the Harper Estates Public Improvement District (the "PID") to finance the costs of certain public improvements (the "Authorized Improvements") for the benefit of property in the PID, all of which is located within the City.

The \$7,226,000 Series 2023 Special Assessment Revenue Bonds, (the "Series 2023 Bonds" or "Bonds") were issued on March 14, 2023, pursuant to Chapter 372 of the Texas Local Government Code, the "Public Improvement District Assessment Act", as amended (the "PID Act"), an ordinance adopted by the City Council on February 14, 2023, and an Indenture of Trust (the "Indenture"), dated as of March 1, 2023, between the City and U.S. Bank, National Association (the "Trustee"). The Bonds were issued to finance a portion of the Authorized Improvements for a single-family residential development, a portion of the interest on the Bonds during and after the period of acquisition and construction of the Authorized Improvements, to fund a reserve fund, to pay a portion of the costs incidental to the organization of the PID, and to pay costs of issuing the Bonds.

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 PID consists of approximately 99.9 acres and is projected to consist of seventy-six single family residential units at completion, including the infrastructure necessary to provide roadways, water, and storm drainage improvements to the PID. The estimated number of lots and the classification of each lot are based upon the proposed development plan.

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. The policies conform to generally accepted accounting principles (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 associated with the operation of the PID are included on 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. The PID does not maintain a capitalization threshold as all infrastructure assets are capitalized. The PID does not depreciate the capital assets that will be donated upon completion/acquisition.

E. Net Position

Net position represents the difference between assets and liabilities. 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. 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 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 and had no impact on the PID.

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	\$ 756,681	\$ 1,524,682
Total cash and cash equivalents	<u>\$ 756,681</u>	<u>\$ 1,524,682</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 monies 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 Indenture specifies that investment 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 Indenture.

All funds held in the accounts created by the Indenture which are on deposit with any bank will be continuously secured in the manner required by the Indenture 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 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's capital asset activity for the years ending September 30, 2024 and 2023, was as follows:

	Balance		Balance
2024	October 1, 2023	Additions	September 30, 2024
Construction in progress	\$ 5,455,055	\$ 232,098	\$ (5,687,153)
Total Capital Assets	<u>\$ 5,455,055</u>	<u>\$ 232,098</u>	<u>\$ (5,687,153)</u>

	Balance		Balance
2023	October 1, 2022	Additions	September 30, 2023
Construction in progress	\$ -	\$ 5,455,055	\$ -
Total Capital Assets	<u>\$ -</u>	<u>\$ 5,455,055</u>	<u>\$ -</u>

Capital assets financed with the Bond proceeds consist of roadway improvements, water distribution system improvements, and storm drainage collection system improvements that will benefit the PID. All public improvements were completed and accepted by the City on April 17, 2024.

NOTE 5—LONG-TERM OBLIGATIONS

The PID's long-term debt activity for the years ending September 30, 2024, and 2023, was as follows:

	Balance			September 30, 2024	Due in one year
	October 1, 2023	Increase	Decrease		
2024					
Series 2023 Bonds	\$ 7,226,000	\$ -	\$ -	\$ 7,226,000	\$ 96,000
Developer's escrow deposit	365,096	-	(365,096)	-	-
Total Long-term Debt	\$ 7,591,096	\$ -	\$ (365,096)	\$ 7,226,000	\$ 96,000

	Balance			September 30, 2023	Due in one year
	October 1, 2022	Increase	Decrease		
2023					
Series 2023 Bonds	\$ -	\$ 7,226,000	\$ -	\$ 7,226,000	\$ -
Developer's escrow deposit	-	369,710	(4,614)	365,096	-
Total Long-term Debt	\$ -	\$ 7,595,710	\$ (4,614)	\$ 7,591,096	\$ -

On March 14, 2023, the City issued \$7,226,000 in Special Assessment Revenue Bonds, Series 2023, to finance certain public infrastructure improvements in connection with the proposed development within the PID, to fund a debt service reserve fund, to fund the payment of interest on the Bonds prior to and during construction, to pay a portion of the costs incidental to the organization of the PID, and to pay costs of issuing the Bonds.

