

**HILLSIDE VILLAGE PUBLIC IMPROVEMENT DISTRICT  
CITY OF CELINA, TEXAS**

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

**CUSIP NUMBERS:**

15114CEN0  
15114CEP5  
15114CEQ3  
15114CER1

# HILLSIDE VILLAGE 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  
Hillside Village Public Improvement District  
Celina, Texas

### ***Opinion***

We have audited the financial statements of the Hillside Village 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.

### ***Emphasis of Matter***

The September 30, 2022, financial statements were restated for the matter discussed in Note 7. Our opinion is not modified with respect to this matter.

### ***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 Hillside Village 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 9, 2021, pursuant to Resolution No. 2021-106R 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 \$8,300,000 in Series 2022 Special Assessment Revenue Bonds (the "Bonds") on January 19, 2022, in four terms bearing interest at interest rates from 2.75% to 4.00% per annum with a final maturity of September 1, 2052, to finance public improvements located within the PID. The PID's debt will be paid through the collection of annual installments on the benefitted properties.
3. Net position at September 30, 2023 and 2022, as restated, totaled \$84,161 and (\$855,701), respectively, due mainly to the collection of assessments, issuance of Bonds, and the use of the developer escrow deposit to fund costs of the public improvements.
4. On December 14, 2021, the City entered into a reimbursement agreement with WJ Hillside LP (the "Developer") to finance a portion of the costs of the improvements not paid with the proceeds of the Bonds. No costs have been incurred against the reimbursement agreement.
5. Capital assets totaling \$8,384,209 and \$1,011,212 as of September 30, 2023, and 2022, respectively, represent construction in progress of road, water, sewer, and drainage improvements in the PID. The public improvements were accepted by the City on May 10, 2024.
6. Debt service on the Bonds and the reimbursement agreement note are to be paid from annual installments of assessments imposed by the City on property owners in the PID. Annual installments of assessments totaling \$538,099 were billed to the property owners for collection in fiscal year 2023. No annual installments of assessments were billed or collected in fiscal year 2022. As of September 30, 2023, all assessments have been collected.

7. Annual installments of assessments totaling \$524,155 were billed to property owners for collection in fiscal year 2024. As of January 31, 2024, all annual installments have been collected.

### **Overview of the Financial Statements**

This annual report consists of two parts – (i) Management’s Discussion and Analysis and (ii) the basic financial statements consisting of a *Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, Statement of Cash Flows*, and related footnotes. The Statement of Net Position represents the financial position of the PID and provides information about the activities of the PID, including all short-term and long-term financial resources and obligations. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included in the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (e.g., revenues) and decreases (e.g., expenses) in net total financial position. The Statement of Cash Flows reflects how the PID finances and meets its cash flow needs. Finally, the notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided on the basic financial statements.

### **Summary Statement of Net Position:**

	<u>2023</u>	<u>Restated 2022</u>
Assets:		
Current and other assets	\$ 1,283,297	\$ 8,655,359
Capital assets	8,384,209	1,011,212
Total assets	<u>9,667,506</u>	<u>9,666,571</u>
Liabilities:		
Current liabilities	897,858	1,203,283
Long-term debt	8,685,487	9,318,989
Total Liabilities	<u>9,583,345</u>	<u>10,522,272</u>
Net Position		
Net investment in capital assets	17,604	165,511
Restricted	94,266	-
Unrestricted	(27,709)	(1,021,212)
Total Net Position	<u>\$ 84,161</u>	<u>\$ (855,701)</u>

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

	<u>2023</u>	<u>Restated 2022</u>
Operating Revenues	\$ 538,099	\$ -
Operating Expenses	<u>43,234</u>	<u>13,260</u>
Operating Income (Loss)	494,865	(13,260)
Non-operating Revenues/(Expenses)	(15,950)	(842,441)
Developer's contribution	<u>460,947</u>	<u>-</u>
Change in Net Position	<u>\$ 939,862</u>	<u>\$ (855,701)</u>

Net position increased in fiscal year 2023 due primarily to the collection of special assessments and the use of the developer escrow deposit to fund the costs of the public improvements.

### Capital Assets

The PID's capital assets consisted of construction in progress of road improvements, water and sewer improvements, and storm drainage improvements totaling \$8,384,209 to be owned by the City upon completion. According to the developer, the improvements were substantially completed in December 2023 and are awaiting the City's acceptance.

