

**PARKS AT WILSON CREEK
PUBLIC IMPROVEMENT DISTRICT
CITY OF CELINA, TEXAS**

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

CUSIP NUMBERS:

<i><u>Phase #1</u></i>	<i><u>Initial Major Improvements</u></i>
15114CEE0	15114CEJ9
15114CEF7	15114CEK6
15114CEG5	15114CEL4
15114CEH3	15114CEM2

PARKS AT WILSON CREEK PUBLIC IMPROVEMENT DISTRICT

ANNUAL FINANCIAL STATEMENTS SEPTEMBER 30, 2024 AND 2023

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Independent Auditor's Report

The Honorable Mayor and Members of the City Council
Parks at Wilson Creek Public Improvement District
Celina, Texas

Opinion

We have audited the financial statements of the Parks at Wilson Creek 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
Parks at Wilson Creek 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 Parks at Wilson Creek 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.

Highlights

1. The PID was formed on August 10, 2021, pursuant to Resolution No. 2021-58R 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 on behalf of the PID of \$7,373,000 in Series 2021 Special Assessment Revenues Bonds, Phase #1 Project (the "Phase #1 Bonds") on December 7, 2021, bearing interest at 2.75% to 4.00% with a final maturity of September 1, 2051. The PID's debt will be paid through the collection of annual assessments on the benefitted properties.
3. The City issued long-term debt on behalf of the PID of \$12,604,000 in Series 2021 Special Assessment Revenue Bonds, Initial Major Improvements Project (the "IMI Bonds", and together with the "Phase #1 Bonds", the "Bonds") on December 7, 2021, bearing interest at 3.50% to 4.50% with a final maturity of September 1, 2051. The PID's debt will be paid through the collection of annual assessments on the benefitted properties.
4. Net position at September 30, 2024 and 2023 totaled (\$20,298,906) and (\$22,049,925) respectively, due mainly to the costs of issuing the Bonds, debt service on the Bonds, and the construction and donation of authorized improvements.
5. Capital assets totaling \$20,352,871 representing construction of road, water, sanitary sewer, storm drainage, and associated soft costs were completed and accepted by the City on January 22, 2023. These are reported as "donated capital assets" in the financial statements.
6. Annual assessments of \$2,637,539 and \$1,465,760 were imposed on the property owners for the 2024 and 2023 fiscal years, respectively. The annual assessments are remitted to the PID monthly as they are received by the Collin County Tax Assessor Collector (the "CCTAC"). As of September 30, 2024, all installments have been paid.

7. The City approved a reimbursement agreement (“The Reimbursement Agreement”) totaling \$19,648,159 to finance the remaining costs of the Phase #1 Improvements and IMI improvements. The developer has submitted costs of \$4,541,017 to partially fulfill the Phase #1 reimbursement agreement (Phase #1 RA Note). No costs have been submitted against the IMI reimbursement agreement.
8. Annual assessments of \$2,616,392 were imposed on the property owners for the 2025 fiscal year. As of September 30, 2025, \$2,616,148 has been collected.

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>	<u>2022</u>
Assets:			
Current and other assets	\$ 4,129,520	\$ 2,747,671	\$ 8,393,931
Capital assets	-	-	13,908,320
Total assets	<u>4,129,520</u>	<u>2,747,671</u>	<u>22,302,251</u>
Liabilities:			
Current liabilities	814,338	685,905	4,456,767
Long-term debt	23,614,088	24,111,691	20,052,277
Total Liabilities	<u>24,428,426</u>	<u>24,797,596</u>	<u>24,509,044</u>
Net Position			
Net investment in capital assets	-	-	(2,151,036)
Restricted	4,112,234	2,735,915	-
Unrestricted	(24,411,140)	(24,785,840)	(55,757)
Total Net Position	<u><u>\$ (20,298,906)</u></u>	<u><u>\$ (22,049,925)</u></u>	<u><u>\$ (2,206,793)</u></u>

The negative net position is the result of the completion and subsequent donation of the capital assets.

