

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

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

**CUSIP NUMBER:**

15114CBJ2

# COLUMNS PUBLIC IMPROVEMENT DISTRICT

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

### TABLE OF CONTENTS

<b>I.</b>	<b>INDEPENDENT AUDITOR’S REPORT .....</b>	<b>1</b>
<b>II.</b>	<b>MANAGEMENT’S DISCUSSION AND ANALYSIS .....</b>	<b>3</b>
<b>III.</b>	<b>FINANCIAL STATEMENTS.....</b>	<b>7</b>
	Statements of Net Position .....	7
	Statements of Revenues, Expenses, and Changes in Net Position.....	8
	Statements of Cash Flows .....	9
<b>III.</b>	<b>NOTES TO THE FINANCIAL STATEMENTS.....</b>	<b>10</b>
	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.....	17
	Note 8—Subsequent Events.....	17

## **Independent Auditor's Report**

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

### ***Opinion***

We have audited the financial statements of the Columns 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 Columns 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 formed on November 14, 2017 pursuant to Resolution No. 2017-203R 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 \$6,470,000 in Series 2018 Special Assessment Revenues Bonds, Phase #1 Project (the "Bonds") on May 4, 2018, bearing interest at 6.250% per annum with a final maturity of September 1, 2048, to finance public improvements located within the PID. The PID's debt will be paid through the collection of annual installments on the benefitted properties reduced by any tax increment revenues ("TIRZ Contribution") allocated to the PID by the City.
3. Net position at September 30, 2023 and 2022 totaled (\$6,387,821) and (\$6,652,405), respectively, due mainly to the donation of completed improvements to the City during fiscal year 2020.
4. On April 10, 2018, the City entered into a reimbursement agreement with CADG Outer Loop, LLC (the "Developer") to finance a portion of the costs of the improvements not paid with the proceeds of the Bonds. The Developer agreed to contribute \$2.7 million to the costs of the improvements. In return, the Developer was issued a note totaling \$1,030,000. Principal and interest on the note will be paid from the pledged revenues each year in a pre-determined amount. The balance on the note was \$936,798 and \$976,599 as of September 30, 2023, and 2022, respectively.
5. There were no capital assets as of September 30, 2023, or 2022 due to the acceptance and conveyance of all improvements to the City on April 17, 2020, totaling \$7,575,774.
6. Debt service on the Bonds and the reimbursement note are to be paid from annual installments imposed on property owners in the PID and TIRZ Contribution on property within the PID allocated by the City. Annual installments of assessments totaling \$588,780 and \$620,204 were billed and collected in fiscal years 2023 and 2022, respectively.

7. TIRZ Contributions totaling \$59,235 and \$25,311 were deposited with U.S. Bank, National Association (the “Trustee”) by the City during fiscal years 2023 and 2022, respectively.

### **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>	<u>2021</u>
Assets:			
Current and other assets	\$ 779,416	\$ 688,181	\$ 621,421
Total assets	<u>779,416</u>	<u>688,181</u>	<u>621,421</u>
Liabilities:			
Current liabilities	195,439	228,987	171,761
Long-term debt	6,971,798	7,111,599	7,250,229
Total Liabilities	<u>7,167,237</u>	<u>7,340,586</u>	<u>7,421,990</u>
Net Position			
Restricted	775,903	686,880	619,957
Unrestricted	<u>(7,163,724)</u>	<u>(7,339,285)</u>	<u>(7,420,526)</u>
Total Net Position	<u>\$ (6,387,821)</u>	<u>\$ (6,652,405)</u>	<u>\$ (6,800,569)</u>

The deficit in net position is due primarily to the PID’s completion and donation of the public improvements in fiscal year 2020.

