LAKES AT MUSTANG RANCH
PUBLIC IMPROVEMENT DISTRICT
CITY OF CELINA, TEXAS

AUDITED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023 and 2022

CUSIP NUMBERS:

Phase #2-9
15114CAK0
15114CAL8
15114CAM6

Phase #1 Refunding
15114CCS1
15114CCT9
15114CCU6
15114CCV4
15114CCW2
15114CCX0
15114CCY8
15114CCZ5
15114CDA9

LAKES AT MUSTANG RANCH PUBLIC IMPROVEMENT DISTRICT

AUDITED FINANCIAL STATEMENTS SEPTEMBER 30, 2023 AND 2022

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Independent Auditor's Report

The Honorable Mayor and Members of the City Council
Lakes at Mustang Ranch Public Improvement District
Celina, Texas

Opinion

We have audited the financial statements of the Lakes at Mustang Ranch 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 Lakes at Mustang Ranch 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 PID was formed on March 10, 2008, pursuant to Resolution No. 2008-06R 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 PID issued three sets of bonds ("PID Bonds") and six reimbursement agreements as follows:

   a. The $9,000,000 Series 2015 Special Assessment Revenue Bonds, Phase #1 (the "Phase #1 Bonds") issued on January 29, 2015, bearing multiple interest rates with a final maturity of September 1, 2040. These bonds were refunded on September 1, 2020.

   b. The $13,150,000 Series 2015 Special Assessment Revenue Bonds, Phases #2-9 (the "Phase #2-9 Bonds") issued on January 29, 2015, bearing multiple interest rates with a final maturity of September 1, 2040.

   c. The $7,750,000 Series 2020 Special Assessment Revenue Refunding Bonds, Phase #1 (the "Phase #1 Refunding Bonds") issued on September 1, 2020, bearing multiple interest rates with a final maturity of September 1, 2040.

   d. The $5,000,000 Major Improvement Reimbursement Agreement Note (the "MI RA Note") between the City and Celina 682 Partners, L.P. entered into on October 23, 2014, and recorded in the Official Public Records of Collin County, Texas on November 7, 2014.

   e. The $5,300,000 Phase #2 Reimbursement Agreement Note (the "Phase #2 RA Note") between the City and Celina 682 Partners, L.P. sharing the same Reimbursement Agreement noted in subsection d above. The Phase #2 RA Note annual installment levy commenced in fiscal year 2019.

   f. The $3,700,000 Phase #3 Reimbursement Agreement Note (the "Phase #3 RA Note") between the City and Celina 682 Partners, L.P. sharing the same Reimbursement Agreement noted in subsection d above. The Phase #3 RA Note annual installment levy commenced in fiscal year 2021.

g. The $167,000 Phase #4 Reimbursement Agreement Note (the "Phase #4 RA Note") between the City and Celina 682 Partners, L.P. sharing the same Reimbursement Agreement noted in subsection d above. The Phase #4 RA Note annual installment levy commenced in fiscal year 2022.

h. The $2,510,000 Phase #5 Reimbursement Agreement Note (the "Phase #5 RA Note") between the City and Celina 682 Partners, L.P. sharing the same Reimbursement Agreement noted in subsection d above. The Phase #5 RA Note annual installment levy commenced in fiscal year 2021.

i. The $5,967,861 Phase #6 Reimbursement Agreement Note (the "Phase #6 RA Note") between the City and Celina 682 Partners, L.P. sharing the same Reimbursement Agreement noted in subsection d above. The Phase #6 RA Note annual installment levy commenced in fiscal year 2022.

j. The $7,920,908 Phase #7 Reimbursement Agreement Note (the "Phase #7 RA Note") between the City and Celina 682 Partners, L.P. sharing the same Reimbursement Agreement noted in subsection d above. The Phase #6 RA Note annual installment levy will commence in fiscal year 2024.

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 ($34,119,726) and ($27,365,133), respectively.

5. There were no capital assets at September 30, 2023, and 2022, reflecting the completion and acceptance of $39,605,237 in public improvements in 2023 and prior years.

6. Annual assessments of $2,974,856 and $2,868,784 were imposed on the property owners for collection in fiscal years 2023 and 2022, respectively. The annual assessments are remitted to the PID monthly as they are received by the City. As of September 30, 2023, all annual installments of assessments have been collected and remitted to the PID.

