

**GLEN CROSSING PUBLIC IMPROVEMENT DISTRICT
CITY OF CELINA, TEXAS**

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

CUSIP NUMBERS:

Phase #1A
15114CAZ7
15114CBA1
15114CBB9

Phase #1B
15114CBX1
15114CBY9
15114CBZ6

Phase #2
15114CCB8
15114CCC6
15114CCD4

**GLEN CROSSING
PUBLIC IMPROVEMENT DISTRICT
FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

TABLE OF CONTENTS

I.	INDEPENDENT AUDITOR’S REPORT	1
II.	MANAGEMENT’S DISCUSSION AND ANALYSIS	3
III.	FINANCIAL STATEMENTS	
	Statements of Net Position	8
	Statements of Revenues, Expenses, and Changes in Net Position.....	9
	Statements of Cash Flows	10
IV.	NOTES TO THE FINANCIAL STATEMENTS	
	Note 1—Financial Reporting Entity	11
	Note 2—Summary of Significant Accounting Policies	12
	Note 3—Cash and Cash Equivalents	14
	Note 4—Capital Assets	15
	Note 5—Long-Term Obligations	16
	Note 6—Revenues.....	20
	Note 7—Arbitrage.....	21
	Note 8—Subsequent Events.....	21



Independent Auditor's Report

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

Opinion

We have audited the financial statements of the Glen Crossing 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**

II. MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis of the financial performance of the Glen Crossing Public Improvement District (the "PID") provides an overall review of the PID's financial activities for the 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.

Highlights

1. The G Bar 7 PID was created pursuant to Texas Local Government Code, Chapter 372, Public Improvement District Assessment Act (the "PID Act") and Resolution No. 2016-24R, which was passed and approved by the City Council of the City of Celina (the "City Council") on April 12, 2016, to finance certain infrastructure improvement projects (provided for the benefit of the property in the PID). On June 14, 2016, the City passed and approved Resolution No. 2016-31R changing the name of the "G Bar 7 Public Improvement District" to the Glen Crossing Public Improvement District".
2. The PID has issued three sets of bonds ("PID Bonds"):
 - a. The \$3,550,000 City of Celina, Texas, Special Assessment Revenue Bonds Series 2016, Phase #1 Project (the "Phase #1A Bonds") were issued on August 10, 2016.
 - b. The \$1,800,000 City of Celina, Texas, Special Assessment Revenue Bonds, Series 2018 Phase #1B Project (the "Phase #1B Bonds") were issued on December 6, 2018.
 - c. The \$6,945,000 City of Celina, Texas, Special Assessment Revenue Bonds, Series 2018 Phase #2 Project (the "Phase #2 Bonds") were issued on December 6, 2018.
3. The PID's debt will be paid through the collection of assessments imposed on the chargeable properties benefiting from the public improvements.
4. Net position at September 30, 2023 and 2022 totaled (\$9,972,349) and (\$10,352,527) respectively.
5. There are no capital assets to be reported as of September 30, 2023, or 2022 due to the completion and donation of the Phase #2 improvements in December 2020. Phase #1 improvements were completed and accepted on October 23, 2017.

6. Annual assessments of \$276,936 and \$529,962 were imposed on the property owners in 2022-2023 for Phase #1 and Phase #2, respectively. The annual installments 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.
7. Annual assessments of \$310,752 and \$555,105 were imposed on the property owners in 2021-2022 for Phase #1 and Phase #2, respectively. The annual installments are remitted to the PID monthly as they are received by the CCTAC. As of September 30, 2022, all annual assessments had been collected and remitted to the PID.
8. TIRZ contributions of \$197,644 and \$127,096 were received from the City for the 2023 and 2022 fiscal years, 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.