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating Revenues	\$ 2,637,539	\$ 1,465,760	\$ -
Operating Expenses	<u>87,475</u>	<u>72,965</u>	<u>29,410</u>
Operating Income	2,550,064	1,392,795	(29,410)
Non-operating Revenues/(Expenses)	(799,045)	(883,056)	(2,177,383)
Donated capital assets	<u>-</u>	<u>(20,352,871)</u>	<u>-</u>
Change in Net Position	<u><u>\$ 1,751,019</u></u>	<u><u>\$(19,843,132)</u></u>	<u><u>\$(2,206,793)</u></u>

The change in net position from 2022 to 2023 is the result of the completion and subsequent donation of capital assets. The change in net position from 2023 to 2024 is the increase in annual assessments and no Donated capital assets in fiscal year 2024.

Capital Assets

The PID's capital assets funded by the Bond proceeds and the Phase #1 RA Note consisted of construction of road improvements, water and sewer improvements, and storm drainage improvements to be owned by the City upon completion. On January 22, 2023, the City accepted \$20,352,871 in public improvements representing improvements within the PID.

Long-Term Debt

The City issued the Bonds on behalf of the PID totaling \$19,977,000 on December 7, 2021, bearing interest at the rates listed below with a final maturity of September 1, 2051. The Bonds are subject to optional redemption, extraordinary optional redemption, and mandatory sinking fund redemption requirements as specified in the Indenture of Trust.

Phase #1 Bonds

	Par Value	Rate	Final Maturity
Term 2026	\$ 490,000	2.750%	September 1, 2026
Term 2031	\$ 925,000	3.250%	September 1, 2031
Term 2041	\$ 2,411,000	3.500%	September 1, 2041
Term 2051	\$ 3,547,000	4.000%	September 1, 2051

IMI Bonds

	Par Value	Rate	Final Maturity
Term 2026	\$ 741,000	3.500%	September 1, 2026
Term 2031	\$ 1,447,000	4.000%	September 1, 2031
Term 2041	\$ 4,035,000	4.250%	September 1, 2041
Term 2051	\$ 6,381,000	4.500%	September 1, 2051

The proceeds from the Bonds were 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, and to pay costs of issuing the Bonds.

Mandatory sinking fund payments began on September 1, 2024, from assessments received by the PID.

The Phase #1 Bonds were issued at a premium of \$77,396, which is being amortized using the effective interest method over the life of the Bonds. Amortization of the premium totaled \$2,603 for both fiscal years 2024 and 2023. As of September 30, 2024, the balance of the bond premium is \$70,071.

The Parks at Wilson Creek L.P.(the “Developer”) entered into multiple reimbursement agreements with the City totaling \$4,541,017 for the Phase #1 Reimbursement Agreement (the “Phase #1 RA”), \$12,780,092 for the Additional Major Improvements Reimbursement Agreement (the “Additional Major Improvements RA”), and \$2,327,050 for the Phase #1 Additional Major Improvements (the “Phase #1 AMI, RA”, collectively the “Reimbursement Agreements”), to fund the roadway, water, sanitary sewer, storm drainage and associated soft costs. As of September 30, 2023, the developer has submitted costs to satisfy the Phase #1 RA. As of September 30, 2024, the balance of the Phase #1 RA is \$4,459,017.

Pledged Revenues

Pledged revenues consist of annual assessments paid by the benefited property owners deposited by the CCTAC with U.S. Bank National Association (the “Trustee”). There were \$2,637,539 and \$1,465,760 in annual assessments for fiscal years 2024 and 2023, respectively, billed to property owners. All assessments have been received. For fiscal year 2025, there were \$2,616,392 in annual assessments billed to property owners, of which \$2,616,148 has been collected as of September 30, 2025.

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

**PARKS AT WILSON CREEK 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	\$ 4,112,234	\$ 2,735,915
Accrued interest receivable	17,286	11,756
Total Current Assets	<u>4,129,520</u>	<u>2,747,671</u>
Total Assets	<u>4,129,520</u>	<u>2,747,671</u>
Liabilities		
Current Liabilities		
Accounts payable	27,283	16,259
Accrued interest payable	292,055	190,646
Current portion of long-term debt	495,000	479,000
Total Current Liabilities	<u>814,338</u>	<u>685,905</u>
Noncurrent Liabilities		
Long-term debt	23,544,017	24,039,017
Premium on long-term debt, net	70,071	72,674
Total Noncurrent Liabilities	<u>23,614,088</u>	<u>24,111,691</u>
Total Liabilities	<u>24,428,426</u>	<u>24,797,596</u>
Net Position		
Restricted	4,112,234	2,735,915
Unrestricted	(24,411,140)	(24,785,840)
Net Position	<u>\$ (20,298,906)</u>	<u>\$ (22,049,925)</u>