7. Assessment prepayments collected from property owners in fiscal years 2023 and 2022 were $601,823 and $981,613, respectively. Prepayments of $174,959 and $334,112 were used to reduce the Reimbursement Agreement balance in fiscal year 2023 and 2022, respectively. Prepayments of $245,000 and $35,000 were used to redeem Phase #2-9 Bonds and Phase #1 Refunding Bonds, respectively, in fiscal year 2023. Prepayments of $275,000 and $26,000 were used to redeem Phase #2-9 Bonds and Phase #1 Refunding Bonds, respectively, in fiscal year 2022. Remaining prepayments will be used to redeem PID Bonds and the Reimbursement Agreement Notes depending on the related prepaid parcels.

Overview of the Financial Statements

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

Summary Statements of Net Position:

	2023	2022	2021
Assets:			
Current and other assets	$ 3,812,806	$ 3,858,585	$ 3,430,233
Total Current assets	3,812,806	3,858,585	3,430,233
Deferred outflow of resources	208,709	221,047	233,384
Total assets and deferred outflows	4,021,515	4,079,632	3,663,617
Liabilities:			
Current liabilities	2,529,976	3,134,164	2,125,068
Long-term debt	35,611,265	28,310,601	30,778,820
Total Liabilities	38,141,241	31,444,765	32,903,888
Net Position			
Restricted	3,795,026	3,130,934	3,033,914
Unrestricted	(37,914,752)	(30,496,067)	(32,274,185)
Total Net Position	$ (34,119,726)	$ (27,365,133)	$ (29,240,271)

Bond proceeds and annual assessment revenues were used to finance the cost of public improvements, bond issuance costs, debt service, and administrative costs of the PID.

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

	2023	2022	2021
Operating Revenues	$ 3,565,690	$ 3,853,665	$ 3,518,200
Operating Expenses	155,683	105,312	98,668
Operating Income	3,410,007	3,748,353	3,419,532
Non-operating Revenues/(Expenses)	(1,736,739)	(1,866,894)	(1,957,596)
Donated Capital Assets	(8,477,861)	(6,321)	(3,867,000)
Developer's Contribution	50,000	-	-
Change in Net Position	$ (6,754,593)	$ 1,875,138	$ (2,405,064)

Net position decreased due primarily to the donation of capital assets in the fiscal year 2023.

Capital Assets

There were no capital assets at September 30, 2023, and 2022, reflecting the completion and acceptance of all public improvements. In fiscal year 2023, the developer submitted costs for the Phase #5 RA and Phase #6 RA totaling $8,477,861, and the City has accepted these improvements. Total public improvements of $39,605,237 have been accepted by the City as follows:

	Completion and Acceptance of Public Improvements	Amount
Phase #1 Bonds	2016	$ 7,813,182
Phase #2-9 Bonds	2017	9,140,873
Phase #2 RA	2017	5,300,000
MI RA	2017	3,421,739
MI RA	2020	1,578,261
Phase #3 RA	2021	3,700,000
Phase #4 RA	2021	167,000
Phase #2-9 Bonds	2022	6,321
Phase #5 RA	2023	2,510,000
Phase #6 RA	2023	5,967,861
Total		**$ 39,605,237**

Long-Term Debt

The PID issued bonds totaling $22,150,000 on January 29, 2015, bearing multiple interest rates with a final maturity of September 1, 2040. The bonds are subject to optional redemption, extraordinary optional redemption, and mandatory sinking fund redemption requirements as specified in the Phase #1 Indenture and Phase #2-9 Indenture. The Phase #1 Bonds were refunded in 2020. The Phase #2-9 Bonds were issued as follows:

Phase #2-9 Bonds

	Par Value	Rate	Final Maturity
Term 2024	$ 2,625,000	5.500%	September 1, 2024
Term 2030	$ 2,825,000	6.000%	September 1, 2030
Term 2040	$ 7,700,000	6.250%	September 1, 2040

Mandatory sinking fund payments for the Phase #2-9 Bonds began on September 1, 2017, from annual installments of assessments received by the PID.