### Long-Term Debt

The City issued the Bonds for the benefit of the PID totaling \$8,300,000 on January 19, 2022, in four terms bearing interest from 2.75% to 4.00% per annum with a final maturity of September 1, 2052. The Bonds are subject to optional redemption, extraordinary optional redemption, and mandatory sinking fund redemption requirements as specified in the Indenture of Trust (the "Indenture") between the City and U.S. Bank, N.A. (the "Trustee").

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

Mandatory sinking fund payments began on September 1, 2023, from pledged revenues received by the PID.

### Pledged Revenues

Pledged revenues consist of assessments paid by the benefitted property owners deposited by the City with the Trustee. The annual installments of special assessments billed to property owners totaled \$538,099 for fiscal year 2023. All assessments for fiscal year 2023 have been collected. Annual installments of special assessments totaling \$524,155 were billed to property owners for collection in fiscal year 2024. As of January 31, 2024, all annual installments have been collected.

There were no annual installments of assessments collected during fiscal year 2022 as debt service and operating expenses were funded from bond proceeds.

### **Economic Factors and Future Outlook**

Presently, the PID is not aware of any significant changes in conditions that would have a significant effect on the administrative expenses in the near future.

### **Contacting the District's Financial Management**

This financial report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of the PID's finances and to reflect the PID's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to the PID's administrator, MuniCap, Inc., at 600 E. John Carpenter Freeway, Suite 150, Irving, TX 75062.



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### ***III. FINANCIAL STATEMENTS***

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**HILLSIDE VILLAGE PUBLIC IMPROVEMENT DISTRICT  
STATEMENTS OF NET POSITION  
As of September 30,**

	<u>2023</u>	<u>Restated 2022</u>
Assets		
Current Assets		
Restricted cash and cash equivalents	\$ 1,277,126	\$ 8,638,288
Accrued interest receivable	5,483	16,383
Prepaid expenses	688	688
Total Current Assets	<u>1,283,297</u>	<u>8,655,359</u>
Noncurrent Assets		
Capital assets	8,384,209	1,011,212
Total Noncurrent Assets	<u>8,384,209</u>	<u>1,011,212</u>
Total Assets	<u>9,667,506</u>	<u>9,666,571</u>
Liabilities		
Current Liabilities		
Accounts payable	9,600	2,413
Accrued liabilities	693,978	1,011,212
Accrued interest payable	24,280	24,658
Current portion of long-term debt	170,000	165,000
Total Current Liabilities	<u>897,858</u>	<u>1,203,283</u>
Noncurrent Liabilities		
Long-term debt	8,597,124	9,228,071
Premium/(discount) on long-term debt, net	88,363	90,918
Total Noncurrent Liabilities	<u>8,685,487</u>	<u>9,318,989</u>
Total Liabilities	<u>9,583,345</u>	<u>10,522,272</u>
Net Position		
Net investment in capital assets	17,604	165,511
Restricted	94,266	-
Unrestricted	(27,709)	(1,021,212)
Net Position	<u>\$ 84,161</u>	<u>\$ (855,701)</u>

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

**HILLSIDE VILLAGE PUBLIC IMPROVEMENT DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**For the Years Ending September 30,**

	<u>2023</u>	<u>Restated</u> <u>2022</u>
Operating Revenues		
Annual assessment revenues	\$ 538,099	\$ -
Total Operating Revenues	538,099	-
Operating Expenses		
Administrative fees	41,260	13,260
Accounting and audit fees	1,974	-
Total Operating Expenses	43,234	13,260
Operating Income (Loss)	494,865	(13,260)
Non-Operating Revenues/(Expenses)		
Interest and dividend income	277,015	53,369
Bond issuance costs	-	(690,463)
Interest expense	(292,965)	(205,347)
Total Non-Operating Revenues/(Expenses)	(15,950)	(842,441)
Developer contribution	460,947	-
Change in Net Position	939,862	(855,701)
Net Position, Beginning of Year	(855,701)	-
Net Position, End of Year	\$ 84,161	\$ (855,701)

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

**HILLSIDE VILLAGE PUBLIC IMPROVEMENT DISTRICT**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ending September 30,**