Comparative Financial Statements

Summary Statement of Net Position:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Assets:			
Current assets	\$ 1,307,269	\$ 1,157,204	\$ 1,392,529
Total assets	<u>1,307,269</u>	<u>1,157,204</u>	<u>1,392,529</u>
Liabilities:			
Current liabilities	341,618	322,731	332,980
Long-term debt	<u>10,938,000</u>	<u>11,187,000</u>	<u>11,480,000</u>
Total Liabilities	<u>11,279,618</u>	<u>11,509,731</u>	<u>11,812,980</u>
Net Position			
Restricted	1,301,539	1,154,939	1,392,500
Unrestricted	<u>(11,273,888)</u>	<u>(11,507,466)</u>	<u>(11,812,951)</u>
Total Net Position	<u>\$ (9,972,349)</u>	<u>\$ (10,352,527)</u>	<u>\$ (10,420,451)</u>

PID Bond proceeds were used to finance the construction of improvements and administrative costs of the PID. The increase in net position is due primarily to the completion and donation of the capital assets in fiscal years 2022 and 2021.

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating Revenues	\$ 1,004,542	\$ 1,018,829	\$ 944,701
Operating Expenses	<u>86,798</u>	<u>77,116</u>	<u>71,318</u>
Operating Income	917,744	941,713	873,383
Non-operating Revenues/(Expenses)	(537,566)	(615,424)	(1,997,588)
Donated capital assets	<u>-</u>	<u>(258,365)</u>	<u>(8,134,234)</u>
Change in Net Position	<u>\$ 380,178</u>	<u>\$ 67,924</u>	<u>\$ (9,258,439)</u>

Net position increased from 2022 to 2023 due primarily to the completion and donation of the capital assets and increase in non-operating interest income.

Capital Assets

There are no capital assets to be reported as of September 30, 2023, or 2022 due to the completion and donation of the Phase #2 improvements in December 2020. Additional minor costs of \$258,365 related to the Phase #2 improvements were recorded in fiscal year 2022, and completed and donated to the City prior to September 30, 2022.

Long-Term Debt

The \$3,550,000 City of Celina, Texas, Special Assessment Revenue Bonds, Series 2016 Phase #1A Project were issued on December 22, 2015 bearing term interest rates with final maturity of September 1, 2046.

The \$1,800,000 City of Celina, Texas, Special Assessment Revenue Bonds Series 2018 Phase #1B Project were issued on December 6, 2018 bearing term interest rates with final maturity of September 1, 2046.

The \$6,945,000 City of Celina, Texas, Special Assessment Revenue Bonds Series 2018 Phase #2 Project were issued on December 6, 2018 bearing term interest rates with final maturity of September 1, 2047.

The PID Bonds issuances represent 100% of the PID's long-term debt balance, and are subject to mandatory sinking fund, optional, and extraordinary optional redemption requirements as specified in the Phase #1A Indenture, the Phase #1B Indenture, and the Phase #2 Indenture (collectively, "the Indentures").

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

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

Mandatory sinking fund payments began on September 1, 2018 for the Phase #1A Bonds, September 1, 2019 for the Phase #1B Bonds, and September 1, 2020 for the Phase #2 Bonds from annual installment of assessment revenues and reduced by the TIRZ contributions received by the PID after the payment of administrative expenses.

Revenues

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

<u>Annual Assessments</u>	<u>2023</u>	<u>2022</u>
Phase #1 Bonds	\$ 276,936	\$ 310,752
Phase #2 Bonds	529,962	555,105
Total	\$ 806,898	\$ 865,857

The annual assessments are remitted to the PID monthly as they are received by the CCTAC. As of September 30, 2023, 100% of the 2023 and 2022 annual assessments had been collected and remitted to the PID.

