

**CELINA HILLS PUBLIC IMPROVEMENT DISTRICT  
CITY OF CELINA, TEXAS**

**AUDITED FINANCIAL STATEMENTS  
AS OF SEPTEMBER 30, 2023, AND 2022**

**CUSIP NUMBERS:**

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# CELINA HILLS PUBLIC IMPROVEMENT DISTRICT

## ANNUAL FINANCIAL STATEMENTS SEPTEMBER 30, 2023, AND 2022

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## **Independent Auditor's Report**

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

### ***Opinion***

We have audited the financial statements of the Celina Hills Public Improvement District (PID), as of and for the years ended September 30, 2023 and 2022, 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, 2023 and 2022, 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.

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 GAAS, 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  
July 8, 2024**

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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 Celina Hills Public Improvement District (the "PID") provides an overall review of the PID's financial activities for the fiscal years ended September 30, 2023, and 2022. 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 created pursuant to Texas Local Government Code, Chapter 372, Public Improvement Assessment Act (the "PID Act") and Resolution No. 2019-37R, which was adopted on July 9, 2019 to finance the costs of certain public improvements for the benefit of property in the PID.
2. On May 12, 2022, the PID issued the \$7,495,000 City of Celina, Texas, Special Assessment Revenue Bonds, Series 2022, Celina Hills Public Improvement District Project (the "Bonds") to fund a portion of the costs of improvements for the benefit of the District, to pay a portion of the interest on the Bonds during construction, to fund a reserve fund, to pay costs incidental to the organization and administration of the PID, and to pay the costs of issuing the Bonds.
3. The Bonds will be paid solely through the collection of assessments imposed on the assessed properties benefiting from the public improvements.
4. Net position at September 30, 2023 and 2022 totaled (\$6,791,176) and (\$6,869,204) respectively, due mainly to the donation of completed improvements to the City during fiscal year 2022.
5. There are no capital assets to be reported as of September 30, 2023 due to the completion and donation of public improvements in fiscal year 2022. Additional minor costs of \$125,149 related to the landscaping improvements were recorded in fiscal year 2023 and completed and donated to the City prior to September 30, 2023. Capital assets totaled \$69,366 at September 30, 2022, which represented ongoing landscaping completed in August 2023, and donated to the City. Improvements totaling \$6,088,850 were accepted and donated to the City in fiscal year 2022.
6. Annual assessments of \$575,490 were imposed on the property owners in fiscal year 2023. 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, 2023, all annual assessments had been collected and remitted to the PID. There were no annual installments of assessments imposed on the property owners for the 2021-2022 assessment year to be paid in fiscal year 2022.

7. Annual installments of assessments of \$555,667 were imposed on the property owners for assessment year 2023-2024. As of June 1, 2024, \$554,058 had been 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 Statement of Net Position:**

	<u>2023</u>	<u>2022</u>
Assets:		
Current and other assets	\$ 671,734	\$ 715,922
Construction in progress	-	69,366
Total assets	<u>671,734</u>	<u>785,288</u>
Liabilities:		
Current liabilities	228,910	287,492
Long-term debt	<u>7,234,000</u>	<u>7,367,000</u>
Total Liabilities	<u>7,462,910</u>	<u>7,654,492</u>
Net Position		
Net investment in capital assets	-	(6,837,819)
Restricted	668,851	-
Unrestricted	<u>(7,460,027)</u>	<u>(31,385)</u>
Total Net Position	<u>\$ (6,791,176)</u>	<u>\$ (6,869,204)</u>

The deficit in net position is due primarily to the PID’s completion and donation of the public improvements in fiscal years 2023 and 2022.

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

	<u>2023</u>	<u>2022</u>
Operating Revenues	\$ 575,490	\$ -
Operating Expenses	<u>48,668</u>	<u>13,058</u>
Operating Income (Loss)	526,822	(13,058)
Non-operating Revenues/(Expenses)	(323,904)	(767,296)
Donated capital assets	<u>(124,890)</u>	<u>(6,088,850)</u>
Change in Net Position	<u>\$ 78,028</u>	<u>\$ (6,869,204)</u>

Net position increased from 2022 to 2023 due primarily to the completion and donation of the capital assets in fiscal year 2022 and the collection of assessments in fiscal year 2023.

### Capital Assets

There are no capital assets to be reported as of September 30, 2023 due to the completion and donation of the authorized public improvements during fiscal years 2023 and 2022. Additional minor costs of \$55,524 related to the landscaping improvements were recorded in fiscal year 2023 and completed and donated to the City prior to September 30, 2023. Capital assets totaled \$69,366 at September 30, 2022, which represented ongoing landscaping were donated to the City in August 2023. Improvements totaling \$6,088,850 were accepted and conveyed to the City in fiscal year 2022.