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

**PARKS AT WILSON CREEK 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	\$ 2,637,539	\$ 1,465,760
Total Operating Revenues	<u>2,637,539</u>	<u>1,465,760</u>
Operating Expenses		
Administrative fees	83,100	69,018
Accounting and audit fees	4,375	3,947
Total Operating Expenses	<u>87,475</u>	<u>72,965</u>
Operating Income	<u>2,550,064</u>	<u>1,392,795</u>
Non-Operating Revenues/(Expenses)		
Interest and dividend income	215,242	159,674
Penalties and interest revenues	2,986	-
Interest expense	<u>(1,017,273)</u>	<u>(1,042,730)</u>
Total Non-Operating (Expenses)	<u>(799,045)</u>	<u>(883,056)</u>
Donated Capital Assets	<u>-</u>	<u>(20,352,871)</u>
Change in Net Position	<u>1,751,019</u>	<u>(19,843,132)</u>
Net Position, Beginning of Year	<u>(22,049,925)</u>	<u>(2,206,793)</u>
Net Position, End of Year	<u><u>\$ (20,298,906)</u></u>	<u><u>\$ (22,049,925)</u></u>

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

PARKS AT WILSON CREEK 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	\$ 2,637,539	\$ 1,465,760
Cash payments for administrative fees	(72,075)	(56,720)
Cash payments for accounting and audit fees	(4,375)	(3,947)
Net Cash Provided by Operating Activities	<u>2,561,089</u>	<u>1,405,093</u>
Cash Flows from Investing Activities		
Interest and dividends received on investments	<u>209,713</u>	<u>163,810</u>
Net Cash Provided by Investing Activities	<u>209,713</u>	<u>163,810</u>
Cash Flows from Capital and Related Financing Activities		
Acquisition and construction of capital assets	-	(6,288,653)
Principal paid on debt	(479,000)	-
Interest paid on debt	(918,469)	(922,375)
Penalties and interest received	2,986	-
Net Cash Used in Capital and Related Financing Activities	<u>(1,394,483)</u>	<u>(7,211,028)</u>
Change in Cash and Cash Equivalents	1,376,319	(5,642,125)
Cash and Cash Equivalents, Beginning of Year	<u>2,735,915</u>	<u>8,378,040</u>
Cash and Cash Equivalents, End of Year	<u>\$ 4,112,234</u>	<u>\$ 2,735,915</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$ 2,550,064	\$ 1,392,795
Adjustments		
Increase in accounts payable	11,025	12,298
Net Cash Provided by Operating Activities	<u>\$ 2,561,089</u>	<u>\$ 1,405,093</u>
Supplemental Information		
Donated Capital Assets	<u>\$ -</u>	<u>\$ 20,352,871</u>
Capital Assets Costs Paid by Developer	<u>\$ -</u>	<u>\$ 4,541,017</u>

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

IV. NOTES TO THE FINANCIAL STATEMENTS

NOTE 1—FINANCIAL REPORTING ENTITY

On August 10, 2021, the City Council (the "City Council") of the City of Celina, Texas (the "City") passed and approved Resolution No. 2021-58R approving and authorizing the creation of the Parks at Wilson Creek 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 \$7,373,000 Series 2021 Special Assessment Revenue Bonds, Phase #1 Project ("Phase #1 Bonds") and the \$12,604,000 Series 2021 Special Assessment Revenue Bonds, Initial Major Improvements Project (the "IMI Bonds", collectively the "Bonds") were issued on December 7, 2021 pursuant to Chapter 372 of the Texas Local Government Code, the "Public Improvement District Assessment Act", as amended, (the "PID Act") and an ordinance adopted by the City Council on November 9, 2021, and an Indenture of Trust (the "Indenture"), dated as of December 1, 2021, between the City and U.S. Bank, National Association (the "Trustee"). The Bonds are the initial series of similarly accrued to be issued under the Indenture. The Bonds were issued to finance a portion of the authorized improvements for an approximately 647-acre development, to fund 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 Developer has entered into multiple reimbursement agreements with the City of Celina totaling \$4,541,017 for the Phase #1 Reimbursement Agreement (the "Phase #1 RA"), \$12,780,092 for the Additional Major Improvements Reimbursement Agreement (the "Additional Major Improvements RA"), and \$2,327,050 for the Phase #1 Additional Major Improvements (the "Phase #1 AMI, RA", collectively the "Reimbursement Agreements"), to fund the roadway, water, sanitary sewer, storm drainage and associated soft costs. The interest rate on the Reimbursement Agreements is 4.64%. As of September 30, 2023, the developer had submitted costs to satisfy the Phase #1 RA.