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating Revenues	\$ 716,799	\$ 670,706	\$ 588,675
Operating Expenses	<u>45,673</u>	<u>50,506</u>	<u>49,712</u>
Operating Income	671,126	620,200	538,963
Non-operating Revenues/(Expenses)	(406,542)	(454,810)	(467,157)
Donated capital assets	<u>-</u>	<u>(17,226)</u>	<u>-</u>
Change in Net Position	<u>\$ 264,584</u>	<u>\$ 148,164</u>	<u>\$ 71,806</u>

Net position increased in fiscal year 2023 due primarily to an increase in operating revenues and a decrease in debt service. Net position increased in fiscal year 2022 due primarily to an increase in operating revenues.

**Capital Assets**

The PID's capital assets donated to the City consisted of road improvements, water and sewer improvements, and storm drainage improvements. The amount spent on these improvements totaled \$7,593,000. The majority of these improvements were accepted and conveyed to the City on April 17, 2020. Therefore, there were no capital assets reported as of September 30, 2023.

**Long-Term Debt**

The City issued the Bonds for the benefit of the PID totaling \$6,740,000 on May 4, 2018, bearing interest at 6.250% per annum with a final maturity of September 1, 2048. 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 the Trustee.

The City and the Developer also have agreed to fund a portion of the costs of the improvements not paid with the proceeds of the Bonds through a reimbursement agreement. The agreement requires the Developer to pre-fund certain costs of the improvements in exchange for a note. The note, bearing interest at 6.380%, will be paid from pledged revenues only to the extent the pledged revenues are collected. Any balance remaining on the note as of September 1, 2048, will be cancelled. The balance on the note as of September 30, 2023, and 2022 was \$936,798 and \$976,599, respectively.

The proceeds from the Bonds, along with the Developer's contribution per the reimbursement agreement, 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, 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, 2021, from pledged revenues received by the PID.

### **Pledged Revenues**

Pledged revenues consist of assessments paid by the benefitted property owners and TIRZ Contributions deposited by the City with the Trustee. The annual installments of special assessments totaled \$588,780 and \$620,204 for fiscal years 2023 and 2022, respectively. There are no delinquencies as of September 30, 2023. Assessments totaling \$68,784 were prepaid in fiscal year 2023, of which a portion will be used to redeem Bonds in the future. Assessments totaling \$24,534 were prepaid in fiscal year 2022, which were used to redeem an additional \$20,000 of Bonds during the fiscal year.

The TIRZ Contributions reduce the annual installments billed to the property owners each year. TIRZ Contributions of \$59,235 and \$25,311 for fiscal years 2023 and 2022, respectively, were deposited with the Trustee.

### **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 PID'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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#### **COLUMNS 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	\$ 775,903	\$ 686,880
Accrued interest receivable	3,513	1,301
Total Current Assets	<u>779,416</u>	<u>688,181</u>
Total Assets	<u>779,416</u>	<u>688,181</u>
Liabilities		
Current Liabilities		
Accounts payable	25,998	27,810
Accrued interest payable	39,441	71,177
Current portion of long-term debt	130,000	130,000
Total Current Liabilities	<u>195,439</u>	<u>228,987</u>
Noncurrent Liabilities		
Long-term debt	6,971,798	7,111,599
Total Noncurrent Liabilities	<u>6,971,798</u>	<u>7,111,599</u>
Total Liabilities	<u>7,167,237</u>	<u>7,340,586</u>
Net Position		
Restricted	775,903	686,880
Unrestricted	<u>(7,163,724)</u>	<u>(7,339,285)</u>
Net Position	<u>\$ (6,387,821)</u>	<u>\$ (6,652,405)</u>

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

**COLUMNS PUBLIC IMPROVEMENT DISTRICT  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED SEPTEMBER 30,**

	<u>2023</u>	<u>2022</u>
Operating Revenues		
Annual assessment revenues	\$ 588,780	\$ 620,861
Prepaid assessment revenues	68,784	24,534
TIRZ contribution	59,235	25,311
Total Operating Revenues	716,799	670,706
Operating Expenses		
Administrative fees	43,699	46,415
Accounting and audit fees	1,974	4,091
Total Operating Expenses	45,673	50,506
Operating Income	671,126	620,200
Non-Operating Revenues/(Expenses)		
Interest and dividend income	45,567	5,495
Interest expense	(452,109)	(460,305)
Total Non-Operating Revenues/(Expenses)	(406,542)	(454,810)
Donated capital assets	-	(17,226)
Change in Net Position	264,584	148,164
Net Position, Beginning of Year	(6,652,405)	(6,800,569)
Net Position, End of Year	\$ (6,387,821)	\$ (6,652,405)