	<u>2023</u>	<u>Restated</u> <u>2022</u>
Cash Flows from Operating Activities		
Cash receipts from property owners	\$ 538,099	\$ -
Cash payments for administrative fees	(34,073)	(11,535)
Cash payments for accounting and audit fees	(1,974)	-
Net Cash Provided by (Used in) Operating Activities	502,052	(11,535)
Cash Flows from Investing Activities		
Interest and dividends received on investments	287,915	36,985
Net Cash Provided by Investing Activities	287,915	36,985
Cash Flows from Capital and Related Financing Activities		
Proceeds from bond issuance	-	8,143,701
Acquisition and construction of capital assets	(7,690,231)	-
Principal paid on debt	(165,000)	-
Interest paid on debt	(295,898)	(182,471)
Bond issuance costs paid	-	(441,463)
Developer's escrow deposit	-	1,093,071
Net Cash (Used in) Provided by Capital and Related Financing Activities	(8,151,129)	8,612,838
Change in Cash and Cash Equivalents	(7,361,162)	8,638,288
Cash and Cash Equivalents, Beginning of Year	8,638,288	-
Cash and Cash Equivalents, End of Year	\$ 1,277,126	\$ 8,638,288
Adjustments to Reconcile Operating Loss to Net Cash		
Provided by Operating Activities:		
Operating Loss	\$ 494,865	\$ (13,260)
Adjustments		
Increase in accounts payable	7,187	2,413
Increase in prepaid expenses	-	(688)
Net Cash Provided by (Used in) Operating Activities	\$ 502,052	\$ (11,535)
Supplemental Information		
Construction in progress in accrued liabilities	\$ 693,978	\$ 1,011,212

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 9, 2021, the City Council (the "City Council") of the City of Celina, Texas (the "City") passed and approved Resolution No. 2021-106R approving and authorizing the creation of the Hillside Village 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 \$8,300,000 Series 2022 Special Assessment Revenue Bonds, (the "Series 2022 Bonds" or "Bonds") were issued on January 19, 2022, 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 December 14, 2021 and an Indenture of Trust (the "Indenture"), dated as of January 1, 2022, between the City and U.S. Bank, National Association (the "Trustee"). The Bonds were issued to finance a portion of the Authorized Improvements for a single-family residential development, a portion of the interest on the Bonds during and after the period of acquisition and construction of the Authorized Improvements, to fund a reserve fund, to pay a portion of the costs incidental to the organization of the PID, and to pay costs of issuing the Bonds.

The City and WJ Hillside LP, a Texas limited partnership (the "Developer"), entered into a reimbursement agreement dated as of December 14, 2021, 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 not financed with proceeds from the Bonds.

The City is located in north central Collin and Denton Counties, forty miles north of Dallas and fifteen miles northwest of the City of McKinney. The PID consists of approximately 71.3 acres and is projected to consist of 289 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 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	\$ 1,277,126	\$ 8,638,288
Total cash and cash equivalents	<u>\$ 1,277,126</u>	<u>\$ 8,638,288</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 were in compliance with the Indenture.

All funds held in the accounts created by the Indenture which are on deposit with any bank will be continuously secured in the manner required by the Indenture and the Investment Act.

## D. Concentration of Credit Risk

Concentration of credit risk can arise by failing to adequately diversify investments. The Investment Act establishes limitations on portfolio composition to control concentration of credit risk.

## E. Recurring Measurements

The PID's investments in money market accounts are measured at the net asset value per share (or its equivalent) practical expedient. Accordingly, these investments have not been classified in the fair value hierarchy.

## NOTE 4—CAPITAL ASSETS

The PID's capital asset activity for the years ending September 30, 2023, and 2022, was as follows:

	Balance		Balance	
<b>2023</b>	October 1, 2022	Additions	Donations	September 30, 2023
Construction in progress	\$ 1,011,212	\$ 7,372,997	\$ -	\$ 8,384,209
Total Capital Assets	\$ 1,011,212	\$ 7,372,997	\$ -	\$ 8,384,209

<b>2022</b>	Balance			Balance
	October 1, 2021	Additions	Donations	September 30, 2022
Construction in progress	\$ -	\$ 1,011,212	\$ -	\$ 1,011,212
Total Capital Assets	\$ -	\$ 1,011,212	\$ -	\$ 1,011,212

Capital assets financed with the Bond proceeds consist of construction in progress of roadway improvements, water distribution system improvements, sanitary sewer collection system improvements, and storm drainage collection system improvements that will benefit the PID. All public improvements are expected to be completed by December 2023 and will be donated to the City or another governmental entity upon acceptance.