The City is located in north central Collin and Denton Counties, 40 miles north of Dallas and 15 miles northwest of the City of McKinney. The PID is located within the City's corporate limits. The PID is being developed by The Parks at Wilson Creek, L.P., a Texas limited partnership (the "Developer"). The PID consists of approximately 647 acres and is projected to consist of 2,164 single-family residential units at completion, including landscaping and the infrastructure necessary to provide roadways, drainage, and utilities to the PID. The estimated number of lots and the classification of each lot are based upon the proposed development plan. Phase #1 of the development is expected to consist of approximately 358 lots.

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 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 will be donated to the City 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 levied by the City annually. 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	\$ 4,112,234	\$ 2,735,915
Total cash and cash equivalents	<u>\$ 4,112,234</u>	<u>\$ 2,735,915</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 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 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 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 year ended September 30, 2023, was as follows:

2023	Balance		
	October 1, 2022	Additions	Donations
Construction in progress	\$ 13,908,320	\$ 6,444,551	\$ (20,352,871)
Total Capital Assets	<u>\$ 13,908,320</u>	<u>\$ 6,444,551</u>	<u>\$ (20,352,871)</u>
			Balance
			September 30, 2023
			\$ -
			\$ -

Construction in progress consists of roadway improvements, water distribution system improvements, sanitary sewer collection system improvements, and storm drainage collection system improvements that will benefit the PID. The proceeds of the Bonds are being used to fund a portion of the costs of these public improvements. On January 22, 2023, the infrastructure improvements were completed and accepted by the City of Celina. These are reported in the financial statements as “donated capital assets”. Therefore, there are no capital assets reported as of September 30, 2024 or 2023.

NOTE 5—LONG-TERM OBLIGATIONS

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

2024	Balance			September 30, 2024	Due in one year
	October 1, 2023	Increase	Decrease		
Series 2021 Phase #1 Bonds					
Bonds payable	\$ 7,373,000	\$ -	\$ (159,000)	\$ 7,214,000	\$ 163,000
Bond premium	72,674	-	(2,603)	70,071	-
Total Phase #1 Bonds	7,445,674	-	(161,603)	7,284,071	163,000
Series 2021 IMI Bonds					
Bonds payable	12,604,000	-	(238,000)	12,366,000	247,000
Total IMI Bonds	12,604,000	-	(238,000)	12,366,000	247,000
RA Phase #1	4,541,017	-	(82,000)	4,459,017	85,000
Total Long-term Debt	\$ 24,590,691	\$ -	\$ (481,603)	\$ 24,109,088	\$ 495,000

2023	Balance			Balance September 30, 2023	Due in one year
	October 1, 2022	Increase	Decrease		
Series 2021 Phase #1 Bonds					
Bonds payable	\$ 7,373,000	\$ -	\$ -	\$ 7,373,000	\$ 159,000
Bond premium	75,277	-	(2,603)	72,674	-
Total Phase #1 Bonds	7,448,277	-	(2,603)	7,445,674	159,000
Series 2021 IMI Bonds					
Bonds payable	12,604,000	-	-	12,604,000	238,000
Total IMI Bonds	12,604,000	-	-	12,604,000	238,000
RA Phase #1	-	4,541,017	-	4,541,017	82,000
Total Long-term Debt	\$ 20,052,277	\$ 4,541,017	\$ (2,603)	\$ 24,590,691	\$ 479,000

A. Special Assessment Revenue Bonds, Series 2021

On December 7, 2021, the City issued \$7,373,000 in Special Assessment Revenue Bonds, Series 2021 Phase #1 Project, to finance a portion of the actual costs of the Phase #1 Project, to pay a portion of the interest on the Bonds during and after the period of acquisition and construction of the Projects, to fund a reserve fund for payment of principal and interest on the Bonds, to pay a portion of the costs incidental to the organization and administration of the district, and to pay costs of issuing the bonds. The Collin County Tax Assessor Collector (the “CCTAC”), on behalf of the PID, will impose and collect the annual assessments and has agreed to apply its customary tax payment enforcement procedures to the collection of any delinquent payments of the annual assessment of penalties and interest, and tax foreclosure proceedings. In addition, when special assessments are imposed, a lien is made on the applicable parcels.