TIRZ contributions are collected by the CCTAC from each parcel of assessed property that pays City taxes in a given year. These contributions are used to reduce the annual installment of assessments. TIRZ contributions totaled the following:

<u>TIRZ Contribution</u>	<u>2023</u>	<u>2022</u>
Phase #1 Bonds	\$ 155,101	\$ 118,861
Phase #2 Bonds	42,543	8,235
Total	\$ 197,644	\$ 127,096

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

**GLEN CROSSING 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	\$ 1,301,539	\$ 1,154,939
Accrued interest receivable	5,730	2,265
Total Current Assets	<u>1,307,269</u>	<u>1,157,204</u>
Total Assets	<u>1,307,269</u>	<u>1,157,204</u>
Liabilities		
Current Liabilities		
Accounts payable	42,267	26,432
Accrued interest payable	50,351	51,299
Current portion of long-term debt	249,000	245,000
Total Current Liabilities	<u>341,618</u>	<u>322,731</u>
Noncurrent Liabilities		
Long-term debt	10,938,000	11,187,000
Total Noncurrent Liabilities	<u>10,938,000</u>	<u>11,187,000</u>
Total Liabilities	<u>11,279,618</u>	<u>11,509,731</u>
Net Position		
Restricted	1,301,539	1,154,939
Unrestricted	<u>(11,273,888)</u>	<u>(11,507,466)</u>
Net Position	<u>\$ (9,972,349)</u>	<u>\$ (10,352,527)</u>

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

GLEN CROSSING 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	\$ 806,898	\$ 865,856
Prepayment revenue	-	25,877
TIRZ contribution	197,644	127,096
Total Operating Revenues	<u>1,004,542</u>	<u>1,018,829</u>
Operating Expenses		
Administrative fees	82,852	73,025
Accounting and audit fees	3,946	4,091
Total Operating Expenses	<u>86,798</u>	<u>77,116</u>
Operating Income	<u>917,744</u>	<u>941,713</u>
Non-Operating Revenues/(Expenses)		
Interest and dividend income	75,759	10,369
Developer distribution	-	(89)
Interest expense	(614,178)	(626,709)
Penalties and interest revenue	853	1,005
Total Non-Operating Revenues/(Expenses)	<u>(537,566)</u>	<u>(615,424)</u>
Donated capital assets	<u>-</u>	<u>(258,365)</u>
Change in Net Position	380,178	67,924
Net Position, Beginning of Year	<u>(10,352,527)</u>	<u>(10,420,451)</u>
Net Position, End of Year	<u>\$ (9,972,349)</u>	<u>\$ (10,352,527)</u>

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

GLEN CROSSING PUBLIC IMPROVEMENT DISTRICT
STATEMENTS OF CASH FLOWS
For the Years Ending September 30,

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Cash receipts from property owners	\$ 1,004,543	\$ 999,401
Cash payments for administrative fees	(67,017)	(71,886)
Cash payments for accounting and audit fees	(3,947)	(5,000)
Net Cash Provided by Operating Activities	<u>933,579</u>	<u>922,515</u>
Cash Flows from Investing Activities		
Interest and dividends received on investments	72,294	8,133
Net Cash Provided by Investing Activities	<u>72,294</u>	<u>8,133</u>
Cash Flows from Capital and Related Financing Activities		
Acquisition and construction of capital assets	-	(258,365)
Principal paid on bonds	(245,000)	(283,000)
Interest paid on bonds	(615,126)	(627,760)
Developer distribution	-	(89)
Penalties and interest received	853	1,005
Net Cash Used in Capital and Related Financing Activities	<u>(859,273)</u>	<u>(1,168,209)</u>
Change in Cash Balance	146,600	(237,561)
Cash, Beginning of Year	<u>1,154,939</u>	<u>1,392,500</u>
Cash, End of Year	<u>\$ 1,301,539</u>	<u>\$ 1,154,939</u>
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities:		
Operating Income	\$ 917,744	\$ 941,713
Adjustments		
Increase (decrease) in accounts payable	<u>15,835</u>	<u>(19,198)</u>
Net Cash Provided by Operating Activities	<u>\$ 933,579</u>	<u>\$ 922,515</u>
Supplemental Information		
Donated capital assets	<u>\$ -</u>	<u>\$ 258,365</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

The G Bar 7 Public Improvement District was created pursuant to Texas Local Government Code Chapter 372, Public Improvement District (the “PID Act”) and Resolution No. 2016-24R, which was passed and approved by the City Council of the City of Celina (the “City Council”) on April 12, 2016 to finance certain infrastructure improvement projects provided for the benefit of the property in the PID. On June 14, 2016, the City passed and approved Resolution No. 2016-31R changing the name of the "G Bar 7 Public Improvement District" to the "Glen Crossing Public Improvement District" (the “PID”).