### Long-Term Debt

The \$7,495,000 Series 2022 Special Assessment Revenue Bonds were issued on May 12, 2022, in four terms bearing interest at rates from 4.38% to 5.00% with a final maturity of September 1, 2051.

The Bonds issuance represents 100% of the PID's long-term debt balance, and is subject to mandatory sinking fund, optional, and extraordinary optional redemption requirements as specified in the Indenture of Trust (the "Indenture"), entered into between the City and U.S. Bank Trust Company, National Association (the "Trustee") on May 1, 2022.

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

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

Mandatory sinking fund payments began on September 1, 2023, from bond proceeds and special assessment revenues received by the PID after the payment of administrative expenses.

### **Pledged Revenues**

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

Annual assessments of \$575,490 were imposed on the property owners in fiscal year 2023. As of September 30, 2023, 100% of the 2023 annual assessments had been collected and remitted to the PID. There were no annual assessments imposed on the property owners for the 2021-2022 assessment year to be collected in fiscal year 2022. Obligations for fiscal year 2022 were funded from the bond proceeds.

Annual installments of assessments of \$555,667 were imposed on the property owners for assessment year 2024. As of June 1, 2024, \$554,058 had been remitted to the PID.

### **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.



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### **III. FINANCIAL STATEMENTS**

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#### **CELINA HILLS PUBLIC IMPROVEMENT DISTRICT STATEMENTS OF NET POSITION AS OF SEPTEMBER 30,**

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets		
Restricted cash and cash equivalents	\$ 668,851	\$ 712,964
Accrued interest receivable	2,883	1,354
Prepaid expenses	-	1,604
Total Current Assets	<u>671,734</u>	<u>715,922</u>
Noncurrent Assets		
Construction in progress	-	69,366
Total Noncurrent Assets	<u>-</u>	<u>69,366</u>
Total Assets	<u>671,734</u>	<u>785,288</u>
Liabilities		
Current Liabilities		
Accounts payable	10,510	4,000
Accrued liabilities	55,524	125,149
Accrued interest payable	29,876	30,343
Current portion of long-term debt	133,000	128,000
Total Current Liabilities	<u>228,910</u>	<u>287,492</u>
Noncurrent Liabilities		
Long-term debt	<u>7,234,000</u>	<u>7,367,000</u>
Total Noncurrent Liabilities	<u>7,234,000</u>	<u>7,367,000</u>
Total Liabilities	<u>7,462,910</u>	<u>7,654,492</u>
Net Position		
Net investment in capital assets	-	(6,837,819)
Restricted	668,851	-
Unrestricted	<u>(7,460,027)</u>	<u>(31,385)</u>
Net Position	<u>\$ (6,791,176)</u>	<u>\$ (6,869,204)</u>

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

**CELINA HILLS PUBLIC IMPROVEMENT DISTRICT  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEARS ENDING SEPTEMBER 30,**

	<u>2023</u>	<u>2022</u>
Operating Revenues		
Annual assessment revenues	\$ 575,490	\$ -
Total Operating Revenues	<u>575,490</u>	<u>-</u>
Operating Expenses		
Administrative fees	46,694	13,058
Accounting and audit fees	1,974	-
Total Operating Expenses	<u>48,668</u>	<u>13,058</u>
Operating Income (Loss)	<u>526,822</u>	<u>(13,058)</u>
Non-Operating Revenues/(Expenses)		
Interest and dividend income	39,745	10,906
Bond issuance costs	-	(637,613)
Interest expense	(363,649)	(140,589)
Total Non-Operating Revenues/(Expenses)	<u>(323,904)</u>	<u>(767,296)</u>
Donated capital assets	<u>(124,890)</u>	<u>(6,088,850)</u>
Change in Net Position	78,028	(6,869,204)
Net Position, Beginning of Year	<u>(6,869,204)</u>	<u>-</u>
Net Position, End of Year	<u>\$ (6,791,176)</u>	<u>\$ (6,869,204)</u>