The PID issued Phase #1 Refunding Bonds totaling $7,750,000 on September 1, 2020, bearing multiple interest rates with a final maturity of September 1, 2040. The Phase #1 Refunding Bonds are subject to optional redemption, extraordinary optional redemption, and mandatory sinking fund redemption requirements as specified in the Phase #1 Refunding Bonds Indenture. The Phase #1 Refunding Bonds were issued as follows:

Phase #1 Refunding Bonds

	Par Value	Rate	Final Maturity
Serial Bonds	$ 260,000	4.000%	September 1, 2021
Serial Bonds	$ 270,000	4.000%	September 1, 2022
Serial Bonds	$ 280,000	4.000%	September 1, 2023
Serial Bonds	$ 295,000	4.000%	September 1, 2024
Serial Bonds	$ 305,000	4.000%	September 1, 2025
Serial Bonds	$ 320,000	4.000%	September 1, 2026
Serial Bonds	$ 335,000	4.000%	September 1, 2027
Serial Bonds	$ 350,000	4.000%	September 1, 2028
Serial Bonds	$ 365,000	4.000%	September 1, 2029
Serial Bonds	$ 380,000	4.000%	September 1, 2030
Term 2035	$ 2,115,000	3.000%	September 1, 2035
Term 2040	$ 2,475,000	2.625%	September 1, 2040

The proceeds of the Phase #1 Refunding Bonds were used to refund the Phase #1 Bonds and to pay the costs of issuing the refunding bonds.

Mandatory sinking fund payments began on September 1, 2021, from assessments received by the PID.

The City and Celina 682 Partners L.P. (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 5% above the highest average index rate for tax-exempt bonds reported in a daily or weekly bond index reported in the month before the date the obligation was incurred for years one through five, and 2% above the highest average index rate for tax-exempt bonds reported in a daily or weekly bond index reported in the month before the obligation was incurred for subsequent years, will be paid from pledged revenues only to the extent the pledged revenues are collected. Any balance remaining one year after the last annual installment of assessments is collected will be cancelled.

On October 23, 2014, the City entered into a Reimbursement Agreement with the Developer to finance a portion of the costs of the public improvements not paid with proceeds of the Bonds. The Reimbursement Agreement costs were submitted by the Developer as follows:

	Year	Amount
MI RA Note	2014	$ 5,000,000
Phase #2 RA Note	2017	5,300,000
Phase #3 RA Note	2021	3,700,000
Phase #4 RA Note	2021	167,000
Phase #5 RA Note	2023	2,510,000
Phase #6 RA Note	2023	5,967,861
Total		**$ 22,644,861**

The balances due on the Reimbursement Agreement notes as of September 30, 2023, and 2022 were as follows:

	2023	2022
MI RA Note	$ 2,956,799	$ 31,320,082
Phase #2 RA Note	4,536,743	4,791,360
Phase #3 RA Note	2,975,763	3,561,492
Phase #4 RA Note	166,000	167,000
Phase #5 RA Note	2,510,000	-
Phase #6 RA Note	5,967,861	-
Total	$ 19,113,166	$ 39,839,934

The proceeds from the PID Bonds were used to finance improvements within the PID consisting primarily of roadway, water, sewer, and storm drainage improvements, to fund a debt service reserve fund, to fund the payment of interest on the bonds during and after the period of acquisition and construction, to pay costs of issuing the bonds, and to pay the initial administrative expenses of the PID.

<u>Revenues</u>

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 installments of assessments are remitted to the PID monthly as they are received by the Collin County Tax Assessor Collector (the "CCTAC"). Annual assessments were billed to property owners as follows:

	2024	2023	2022
Phase #1 Bonds	$ 586,923	$ 584,881	$ 590,354
Phase #2-9 Bonds	1,040,039	1,077,939	1,115,917
MI RA Note	287,406	285,571	288,830
Phase #2 RA Note	376,925	520,977	535,965
Phase #3 RA Note	267,343	277,566	323,009
Phase #4 RA Note	15,108	15,158	14,709
Phase #5 RA Note	206,946	212,764	-
Phase #6 RA Note	555,356	-	-
Total	**$ 3,336,046**	**$ 2,960,906**	**$ 2,868,784**

As of September 30, 2023, all annual assessments have been collected and remitted to the PID. Prepayment revenues totaling $601,823 and $981,613 have been received for 2023 and 2022, respectively.

<u>Economic Factors and Future Outlook</u>

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.

<u>Contacting District's Financial Management</u>

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 District's administrator, MuniCap, Inc., at 600 E. John Carpenter Freeway, Suite 150, Irving TX 75062.