The \$3,550,000 City of Celina, Texas, Special Assessment Revenue Bonds, Series 2016 Phase #1 Project (the “Phase #1A Bonds”) were issued on August 10, 2016 pursuant to the PID Act and an ordinance adopted by the City Council on July 12, 2016 and an Indenture of Trust (“the Phase #1A Indenture”) dated as of August 1, 2016 by and between the City of Celina (the “City”) and U.S. Bank, National Association (the “Trustee”). Additionally, \$1,800,000 City of Celina, Texas, Special Assessment Revenue Bonds, Series 2018 Phase #1B Project (the “Phase #1B Bonds”) were issued on December 6, 2018 pursuant to the PID Act and an ordinance adopted by the City Council on November 13, 2018 and an Indenture of Trust (“the Phase #1B Indenture”) dated as of November 1, 2018 by and between the City. The Phase #1B Bonds were issued to replace the Phase #1 reimbursement agreement obligation. The Phase #1A Bonds and Phase #1B Bonds (collectively, the “Phase #1 Bonds”) were issued to finance certain infrastructure improvement projects located within Phase #1 of the PID (the “Phase #1”). Phase #1 consists of approximately 41.5 acres out of the approximate 109-acre PID and contains 159 residential units.

The \$6,945,000 City of Celina, Texas, Special Assessment Revenue Bonds, Series 2018 Phase 2 Project (the “Phase #2 Bonds”) were issued on December 6, 2018 pursuant to the PID Act and an ordinance adopted by the City Council on November 13, 2018 and an Indenture of Trust (“the Phase #2 Indenture”) dated as of November 1, 2018 by and between the City and the Trustee. The Phase #2 Bonds were issued to finance certain infrastructure improvement projects located within the Phase 2 of the PID (the “Phase #2”). Phase #2 consists of approximately 67.5 acres out of the total 109-acre PID and contains 197 residential units.

The City is located in north central Collin and Denton Counties, forty miles north of Dallas and fifteen miles northwest of the City of McKinney. The land in the PID is being developed by Celina W/J CR 55 L.P. (the “Developer”). The PID consists of approximately 109 acres and is projected to consist of 356 lots and the infrastructure necessary to provide roadways, drainage, and utilities to the PID.

TIRZ (tax increment reinvestment zone) revenues are collected by the City from each parcel of assessed property that paid City taxes in a given year. A portion of the taxes paid on each individual parcel (TIRZ contribution percentage) shall be used to calculate that parcel’s TIRZ annual credit for the following year. The TIRZ contribution reduces the amount of annual installments and assists in the repayment of the Bonds.

The PID Bonds are intended to be paid primarily from assessments imposed and collected by the City against 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 Phase #1A Indenture, Phase #1B Indenture, and the Phase #2 Indenture (collectively the “Indentures”) that it will take and pursue all actions permissible under applicable laws to cause the assessments to be collected and any resulting liens enforced.

For a more detailed description on the Town’s Tax Increment Reinvestment Zones, refer to Note 1 of the Town’s Fiscal Year Ended September 30, 2023 Annual Comprehensive Financial Report (ACFR).