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

**CELINA HILLS PUBLIC IMPROVEMENT DISTRICT  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDING SEPTEMBER 30,**

	<u><b>2023</b></u>	<u><b>2022</b></u>
Cash Flows from Operating Activities		
Cash receipts from property owners	\$ 575,490	\$ -
Cash payments for administrative fees	(38,581)	(10,663)
Cash payments for accounting and audit fees	(1,974)	-
Net Cash Provided by (Used In) Operating Activities	<u>534,935</u>	<u>(10,663)</u>
Cash Flows from Investing Activities		
Interest and dividends received on investments	38,216	9,552
Net Cash Provided by Investing Activities	<u>38,216</u>	<u>9,552</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from bond issuance	-	7,495,000
Acquisition and construction of capital assets	(125,149)	(6,033,067)
Principal paid on debt	(128,000)	-
Interest paid on debt	(364,115)	(110,246)
Bond issuance costs paid	-	(637,612)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(617,264)</u>	<u>714,075</u>
Change in Cash Balance	(44,113)	712,964
Cash, Beginning of Year	712,964	-
Cash, End of Year	<u>\$ 668,851</u>	<u>\$ 712,964</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Operating Income (Loss)	\$ 526,822	\$ (13,058)
Adjustments		
Increase in accounts payable	6,510	4,000
Decrease (increase) in prepaid expenses	1,604	(1,604)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 534,935</u>	<u>\$ (10,663)</u>
Supplemental Information		
Donated capital assets	<u>\$ 124,890</u>	<u>\$ 6,088,850</u>
Construction in progress in accrued liabilities	<u>\$ 55,524</u>	<u>\$ 125,149</u>

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

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

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

The Celina Hills Public Improvement District (the “PID”) was created pursuant to Texas Local Government Code, Chapter 372, Public Improvement Assessment Act (the “PID Act”) and Resolution No. 2019-37R, which was adopted on July 9, 2019 to finance the costs of certain public improvements within the District.

The \$7,495,000 City of Celina, Texas, Special Assessment Revenue Bonds, Series 2022, Celina Hills Public Improvement District (the “Bonds”) were issued on May 12, 2022 pursuant to the Act and an ordinance adopted by the City Council on April 12, 2022 and an Indenture of Trust (the “Indenture”), dated as of May 1, 2022, between the City and U.S. Bank Trust Company, National Association (the “Trustee”). The Bonds were issued to finance certain infrastructure improvement projects provided for the benefit of the PID, to pay a portion of the interest on the Bonds during construction of the 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 PID is located within the City and contains approximately eighty acres of land. At completion, the PID is expected to consist of approximately 277 residential units, landscaping, and infrastructure necessary to provide roadways, drainage and utilities to the PID. The land in the PID is being developed by GRBK Edgewood, LLC, a Texas limited liability company (the “Developer”).

The Bonds are intended to be paid primarily from special assessments imposed and collected by the City from the properties benefiting from the public improvements of the PID. 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 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. 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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Money market funds	\$ 668,853	\$ 712,964
Total cash and cash equivalents	<u>\$ 668,853</u>	<u>\$ 712,964</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 Indenture specifies 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, 2023 and 2022 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 ended September 30, 2023, and 2022, was as follows:

	Beginning Balance	Additions	Donations	Ending Balance
<b>2023</b>				
Construction in progress	\$ 69,366	\$ 55,524	\$ (124,890)	\$ -
Total Capital Assets	\$ 69,366	\$ 55,524	\$ (124,890)	\$ -
<b>2022</b>				
Construction in progress	\$ -	\$ 6,158,216	\$ (6,088,850)	\$ 69,366
Total Capital Assets	\$ -	\$ 6,158,216	\$ (6,088,850)	\$ 69,366

Authorized improvements financed with the Bonds consist of roadway, water distribution, sanitary sewer, and storm drainage system improvements that benefit the PID. There are no capital assets to be reported as of September 30, 2023 due to the completion and donation of the authorized public improvements in fiscal years 2023 and 2022. Additional minor costs of \$55,524 related to the landscaping improvements were accrued in fiscal year 2023. A total of \$124,890 were completed and donated to the City prior to September 30, 2023. Improvements totaling \$6,088,850 were completed and conveyed to the City on July 7, 2022. These are reported in the financial statements as “donated capital assets”.

## NOTE 5—LONG-TERM OBLIGATIONS

The PID’s long-term debt activity for the years ending September 30, 2023, and 2022 was as follows:

	Balance			Balance	Due in
	October 1, 2022	Increase	Decrease		
<b>2023</b>					
<b>Series 2022</b>					
Term 2027	\$ 696,000	\$ -	\$ (128,000)	\$ 568,000	\$ 133,000
Term 2032	860,000	-	-	860,000	-
Term 2042	2,448,000	-	-	2,448,000	-
Term 2051	3,491,000	-	-	3,491,000	-
<b>Total Bonds Payable</b>	<b>\$ 7,495,000</b>	<b>\$ -</b>	<b>\$ (128,000)</b>	<b>\$ 7,367,000</b>	<b>\$ 133,000</b>
	Bond	Increase	Decrease	Balance	Due in
<b>2022</b>	Issuance				
<b>Series 2022</b>					
Term 2027	\$ 696,000	\$ -	\$ -	\$ 696,000	\$ 128,000
Term 2032	860,000	-	-	860,000	-
Term 2042	2,448,000	-	-	2,448,000	-
Term 2051	3,491,000	-	-	3,491,000	-
<b>Total Bonds Payable</b>	<b>\$ 7,495,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,495,000</b>	<b>\$ 128,000</b>

### A. Special Assessment Revenue Bonds, Series 2022

On May 12, 2022, the PID issued \$7,495,000 City of Celina, Texas, Special Assessment Revenue Bonds, Series 2022, Celina Hills Public Improvement Project to fund a portion of the costs of improvements projects for the benefit of the PID, to pay a portion of the interest on the Bonds during construction, to fund a reserve fund, to pay costs incidental to the organization of the PID, and to pay the costs of issuing the Bonds.