LAKES AT MUSTANG RANCH
PUBLIC IMPROVEMENT DISTRICT
STATEMENTS OF NET POSITION
As of September 30,

	2023	2022
Assets		
Current Assets		
Restricted cash and cash equivalents	$ 3,795,026	$ 3,130,934
Accrued interest receivable	16,205	6,156
Due from primary government	1,575	721,495
Total Current Assets	3,812,806	3,858,585
Deferred Outflow of Resources		
Deferred loss on refunding	208,709	221,047
Total Deferred outflows of resources	208,709	221,047
Total Assets and Deferred Outflows of Resources	4,021,515	4,079,632
Liabilities		
Current Liabilities		
Accounts payable	78,708	46,564
Accrued interest payable	1,414,268	1,270,971
Current portion of long-term debt	1,037,000	1,816,629
Total Current Liabilities	2,529,976	3,134,164
Noncurrent Liabilities		
Long-term debt	35,225,166	27,899,305
Premium on long-term debt, net	386,099	411,296
Total Noncurrent Liabilities	35,611,265	28,310,601
Total Liabilities	38,141,241	31,444,765
Net Position		
Restricted	3,795,026	3,130,934
Unrestricted	(37,914,752)	(30,496,067)
Net Position	$ (34,119,726)	$ (27,365,133)

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

LAKES AT MUSTANG RANCH
PUBLIC IMPROVEMENT DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Years Ending September 30,

	2023	2022
Operating Revenues		
Annual assessment revenues	$ 2,963,867	$ 2,872,052
Prepayment revenues	601,823	981,613
Total Operating Revenues	3,565,690	3,853,665
Operating Expenses		
Administrative fees	151,736	101,221
Accounting and audit fees	3,947	4,091
Total Operating Expenses	155,683	105,312
Operating Income	3,410,007	3,748,353
Non-Operating Revenues/(Expenses)		
Interest and dividend income	187,447	27,169
Interest expense	(1,931,212)	(1,897,302)
Penalties and interest income	7,026	3,239
Total Non-Operating Revenues/(Expenses)	(1,736,739)	(1,866,894)
Donated capital assets	(8,477,861)	(6,321)
Developer's Contribution	50,000	-
Change in Net Position	(6,754,593)	1,875,138
Net Position, Beginning of Year	(27,365,133)	(29,240,271)
Net Position, End of Year	$ (34,119,726)	$ (27,365,133)

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

LAKES AT MUSTANG RANCH
PUBLIC IMPROVEMENT DISTRICT
STATEMENTS OF CASH FLOWS
For the Years Ending September 30,

	2023	2022
Cash Flows from Operating Activities		
Cash receipts from property owners	$ 4,284,767	$ 3,528,435
Cash payments for administrative fees	(118,749)	(106,509)
Cash payments for accounting and audit fees	(3,947)	(5,000)
Net Cash Provided by Operating Activities	4,162,071	3,416,926
Cash Flows from Investing Activities		
Interest and dividends received on investments	177,398	21,068
Net Cash Provided by Investing Activities	177,398	21,068
Cash Flows from Capital and Related Financing Activities		
Acquisition and construction of capital assets	-	(6,321)
Penalties and interest on delinquent assessments	7,026	3,238
Principal paid on long-term debt	(1,931,629)	(1,439,762)
Interest paid on long-term debt	(1,800,774)	(1,898,129)
Developer's contribution	50,000	-
Net Cash Used in Capital and Financing Activities	(3,725,377)	(3,340,974)
Change in Cash Balance	664,092	97,020
Cash and Cash Equivalents, Beginning of Year	3,130,934	3,033,914
Cash and Cash Equivalents, End of Year	$ 3,795,026	$ 3,130,934
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities:		
Operating Income	$ 3,410,007	$ 3,748,353
Adjustments		
Decrease (increase) in due from primary government	719,920	(344,659)
Decrease in due from Celina PID's	-	19,428
Increase (decrease) in accounts payable	32,144	(6,196)
Net Cash Provided by Operating Activities	$ 4,162,071	$ 3,416,926
Supplemental Information		
Donated Capital Assets	$ 8,477,861	$ 6,321

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

III. NOTES TO THE FINANCIAL STATEMENTS

NOTE 1—FINANCIAL REPORTING ENTITY

On March 10, 2008, the City Council (the "City Council") of the City of Celina, Texas (the "City") passed and approved Resolution No. 2008-06R pursuant to the PID Act (the “Act”) approving and authorizing the creation of the Lakes at Mustang Ranch Public Improvement District (the “PID”) to finance the costs of certain public improvements for the benefit of property in the PID, all of which is located within the City.