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

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

B. Measurement Focus and Basis of Accounting

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

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

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

resources measurement focus for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Cash and Cash Equivalents

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

D. Capital Assets

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

E. Net Position

Net position represents the difference between assets and liabilities. 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 and annual TIRZ contributions. 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	\$ 1,301,539	\$ 1,154,939
Total cash and cash equivalents	<u>\$ 1,301,539</u>	<u>\$ 1,154,939</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 on September 30, 2023 and 2022 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 years ended September 30, 2023, and 2022 was as follows:

	Balance			Balance
<u>2022</u>	<u>October 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>September 30, 2022</u>
Phase #2				
Construction in progress	\$ -	\$ 258,365	\$ (258,365)	\$ -
Total Capital Assets	<u>\$ -</u>	<u>\$ 258,365</u>	<u>\$ (258,365)</u>	<u>\$ -</u>

Capital assets consisted of public improvements which include storm drainage, wastewater construction and installation, waterlines and mains, and road improvements that will benefit the PID. Improvements related to Phase #1 totaling \$7,787,538 were completed and accepted by the City of Celina on October 23, 2017. Improvements related to Phase #2 totaling \$8,134,234 were completed and accepted by the City on December 11, 2020. Hardscape and landscape improvements are fully completed. These are reported in the financial statements as "donated capital assets". Additional minor costs of \$258,365 related to the Phase #2 improvements were recorded in fiscal year 2022, and completed and donated to the City prior to September 30, 2022.

NOTE 5—LONG-TERM OBLIGATIONS

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

2023	Balance			Balance	
	October 1, 2022	Increase	Decrease	September 30, 2023	Due in one year
Phase #1 A Bonds	\$ 3,197,000	\$ -	\$ (75,000)	\$ 3,122,000	\$ 80,000
Phase #1 B Bonds	1,678,000	-	(40,000)	1,638,000	35,000
Phase #2 Bonds	6,557,000	-	(130,000)	6,427,000	134,000
Total Bonds Payable	\$ 11,432,000	\$ -	\$ (245,000)	\$ 11,187,000	\$ 249,000

2022	Balance			Balance	
	October 1, 2021	Increase	Decrease	September 30, 2022	Due in one year
Phase #1 A Bonds	\$ 3,285,000	\$ -	\$ (88,000)	\$ 3,197,000	\$ 75,000
Phase #1 B Bonds	1,720,000	-	(42,000)	1,678,000	40,000
Phase #2 Bonds	6,710,000	-	(153,000)	6,557,000	130,000
Total Bonds Payable	\$ 11,715,000	\$ -	\$ (283,000)	\$ 11,432,000	\$ 245,000

A. Special Assessment Revenue Bonds, Series 2016

On August 10, 2016, the PID issued \$3,550,000 in Special Assessment Revenue Bonds, Series 2015 Phase #1A Bonds to finance construction of certain public infrastructure improvements within the respective areas, to pay a portion of the interest on the Phase #1A Bonds during and after the period of acquisition and construction, to fund a debt service reserve fund, to pay costs of issuing the Phase #1A Bonds, and to pay the initial administrative expenses of the Phase #1A Bonds.

The Phase #1A Bonds are intended to be paid primarily from assessments imposed and collected by the Collin County Tax Assessor Collector (“CCTAC”) against the properties benefiting from the public improvements. If an assessment is not paid in full, the PID Act authorizes the CCTAC 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 Phase #1A Bonds are special obligations of the City payable solely from and secured by a pledge of assessments and TIRZ contribution. They are not payable from funds raised or to be raised from taxation.

The Phase #1A Bonds were issued in four terms as follows:

	<u>Par Value</u>	<u>Rate</u>	<u>Final Maturity</u>
Term 2020	\$ 195,000	3.400%	September 1, 2020
Term 2027	\$ 555,000	4.200%	September 1, 2027
Term 2037	\$ 1,150,000	4.800%	September 1, 2037
Term 2046	\$ 1,650,000	5.250%	September 1, 2046

The Phase #1A Bonds described above represent 28% of the PID's long-term debt balance, and are subject to mandatory sinking fund, optional, and extraordinary optional redemption requirements as specified in the Phase #1 Indenture. Principal payments on the Phase #1A Bonds are due each September 1 and began on September 1, 2018, according to the mandatory sinking fund redemption schedule.

Interest on Phase #1A Bonds is payable according to the terms specified by the Indenture semiannually on March 1 and September 1 of each year commencing on March 1, 2016. Interest on the 2016 Bonds is calculated based on a 360-day year comprised of twelve 30-day months. Phase #1A Bonds interest payments totaled \$158,385 and \$162,085 for the years ended September 30, 2023, and 2022, respectively.