### **NOTE 5—LONG-TERM OBLIGATIONS**

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

<b>2023</b>	Balance			Balance	Due in
	October 1, 2022	Increase	Decrease	September 30, 2023	one year
Series 2022 Bonds					
Term 2027	\$ 875,000	\$ -	\$ (165,000)	\$ 710,000	\$ 170,000
Term 2032	1,013,000	-	-	1,013,000	-
Term 2042	2,608,000	-	-	2,608,000	-
Term 2052	3,804,000	-	-	3,804,000	-
Bond premium/(discount)	90,918	-	(2,555)	88,363	(2,556)
Total Series 2022 Bonds	8,390,918	-	(167,555)	8,223,363	167,444
Developer's escrow deposit	1,093,071	-	(460,947)	632,124	-
<b>Total Long-term Debt</b>	<b>\$ 9,483,989</b>	<b>\$ -</b>	<b>\$ (628,502)</b>	<b>\$ 8,855,487</b>	<b>\$ 167,444</b>

<b>Restated 2022</b>	Balance			Balance	Due in
	October 1, 2021	Increase	Decrease	September 30, 2022	one year
Series 2022 Bonds					
Term 2027	\$ -	\$ 875,000	\$ -	\$ 875,000	\$ 165,000
Term 2032	-	1,013,000	-	1,013,000	-
Term 2042	-	2,608,000	-	2,608,000	-
Term 2052	-	3,804,000	-	3,804,000	-
Bond premium/(discount)	-	92,700	(1,782)	90,918	\$ (2,556)
Total Series 2022 Bonds	-	8,392,700	(1,782)	8,390,918	162,444
Developer's escrow deposit	-	1,093,071	-	1,093,071	-
<b>Total Long-term Debt</b>	<b>\$ -</b>	<b>\$ 9,485,771</b>	<b>\$ (1,782)</b>	<b>\$ 9,483,989</b>	<b>\$ 162,444</b>



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

On January 19, 2022, the City issued \$8,300,000 in Special Assessment Revenue Bonds, Series 2022, to finance certain public infrastructure improvements in connection with the proposed development within the PID, to fund a debt service reserve fund, to fund the payment of interest on the Bonds prior to and during construction, to pay a portion of the costs incidental to the organization of the PID, and to pay costs of issuing the Bonds.

The Bonds are intended to be paid primarily from assessments imposed by the City and collected by the Collin County Tax Assessor Collector (the "CCTAC") against the properties benefiting from the public improvements. If an assessment is not paid in full, the PID Act authorizes the City to collect interest and collections costs on the outstanding assessment. The City covenanted in the Indenture that it will take and pursue all actions permissible under applicable laws to cause the assessments to be collected and any resulting liens enforced. The Bonds are limited obligations of the City payable solely from and secured by a pledge of assessments and certain funds held by the Trustee.

The Bonds were issued in four series as follows:

	<u>Par Value</u>	<u>Rate</u>	<u>Final Maturity</u>	<u>Premium/ (Discount)</u>
Term 2027	\$ 875,000	2.750%	September 1, 2027	\$ -
Term 2032	\$ 1,013,000	3.125%	September 1, 2032	\$ (3,201)
Term 2042	\$ 2,608,000	3.375%	September 1, 2042	\$ (17,343)
Term 2052	\$ 3,804,000	4.000%	September 1, 2052	\$ 113,245

The premium and discounts on the Bonds, as listed above, are being amortized over the life of each term of Bonds on a straight-line method.

Interest on the Bonds is payable according to the terms specified by the Indenture semiannually on March 1 and September 1 of each year beginning on March 1, 2022. Interest on the Bonds is calculated on the basis of a 360-day year comprised of twelve 30-day months. Interest payments totaled \$295,898 and \$182,471 for the years ended September 30, 2023 and 2022, respectively.

The Bonds represent 93% of the PID's long-term debt balance and are subject to optional redemption, extraordinary optional redemption, and mandatory sinking fund redemption. Principal payments on the Series 2022 Bonds are due each September 1 beginning September 1, 2023, according to the mandatory sinking fund redemption schedule.

### 1. Optional Redemption

The Bonds maturing on or after September 1, 2032, may be redeemed at the option of the City on any date on or after September 1, 2031, in whole or in part, at 100% of the principal amount plus accrued interest to the redemption date.

## 2. Extraordinary Optional Redemption

The Bonds are subject to extraordinary optional redemption in whole or in part on the first of any month from any prepayments of special assessments or from any funds remaining in the project fund after completion of the improvements. No extraordinary optional redemptions have occurred as of September 30, 2023.