The Phase #1 Bonds were issued at a \$77,396 premium, which is being amortized over the life of the Phase #1 Bonds using the effective interest method.

On December 7, 2021, the City issued \$12,604,000 in Special Assessment Revenue Bonds, Series 2021 Initial Major Improvements Project to finance certain public infrastructure improvements in connection with the proposed development within the PID, to pay a portion of the interest on the IMI Bonds during and after the period of acquisition and construction of the projects, to fund a reserve fund for payment of principal and interest on the IMI Bonds, to pay a portion of the costs incidental to the organization and administration of the District, and to pay costs of issuance of the IMI Bonds. The CCTAC, on behalf of the PID, will impose and collect the annual installments of assessments and has agreed to apply its customary tax payment enforcement procedures to the collection of any delinquent payments of the annual assessment of penalties and interest, and tax foreclosure proceedings. In addition, when assessments are imposed, a lien is made on the applicable parcels.

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.

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 March 1, 2022. Interest on the Bonds is calculated on the basis of a 360-day year comprised of twelve 30-day months. Interest payments on the Phase #1 Bonds totaled \$269,803 and \$269,803 for the years ended September 30, 2024, and 2023, respectively. Interest payments on the IMI Bonds totaled \$542,448 and \$542,448 for the years ended September 30, 2024, and 2023, respectively.

The Bonds were issued as follows:

Phase #1 Bonds

	<u>Par Value</u>	<u>Rate</u>	<u>Final Maturity</u>	<u>Bond Premium</u>
Term 2026	\$ 490,000	2.750%	September 1, 2026	\$ -
Term 2031	\$ 925,000	3.250%	September 1, 2031	\$ -
Term 2041	\$ 2,411,000	3.500%	September 1, 2041	\$ -
Term 2051	\$ 3,547,000	4.000%	September 1, 2051	\$ 77,396

IMI Bonds

	<u>Par Value</u>	<u>Rate</u>	<u>Final Maturity</u>
Term 2026	\$ 741,000	3.500%	September 1, 2026
Term 2031	\$ 1,447,000	4.000%	September 1, 2031
Term 2041	\$ 4,035,000	4.250%	September 1, 2041
Term 2051	\$ 6,381,000	4.500%	September 1, 2051

The Bonds are subject to optional redemption, extraordinary optional redemption, and mandatory sinking fund redemption. Principal payments on the Bonds are due each September 1 beginning September 1, 2024 according to the mandatory sinking fund redemption schedule.

1. Optional Redemption

The Bonds may be redeemed at the option of the City on or after September 1, 2041, before their respective scheduled maturity dates, in whole or in part, on any date on or after September 1, 2031, such redemption date or dates to be fixed by the City at par value plus accrued interest to the date of redemption.

2. Extraordinary Optional Redemption

The Bonds are subject to extraordinary optional redemption by the City prior to their scheduled maturity on the first day of any month at the principal amount of the bonds plus accrued interest to the redemption date from amounts on deposit in the Redemption Fund as a result of assessment prepayments, 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. There were no extraordinary optional redemptions made in the fiscal years ending September 30, 2024, or 2023.

3. 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, 2024. Mandatory debt service requirements consist of the following:

For the period ending September 30:	<u>Phase #1 Bonds</u>		<u>IMI Bonds</u>	
	Principal	Interest	Principal	Interest
2025	\$ 163,000	\$ 265,430	\$ 247,000	\$ 534,118
2026	168,000	260,948	256,000	525,473
2027	173,000	256,328	266,000	516,513
2028	179,000	250,705	277,000	505,873
2029	185,000	244,888	289,000	494,793
2030-2034	1,023,000	1,128,638	1,644,000	2,287,867
2035-2039	1,222,000	937,705	2,049,000	1,908,113
2040-2044	1,470,000	703,020	2,566,000	1,427,071
2045-2049	1,800,000	388,120	3,244,000	795,600
2050-2051	831,000	50,200	1,528,000	103,950
Total	\$ 7,214,000	\$ 4,485,982	\$ 12,366,000	\$ 9,099,371