1. Optional Redemption

The City reserves the right and option to redeem the Phase #1A Bonds before their scheduled maturity dates, in whole or in part, on any interest payment date on or after September 1, 2026 at a price of par plus accrued interest to the date of the redemption.

2. Extraordinary Optional Redemption

The Phase #1A Bonds are subject to extraordinary optional redemption by the City prior to their scheduled maturity on the first day of any month after the required notice of redemption, at a redemption price equal to 100% of the principal amount of the bonds, or portions thereof, to be redeemed, plus accrued interest to the redemption date from amounts on deposit in the Redemption Fund as a result of 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. No extraordinary optional redemptions were made in the fiscal year ending September 30, 2023. The Phase #1A assessment prepayment of \$13,000 was used to redeem bonds on July 1, 2022.

B. Special Assessment Revenue Bonds, Series 2018

On December 6, 2018, the PID issued \$1,800,000 in Special Assessment Revenue Bonds, Series 2018 Phase #1B Project to replace the Phase #1 Reimbursement Agreement obligation. On December 6, 2018, the PID issued \$6,945,000 Special Assessment Revenue Bonds, Series 2018 Phase #2 Project (collectively, the "2018 Bonds") to finance construction of certain public infrastructure improvements within the respective areas, and to pay a portion of the interest on the 2018 Bonds.

The 2018 Bonds are intended to be paid primarily from assessments imposed and collected by the City against the properties benefiting from the public improvements. If an assessment is not paid in full, the PID Act authorizes the City to collect interest and collections costs on the outstanding assessment. The City covenanted in the Indenture that it will take and pursue all actions permissible under applicable laws to cause the assessments to be collected and any resulting liens enforced.

The 2018 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 Phase #1B Bonds were issued as follows:

	<u>Par Value</u>	<u>Rate</u>	<u>Final Maturity</u>
Term 2023	\$ 155,000	4.375%	September 1, 2023
Term 2028	\$ 205,000	4.750%	September 1, 2028
Term 2038	\$ 625,000	5.375%	September 1, 2038
Term 2046	\$ 815,000	5.500%	September 1, 2046

The Phase #2 Bonds were issued as follows:

	<u>Par Value</u>	<u>Rate</u>	<u>Final Maturity</u>
Term 2023	\$ 490,000	4.625%	September 1, 2023
Term 2028	\$ 745,000	5.000%	September 1, 2028
Term 2038	\$ 2,245,000	5.625%	September 1, 2038
Term 2047	\$ 3,465,000	5.750%	September 1, 2047

The 2018 Bonds described above represent 72% of the PID's long-term debt balance, and are subject to mandatory sinking fund, optional, and extraordinary optional redemption requirements as specified in the Phase #1B Indenture and Phase #2 Indenture. Principal payments on the 2018 Bonds are due each September 1 and began on September 1, 2020, according to the mandatory sinking fund redemption schedule.

Interest on 2018 Bonds is payable according to the terms specified by the Indenture semiannually on March 1 and September 1 of each year commencing on March 1, 2019. Interest on the 2018 Bonds is calculated based on a 360-day year comprised of twelve 30-day months. Interest payments on the Phase #1B Bonds totaled \$89,521 and \$91,373 for the years ended September 30, 2023 and 2022, respectively. Phase #2 Bonds interest payments totaled \$367,220 and \$374,320 for the years ended September 30, 2023, and 2022, respectively.

1. Optional Redemption

The City reserves the right and option to redeem the 2018 Bonds before their scheduled maturity dates, in whole or in part, on any interest payment date on or after September 1, 2028 at a price of par plus accrued interest to the date of the redemption.