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

**COLUMNS PUBLIC IMPROVEMENT DISTRICT  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30,**

	<u><b>2023</b></u>	<u><b>2022</b></u>
Cash Flows from Operating Activities		
Cash receipts from property owners	\$ 716,799	\$ 670,705
Cash payments for administrative fees	(45,512)	(37,748)
Cash payments for accounting and audit fees	(1,974)	(5,000)
Net Cash Provided by Operating Activities	<u>669,313</u>	<u>627,957</u>
Cash Flows from Investing Activities		
Interest and dividends received on investments	43,356	4,200
Net Cash Provided by Investing Activities	<u>43,356</u>	<u>4,200</u>
Cash Flows from Capital and Related Financing Activities		
Acquisition and construction of capital assets	-	(17,226)
Principal paid on debt	(139,801)	(118,630)
Interest paid on debt	(483,845)	(429,378)
Net Cash Used in Capital and Related Financing Activities	<u>(623,646)</u>	<u>(565,234)</u>
Net Increase in Cash and Cash Equivalents	89,023	66,923
Cash and Cash Equivalents, Beginning of Year	<u>686,880</u>	<u>619,957</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 775,903</u></u>	<u><u>\$686,880</u></u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$ 671,126	\$ 620,200
Adjustments		
(Decrease) increase in accounts payable	(1,813)	6,299
Decrease in prepaid expenses	-	1,458
Net Cash Provided by Operating Activities	<u><u>\$ 669,313</u></u>	<u><u>\$ 627,957</u></u>
Supplemental Information		
Donated capital assets	<u><u>\$ -</u></u>	<u><u>\$ 17,226</u></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**

On November 14, 2017, the City Council (the "City Council") of the City of Celina, Texas (the "City") passed and approved Resolution No. 2017-203R approving and authorizing the creation of The Columns 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 \$6,470,000 Series 2018 Special Assessment Revenue Bonds, Phase #1 Project (the "Series 2018 Bonds" or "Bonds") were issued on May 4, 2018 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 April 10, 2018 and an Indenture of Trust (the "Indenture"), dated as of April 1, 2018, between the City and U.S. Bank, National Association (the "Trustee"). The Series 2018 Bonds were issued to finance a portion of the Authorized Improvements for an approximately 48.8-acre 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 and CADG Celina Outer Loop, LLC (the "Developer") entered into a reimbursement agreement in the aggregate amount of \$1,030,000 (the "Reimbursement Agreement") to finance, refinance, provide, or otherwise assist in the acquisition, construction, and maintenance of the public improvements provided for the benefit of the property in the PID.

The City is located in north central Collin and Denton Counties, forty miles north of Dallas and fifteen miles northwest of the City of McKinney. The land in the PID is being developed by CADG Outer Loop, LLC, a Texas limited liability company. The PID consists of approximately 48.8 acres and is projected to consist of 261 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.

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 fair market 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. Any capital assets to be owned by the PID upon completion will be depreciated using the straight-line method over the estimated useful life of the asset.

## **E. Net Position**

Net position represents the difference between assets, liabilities, and deferred inflows/outflows of resources. Net Position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by the PID or through external restrictions imposed by

creditors, grantors, or laws or regulations of other governments. The PID first applies restricted resources when an expense is incurred for which both restricted and unrestricted resources are available.