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



The Bonds were issued in four terms as follows:

	<u>Par Value</u>	<u>Rate</u>	<u>Final Maturity</u>
Term 2027	\$ 696,000	4.375%	September 1, 2027
Term 2032	\$ 860,000	4.625%	September 1, 2032
Term 2042	\$ 2,448,000	4.875%	September 1, 2042
Term 2051	\$ 3,491,000	5.000%	September 1, 2051

The Bonds represent 100% of the long-term debt balance, and are subject to mandatory sinking fund, optional, and extraordinary optional redemption requirements as specified in the Indenture. Principal payments began on September 1, 2023, according to the mandatory sinking fund schedule.

Interest on the Bonds is payable according to the terms specified by the Indenture semiannually on March 1 and September 1 of each year commencing on September 1, 2022. Interest on the Bonds is calculated based on a 360-day year comprised of twelve 30-day months. Interest payments totaled \$364,115 and \$110,246 for the years ended September 30, 2023, and 2022, respectively.

#### **1. Optional Redemption**

The City reserves the right and option to redeem the Bonds maturing on or after September 1, 2042, before their scheduled maturity date, in whole or in part, on any date on or after September 1, 2032, at the redemption price.

#### **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 redemption price of 100% of the principal amount of the Bonds, or portions thereof, to be redeemed plus accrued interest to the redemption date from amounts from assessment prepayments or unexpended construction funds.

### 3. 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 year ending September 30:	Series 2022 Bonds Term 2027		Series 2022 Bonds Term 2032	
	Principal	Interest	Principal	Interest
2024	\$ 133,000	\$ 49,700	\$ -	\$ 37,625
2025	139,000	38,063	-	37,625
2026	145,000	25,900	-	37,625
2027	151,000	13,213	-	37,625
2028	-	-	157,000	37,625
2029-2033	-	-	703,000	78,619
Total	<u>\$ 568,000</u>	<u>\$ 126,876</u>	<u>\$ 860,000</u>	<u>\$ 266,744</u>

For year ending September 30:	Series 2022 Bonds Term 2042		Series 2022 Bonds Term 2051	
	Principal	Interest	Principal	Interest
2024	\$ -	\$ 107,100	\$ -	\$ 152,731
2025	-	107,100	-	152,731
2026	-	107,100	-	152,731
2027	-	107,100	-	152,731
2028	-	107,100	-	152,731
2029-2033	196,000	535,500	-	763,656
2034-2038	1,132,000	398,213	-	763,656
2039-2043	1,120,000	125,475	315,000	763,656
2044-2048	-	-	1,834,000	542,281
2049-2051	-	-	1,342,000	119,394
Total	<u>\$ 2,448,000</u>	<u>\$ 1,594,688</u>	<u>\$ 3,491,000</u>	<u>\$ 3,716,298</u>

For year ending September 30:	Series 2022 Bonds Total	
	Principal	Interest
2024	\$ 133,000	\$ 347,156
2025	139,000	335,519
2026	145,000	323,356
2027	151,000	310,669
2028	157,000	297,456
2029-2033	899,000	1,377,775
2034-2038	1,132,000	1,161,869
2039-2043	1,435,000	889,131
2044-2048	1,834,000	542,281
2049-2051	1,342,000	119,394
Total	<u>\$ 7,367,000</u>	<u>\$ 5,704,606</u>

## NOTE 6—REVENUES

Annual installments of the special assessments are to be imposed, collected and remitted by Collin County 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 amount billed, 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 0.50% additional interest rate to fund the prepayment and delinquency reserve as described in the Indenture. Annual installments of assessments are payable no later than February 1 of each year.

Annual assessments of \$575,490 were imposed on the property owners in fiscal year 2023. The annual installments of assessments are remitted to the PID monthly as they are received by the Collin County Tax Assessor Collector (the “CCTAC”). As of September 30, 2023, all annual assessments had been collected and remitted to the PID.

There were no annual installments of assessments imposed on the property owners for the 2021-2022 assessment year to be collected in fiscal year 2022.

## 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, 2023, and 2022.

## NOTE 8—SUBSEQUENT EVENTS

Annual installments of assessments imposed on the property owners for the 2023-2024 assessment year to be collected in fiscal year 2024 total \$555,667. Annual installments of assessments are

due no later than February 1, 2024. As of June 1, 2024, \$554,058 has been collected and remitted to the PID.

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