2. Extraordinary Optional Redemption

The 2018 Bonds are subject to extraordinary optional redemption by the City prior to their scheduled maturity on the first day of any month after the required notice of redemption, at a redemption price equal to 100% of the principal amount of the bonds, or portions thereof, to be redeemed, plus accrued interest to the redemption date from amounts on deposit in the Redemption Fund as a result of 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. No extraordinary optional redemptions were made in the fiscal year ending September 30, 2023. The Phase #1B assessment prepayment of \$7,000 and the Phase #2 assessment prepayment of \$28,000 were used to redeem bonds on July 1, 2022.

C. Mandatory Sinking Fund Redemption

The Bonds are required to be redeemed prior to maturity in part at a price of 100% of the principal amount thereof plus accrued interest to the redemption date, on each September 1, as follows:

For the period ending September 30:	Phase #1 Bonds		Phase #1B Bonds	
	Principal	Interest	Principal	Interest
2024	\$ 80,000	155,655	\$ 35,000	\$ 87,771
2025	80,000	152,295	40,000	86,109
2026	85,000	148,935	40,000	84,209
2027	90,000	145,365	45,000	82,309
2028	95,000	141,585	45,000	80,171
2029-2033	524,000	637,125	280,000	361,413
2034-2038	676,000	497,445	345,000	279,981
2039-2043	860,000	307,388	461,000	174,405
2044-2047	632,000	7,988	347,000	38,720
Total	\$ 3,122,000	\$ 2,253,781	\$ 1,638,000	\$ 1,275,088

For the period ending September 30:	Phase #2 Bonds		Total Bonds	
	Principal	Interest	Principal	Interest
2024	\$ 134,000	\$ 361,208	\$ 249,000	\$ 604,634
2025	139,000	354,508	259,000	592,912
2026	149,000	347,558	274,000	580,702
2027	154,000	340,108	289,000	567,782
2028	164,000	332,408	304,000	554,164
2029-2033	961,000	1,519,281	1,765,000	2,517,819
2034-2038	1,275,000	1,215,194	2,296,000	1,992,620
2039-2043	1,694,000	808,738	3,015,000	1,290,531
2044-2047	1,757,000	259,900	2,736,000	366,608
Total	\$ 6,427,000	\$ 5,538,903	\$ 11,187,000	\$ 9,067,772

NOTE 6—REVENUES

Annual assessments are to be imposed and collected on all properties within the PID benefiting from the public improvements (excepting those for which the assessment lien has been prepaid) to pay debt service and operating costs of the PID. The annual assessments are remitted to the PID monthly as they are received by the City. The amount assessed, generally, is equal to: (i) annual debt service and administrative expenses, less (ii) other amounts available for the payment of such debt service and expense. In addition, the annual payment includes a 0.20% additional interest rate for the prepayment reserve and a 0.30% additional interest rate for the delinquency reserve as described in the Indenture. Annual assessments are payable to the City no later than February 1 of each year. Annual assessments were billed as follows:

Annual Assessments	2023	2022
Phase #1 Bonds	\$ 276,936	\$ 310,752
Phase #2 Bonds	529,962	555,105
Total	\$ 806,898	\$ 865,857

TIRZ (tax increment reinvestment zone) revenues are collected by the City from each parcel of assessed property that pay City taxes in a given year. A portion of the taxes paid on each individual parcel (TIRZ contribution percentage) shall be used to calculate that parcel's TIRZ annual credit for the following year. The TIRZ contribution reduces the amount of annual assessments and assists in the repayment of the Bonds. TIRZ contributions were made as follows:

TIRZ Contribution	2023	2022
Phase #1 Bonds	\$ 155,101	\$ 118,861
Phase #2 Bonds	42,543	8,235
Total	\$ 197,644	\$ 127,096

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 year ending September 30, 2023, and 2022.

NOTE 8—SUBSEQUENT EVENTS

The annual installments of assessments levied for fiscal year 2024 are \$236,549 and \$411,231 for Phase #1 Bonds and Phase #2 Bonds, respectively. As of April 30, 2024, \$230,839 had been collected and remitted to the PID for Phase #1 Bonds and \$400,764 for Phase #2 Bonds.

DRAFT