The Bonds are intended to be paid primarily from assessments imposed by the City and collected by the Collin County Tax Assessor Collector (the “CCTAC”) against the properties benefiting from the public improvements. If an assessment is not paid in full, the PID Act authorizes the City to collect interest and collections costs on the outstanding assessment. The City covenanted in the Indenture 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 Bonds are limited obligations of the City payable solely from and secured by a pledge of assessments and certain funds held by the Trustee.

The Bonds were issued at an interest rate of 6.75% per annum. Interest on the Bonds is payable according to the terms specified by the Indenture semiannually on March 1 and September 1 of each year beginning on September 1, 2023. Interest on the Bonds is calculated on the basis of a 360-day year comprised of twelve 30-day months. Interest payments totaled \$487,755 and \$226,264 for the years ended September 30, 2024 and 2023 respectively.

The Bonds represent 100% of the PID's long-term debt balance and are subject to optional redemption, extraordinary optional redemption, and mandatory sinking fund redemption. Principal payments on the Series 2023 Bonds are due each September 1 beginning September 1, 2025, according to the mandatory sinking fund redemption schedule.

A. Optional Redemption

The Bonds may be redeemed at the option of the City on any date on or after September 1, 2033, in whole or in part, at 100% of the principal amount plus accrued interest to the redemption date.

B. Extraordinary Optional Redemption

The Bonds are subject to extraordinary optional redemption in whole or in part on the first of any month from any prepayments of special assessments or from any funds remaining in the project fund after completion of the improvements. There were no extraordinary optional redemptions in fiscal years 2024 or 2023.

C. Mandatory Sinking Fund Redemption

The Bonds are required to be redeemed prior to maturity in part at a price of 100% of the principal amount thereof plus accrued interest to the redemption date, on each September 1, beginning on September 1, 2025. Mandatory debt service requirements consist of the following:

For the period ending September 30:	Principal	Interest
2025	\$ 96,000	\$ 487,755
2026	102,000	481,275
2027	108,000	474,390
2028	115,000	467,100
2029	123,000	459,338
2030-2034	743,000	2,161,284
2035-2039	1,021,000	1,875,354
2040-2044	1,415,000	1,481,289
2045-2049	1,967,000	934,336
2050-2052	1,536,000	212,018
Total	\$ 7,226,000	\$ 9,034,139

D. Developer Escrow Deposit

At bond issuance, MM Celina 100, LLC (the “Developer”) deposited \$369,710 with the Trustee to be held in escrow and used to fund costs of the public improvements in excess of the funds available from the proceeds of the Bonds. Any funds remaining at the completion of the public improvements will be returned to the Developer. As of September 30, 2024, the entire amount of \$369,710 was drawn on the developer’s escrow deposit, and \$365,096 and \$4,614 was reported as income to the PID in fiscal years 2024 and 2023, respectively.

NOTE 6—REVENUES

The assessments levied to pay debt service on the Bonds, together with interest thereon, are payable annually, established by the Assessment Ordinance and the Service and Assessment Plan to correspond, as nearly as practicable, to the debt service requirements for the Bonds, if any. Annual assessments are to be imposed and collected by the CCTAC on all the real property within the PID (excepting those for which the special assessment lien has been prepaid) except for non-benefited property and public property. The annual revenue requirement, 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. Annual assessments, unless prepaid, will be billed on or about October 1 of each year and shall be delinquent if not paid prior to February 1 of the following year. The assessments may be enforced by the City in the same manner that an ad valorem tax lien against real property is enforced. Delinquent annual installments of the assessments incur interest, penalties, and attorney’s fees in the same manner as delinquent ad valorem taxes. The City may bring foreclosure proceedings for any delinquent annual installment amounts.

Annual installments of assessments totaling \$82,030 were billed to property owners for collection in fiscal year 2024. There were no annual installments of assessments billed for the assessment year ending September 30, 2023. According to the CCTAC, as of September 30, 2024, all annual assessments had been collected and remitted to the PID.

NOTE 7—ARBITRAGE

When applicable, arbitrage calculations are performed on the PID’s funds to determine any arbitrage rebate or yield restriction liability. No liabilities for arbitrage rebate or yield restriction were identified in the fiscal years ending September 30, 2024 and 2023.

NOTE 8—SUBSEQUENT EVENTS

Annual installments of assessments totaling \$631,979 were billed to property owners for collection in fiscal year 2025. According to the CCTAC, as of July 1, 2025, all annual assessments had been collected and remitted to the PID.