Total Series 2021 Bonds

For the period ending September 30:	Principal	Interest
2024	\$ 410,000	\$ 799,548
2025	424,000	786,421
2026	439,000	772,841
2027	456,000	756,578
2028	474,000	739,681
2029-2033	2,667,000	3,416,505
2034-2038	3,271,000	2,845,818
2039-2043	4,036,000	2,130,091
2044-2048	5,044,000	1,183,720
2049-2051	2,359,000	154,150
Total	\$ 19,580,000	\$ 13,585,353

B. Phase #1 Reimbursement Agreement Note

On November 9, 2021, the City entered into a Reimbursement Agreement with the Developer to finance a portion of the costs of the major improvement area public improvements not paid with proceeds of the Series 2021 Bonds. According to the Reimbursement Agreement, the Developer will contribute authorized improvements in return for a \$4,541,017 reimbursement note (the “Phase #1 RA Note”), which will be issued for the benefit of the Developer upon satisfactory evidence of costs spent on the authorized improvements. Interest and principal on the Phase #1 RA Note will be paid solely from pledged revenues as stated in the Service and Assessment Plan. The Phase #1 RA Note will bear interest at the rate of 5% above the highest average index rate for tax-exempt bonds reported in a daily or weekly bond index reported in the month before the date the obligation was incurred for years one through five. After five years, the rate will become 2% above the highest average index rate for tax-exempt bonds reported in a daily or weekly bond index reported in the month before the date the obligation was incurred. However, upon issuance of the Series 2021 Bonds, the interest rate due and unpaid on amounts shown on each certificate for payment to be paid to the developer shall be the lower of: (1) the interest rate on the applicable Series 2021 Bonds issued to finance the costs of the authorized improvements for which the Certificate for payment was filed, or (2) the interest rate approved by the City Council of the City in the assessment ordinance levying the assessments from which such PID Bond shall be paid. The interest rates set forth in the Reimbursement Agreement have been approved by the City Council and are authorized by the act. The interest rate is 4.64%. Any balance remaining one year after the last annual installment is collected will be cancelled.

As of September 30, 2023, \$4,541,017 of authorized improvements were submitted resulting in a Phase #1 RA Note of \$4,541,017. In fiscal year 2024 and 2023, interest payments of \$106,218 and \$110,125, respectively, were made to the Developer. There was also a \$82,000 principal payment made in fiscal year 2024, resulting in a balance of \$4,459,017 as of September 30, 2024.

The estimated future debt service payments on the Phase #1 RA Note are as follows:

For the period ending			
September 30:		Principal	Interest
	2025	\$ 85,000	\$ 206,898
	2026	89,000	202,954
	2027	93,000	198,825
	2028	96,000	194,510
	2029	101,000	190,055
	2030-2034	571,000	876,082
	2035-2039	703,000	731,871
	2040-2044	869,000	554,113
	2045-2049	1,081,000	333,620
	2050-2052	771,017	72,572
Total		\$ 4,459,017	\$ 3,561,500

C. Additional Reimbursement Agreement Notes

The developer has not yet submitted costs for the MIA Additional Major Improvements RA Note for \$12,780,092 and the Phase #1 Additional Major Improvements RA Note for \$2,327,050. Therefore, the reimbursement agreement notes have not yet been triggered.

NOTE 6—REVENUES

Annual installments of the 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 installments are remitted to the PID monthly as they are received by the Collin County Tax Assessor Collector (the “CCTAC”). The annual installment of assessments, 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 installment 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 installments are payable no later than February 1 of each 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 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 assessment.

In fiscal year 2024 and 2023, \$2,637,539 and \$1,465,760, respectively, in annual installments were billed to the property owners. As of September 30, 2024, all assessments have been received by CCTAC 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 restrictions were identified in the fiscal years ending September 30, 2024, and 2023.

NOTE 8—SUBSEQUENT EVENTS

Annual installments were billed for the 2024-2025 assessment year to be collected in fiscal year 2025 as follows:

	Annual Installments	2024-2025
Phase #1 Project	\$ 471,068	
Phase #1 RA	309,827	
Additional Major Improvements RA	166,452	
Initial Major Improvements	839,508	
Reimbursement Agreement MIA	829,537	
Total	<u>\$ 2,616,392</u>	

As of September 30, 2025, \$2,616,148 in annual installments have been collected by the CCTAC.

The Phase #2 annual assessments were levied on June 10, 2025 to help pay for the reimbursement agreement costs.