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

Operating revenues are those revenues that are generated directly from the primary activity of the PID. For the PID, these revenues are special assessments and tax increment revenues. 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	\$ 775,904	\$ 686,880
Total cash and cash equivalents	<u>\$ 775,904</u>	<u>\$ 686,880</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 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, 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**

Authorized Improvements financed with the Series 2018 Bonds consist of roadway improvements, water distribution system improvements, sanitary sewer collection system improvements, and storm drainage collection system improvements that will benefit the PID. All improvements totaling \$7,575,774 were completed and conveyed to the City on April 17, 2020. 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 October 1, 2022	Increase	Decrease	Balance September 30, 2023	Due in one year
<b>2023</b>					
Series 2018 Bonds	\$ 6,265,000	\$ -	\$ (100,000)	\$ 6,165,000	\$ 110,000
Reimbursement Note	976,599	-	(39,801)	936,798	20,000
<b>Total Bonds Payable</b>	<b>\$ 7,241,599</b>	<b>\$ -</b>	<b>\$ (139,801)</b>	<b>\$ 7,101,798</b>	<b>\$ 130,000</b>
	Balance October 1, 2021	Increase	Decrease	Balance September 30, 2022	Due in one year
<b>2022</b>					
Series 2018 Bonds	\$ 6,380,000	\$ -	\$ (115,000)	\$ 6,265,000	\$ 100,000
Reimbursement Note	980,229	-	(3,630)	976,599	30,000
<b>Total Bonds Payable</b>	<b>\$ 7,360,229</b>	<b>\$ -</b>	<b>\$ (118,630)</b>	<b>\$ 7,241,599</b>	<b>\$ 130,000</b>

### A. Special Assessment Revenue Bonds, Series 2018

On May 4, 2018, the City issued \$6,470,000 in Special Assessment Revenue Bonds, Series 2018, 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 Series 2018 Bonds prior to and during construction, and to pay costs of issuing the Series 2018 Bonds. The City, on behalf of the PID, will impose and collect the annual installments of the special assessments and has agreed to apply its customary tax payment enforcement procedures to the collection of any delinquent payments of the annual installments, to include 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 Series 2018 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 Series 2018 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, 2018. Interest on the Series 2018 Bonds is calculated on the basis of a 360-day year comprised of twelve 30-day months. The Series 2018 Bonds bear interest at 6.250% per annum. Interest payments totaled \$391,563 and \$398,438 for the fiscal years ended September 30, 2023, and 2022, respectively.

The Series 2018 Bonds are subject to optional redemption, extraordinary optional redemption, and mandatory sinking fund redemption. Principal payments on the Series 2018 Bonds are due each September 1 beginning September 1, 2021, according to the mandatory sinking fund redemption schedule.



### 1. Optional Redemption

The Series 2018 Bonds may be redeemed at the option of the City on or after September 1, 2028, in whole or in part at 100% of the principal amount plus accrued interest to the redemption date.

### 2. Extraordinary Optional Redemption

The Series 2018 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. An extraordinary optional redemption of \$20,000 was made in fiscal year 2022.

### 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, 2021. Mandatory debt service requirements consist of the following, as adjusted for the extraordinary optional redemption:

For the period ending September 30:	Principal	Interest	Total
2024	\$ 110,000	\$ 385,313	\$ 495,313
2025	115,000	378,438	493,438
2026	120,000	371,250	491,250
2027	130,000	363,750	493,750
2028	135,000	355,625	490,625
2029-2033	825,000	1,639,064	2,464,064
2024-2038	1,130,000	1,345,626	2,475,626
2039-2043	1,530,000	945,626	2,475,626
2044-2048	2,070,000	402,814	2,472,814
<b>Total</b>	<b>\$ 6,165,000</b>	<b>\$ 6,187,506</b>	<b>\$ 12,352,506</b>