## 3. Mandatory Sinking Fund Redemption

The Bonds are required to be redeemed prior to maturity in part at a price of 100% of the principal amount thereof plus accrued interest to the redemption date, on each September 1, beginning on September 1, 2023. Mandatory debt service requirements consist of the following:

For the period ending September 30:	<u>Term 2027</u>		<u>Term 2032</u>	
	Principal	Interest	Principal	Interest
2024	\$ 170,000	\$ 19,525	\$ -	\$ 31,656
2025	175,000	14,850	-	31,656
2026	180,000	10,038	-	31,656
2027	185,000	5,088	-	31,656
2028	-	-	190,000	31,656
2029-2032	-	-	823,000	65,344
<b>Total</b>	<b>\$ 710,000</b>	<b>\$ 49,501</b>	<b>\$ 1,013,000</b>	<b>\$ 223,624</b>

  

For the period ending September 30:	<u>Term 2042</u>		<u>Term 2052</u>	
	Principal	Interest	Principal	Interest
2024	\$ -	\$ 88,020	\$ -	\$ 152,160
2025	-	88,020	-	152,160
2026	-	88,020	-	152,160
2027	-	88,020	-	152,160
2028	-	88,020	-	152,160
2029-2033	222,000	440,100	-	760,800
2034-2038	1,234,000	322,211	-	760,800
2039-2043	1,152,000	98,888	314,000	760,800
2044-2048	-	-	1,778,000	561,560
2049-2052	-	-	1,712,000	174,800
<b>Total</b>	<b>\$ 2,608,000</b>	<b>\$ 1,301,299</b>	<b>\$ 3,804,000</b>	<b>\$ 3,779,560</b>

**Series 2022 Bonds Total**

For the period ending September 30:	Principal	Interest	Total
2024	\$ 170,000	\$ 291,361	\$ 461,361
2025	175,000	286,686	461,686
2026	180,000	281,874	461,874
2027	185,000	276,924	461,924
2028	190,000	271,836	461,836
2029-2033	1,045,000	1,266,244	2,311,244
2034-2038	1,234,000	1,083,011	2,317,011
2039-2043	1,466,000	859,688	2,325,688
2044-2048	1,778,000	561,560	2,339,560
2049-2052	1,712,000	174,800	1,886,800
<b>Total</b>	<b>\$ 8,135,000</b>	<b>\$ 5,353,984</b>	<b>\$ 13,488,984</b>

**B. Developer’s Escrow Deposit**

At Bond issuance, the Developer deposited \$1,093,071 with the trustee to be held in escrow and used to fund costs of the public improvements in excess of the funds available from the proceeds of the Bonds. Any funds remaining at the completion of the public improvements will be returned to the Developer. As of September 30, 2023, \$460,947 had been drawn on the developer’s escrow deposit and reported as “developer’s contribution” (non-operating revenue) to the PID. There were no draws on the developer’s escrow deposit in fiscal year 2022.

**NOTE 6—ANNUAL 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, if any. Annual Installments are to be imposed and collected by the CCTAC on all the real property within the PID (excepting those for which the special assessment lien has been prepaid) except for non-benefited property and public property. The annual revenue requirement, generally, is equal to: (i) annual debt service and administrative expenses, less (ii) other amounts available for the payment of such debt service and expense. Annual 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.

Annual Installments of the special assessments were billed to property owners in the amount of

\$538,099 for collection in fiscal year 2023. As of September 30, 2023, all annual installments had been collected.

There were no Annual Installments of assessments billed for the assessment year ending September 30, 2022.

#### **NOTE 7—RESTATEMENT OF FISCAL YEAR 2022 RESULTS**

During fiscal year 2023, it was discovered that the funds deposited by the Developer at the issuance of the Bonds totaling \$1,093,071 are refundable to the Developer at the completion of the public improvements to the extent they are not used to fund the costs of the public improvements. This deposit had been reported as income to the PID at September 30, 2022. The deposit has been restated as a liability to the PID as of September 30, 2022. As a result of this correction, liabilities increased by \$1,093,071 and changes in net position and net position decreased by the same amount.

#### **NOTE 8—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, or 2022.

#### **NOTE 9—SUBSEQUENT EVENTS**

Annual Installments of assessments totaling \$524,155 were billed to property owners for collection in fiscal year 2024. According to the CCTAC, as of January 31, 2024, all Annual Installments had been collected.

According to the Developer, the public improvements were substantially complete as of December 31, 2023. The public improvements were accepted by the City on May 10, 2024.