### B. Reimbursement Note

On April 10, 2018, the City entered into the Reimbursement Agreement with the Developer to finance a portion of the costs of the Authorized Improvements not paid with proceeds of the Bonds. According to the Reimbursement Agreement, the Developer will contribute \$2,730,249 towards the costs of the Authorized Improvements. In return, \$1,030,000 in a reimbursement note (the "Note") will be issued for the benefit of the Developer upon satisfactory evidence of costs spent on the Authorized Improvements. Interest and principal on the Note will be paid solely from the pledged revenues as stated in the Service and Assessment Plan. The Note will bear interest at a rate of 6.38% until maturity on September 1, 2048. Any balance remaining as of the maturity date shall be cancelled. During fiscal year 2019, all costs to support the Note were submitted by the

Developer. As of September 30, 2023, and 2022, the balance on the Note was \$936,798 and \$976,599, respectively.

The estimated future debt service payments on the Note, assuming all pledged revenues are collected, are as follows:

For the period ending September 30:	Principal	Interest	Total
2024	\$ 20,000	\$ 59,768	\$ 79,768
2025	20,000	58,492	78,492
2026	20,000	57,216	77,216
2027	20,000	55,940	75,940
2028	25,000	54,664	79,664
2029-2033	135,000	249,075	384,075
2034-2038	180,000	200,906	380,906
2039-2043	245,000	135,192	380,192
2044-2048	271,798	48,424	320,222
<b>Total</b>	<b>\$ 936,798</b>	<b>\$ 919,677</b>	<b>\$ 1,856,475</b>

The collections of the 2023 annual assessments related to the Note repayment totaled \$82,178 of which \$22,394 was used to pay principal and \$60,873 was used to pay interest due on the note for fiscal year 2023. Principal and interest paid during fiscal year 2023 totaled \$39,801 and \$92,282 respectively.

The collections of the 2022 annual assessments related to the Note repayment totaled \$84,634. Principal and interest paid during fiscal year 2022 totaled \$3,630 and \$30,941, respectively. The principal and interest payments due on September 1, 2022, were made on November 3, 2022.

## NOTE 6—REVENUES

### A. Assessments

The assessments levied to pay debt service on the Bonds and amounts owed under the Reimbursement Agreement, together with interest thereon, are payable annually (the “Annual Installments”) 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 and amounts owed under the Reimbursement Agreement. Annual installments are to be imposed and collected 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 Installments, 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.

The annual assessments billed for the assessment years ending September 1, 2023, and 2022 were \$588,780 and \$620,204 respectively. As of September 30, 2023, there were no delinquencies of assessment revenues.

Prepaid assessments collected in fiscal year 2023 totaled \$68,784.

Prepaid assessments collected in fiscal year 2022 totaled \$24,534 which were used to redeem bonds in the amount of \$20,000.

## **B. Tax Increment Revenues**

The City Council approved a TIRZ Project and Finance Plan on January 9, 2018, which authorizes the use of TIRZ Contributions for project costs under the TIRZ Act. The City expects to use annual TIRZ Contributions collected, on a parcel-by-parcel basis, to offset the costs of the Authorized Improvements benefiting the PID. The City has agreed to transfer from the tax increment fund a portion of tax increment revenue collected each year, on a pro-rata basis relating to the Bonds, to the Trustee for the payment of debt service on the Bonds. Such TIRZ Contributions, if and when collected and transferred by the City, will result in a reduction in annual installments of assessments by a corresponding amount. The City intends to dedicate and deposit tax increment revenues collected for a period of thirty-one years or until the amount of funds totals \$6,403,309. On an annual basis, any remaining tax increment fund balance after paying all items included in the TIRZ Project and Finance Plan is expected to be released to the City’s general fund.

The TIRZ Contributions totaled \$59,235 and \$25,311 for fiscal years 2023 and 2022, respectively. These funds were transferred to the Trustee for payment of debt service on the Bonds.

## **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 assessments of \$481,635 were imposed on the property owners for collection in fiscal year 2024. Per the Billing and Collection report, annual installments of approximately \$1,830 are outstanding as of March 12, 2024

On November 1, 2023, \$70,000 of Series 2018 Bonds were redeemed from prepaid assessments.