The $9,000,000 Series 2015 Special Assessment Revenue Bonds, Phase #1 (the “Phase #1 Bonds”) and the $13,150,000 Series 2015 Special Assessment Revenue Bonds, Phases #2-9 (the “Phases #2-9 Bonds”, collectively, the “Series 2015 Bonds”) were issued on January 29, 2015, pursuant to the Act and an ordinance adopted by the City Council on January 13, 2015, and Indentures of Trust (the “Indentures”) , dated as of January 1, 2015, between the City and U.S. Bank, National Association (the “Trustee”). The Series 2015 Bonds were issued to finance a portion of the public improvements for an approximately 682-acre development, to finance a portion of the interest on the Series 2015 Bonds during and after the period of acquisition and construction of the public 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 Series 2015 Bonds. Phase #1 consists of approximately 178 acres and includes 335 lots. Phases #2-9 consists of approximately 504 acres and is anticipated to include 1,465 lots.

The $7,750,000 Series 2020 Special Assessment Revenue Refunding Bonds, Phase #1 (the Phase #1 Refunding Bonds”) were issued on September 1, 2020, pursuant to the Act and an ordinance adopted by the City Council on August 11, 2020, and an Indenture of Trust, dated as of August 1, 2020, between the City and the Trustee. The bonds will be used primarily to provide funds for refunding the outstanding Phase #1 Bonds and to pay the costs of issuing the bonds.

The City and Celina 682 Partners, L.P. (the “Developer”) entered into a reimbursement agreement (the “Reimbursement Agreement”) on October 23, 2014, and recorded in the Official Public Records of Collin County, Texas, on November 7, 2014, to finance, refinance, provide, or otherwise assist in the acquisition, construction, and maintenance of the public improvements provided for the benefit of the PID. The reimbursement agreement is split into six separate notes: the Major Improvements Reimbursement Agreement Note (the “MI RA Note”) with a principal amount of $5,000,000, the Phase #2 Reimbursement Agreement Note (the “Phase #2 RA Note”) with a principal amount of $5,300,000, the Phase #3 Reimbursement Agreement Note (the “Phase #3 RA Note”) with a principal amount of $3,700,000, the Phase #4 Reimbursement Agreement Note (the “Phase #4 RA Note”) with a principal amount of $167,000, the Phase #5 Reimbursement Agreement Note (the “Phase #5 RA Note”) with a principal amount of $2,510,000, the Phase #6 Reimbursement Agreement Note (the “Phase #6 RA Note”) with a principal amount of $5,967,861, and the Phase #7 Reimbursement Agreement Note (the “Phase #7 RA Note”) with a principal amount of $7,920,908.

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 682 Partners, L.P., a Texas limited partnership. The PID consists of approximately 682 acres and is projected to consist of 1,800 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 within is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources 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 been 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 prepaid assessments from parcel owners. 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:

	2023	2022
Money market funds	$ 3,795,026	$ 3,130,934
Total cash and cash equivalents	$ 3,795,026	$ 3,130,934

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 Indentures require the investment of moneys in all funds in accordance with the Investment Act and the City's official investment policy.

C. Credit Risk

Credit risk is the risk that an issuer or counterparty to an investment will be unable to fulfill its obligations. The Indentures specify that investment in time deposits or certificates of deposit must be secured in the manner required by law for public funds, or be invested in direct obligations of the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the Investment Act, provided that all such deposits and investments shall be made in such manner that the money required to be expended from any fund will be available at the proper time. For purposes of maximizing investment returns, to the extent permitted by law, money in such funds may be invested in common investments of the kind described above, or in a common pool of such investments which shall be kept and held at an official depository bank. Investments at September 30, 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

All public improvements have been completed and accepted by the City as of September 30, 2023. In fiscal year 2023, the public improvements totaling $8,477,861 associated with the Phase #5 RA Note and Phase #6 RA Note were recorded, donated and accepted by the City. The Developer provided additional costs of $6,321 in fiscal year 2022 for the Phase #2-9 improvements. The costs were donated and accepted by the City. The public improvements totaling $39,605,237 included storm drainage improvements, wastewater construction and installation, waterlines and mains, and road improvements.

	Completion and Acceptance of Public Improvements	Amount
Phase #1 Bonds	2016	$ 7,813,182
Phase #2-9 Bonds	2017	9,140,873
Phase #2 RA	2017	5,300,000
MI RA	2017	3,421,739
MI RA	2020	1,578,261
Phase #3 RA	2021	3,700,000
Phase #4 RA	2021	167,000
Phase #2-9 Bonds	2022	6,321
Phase #5 RA	2023	2,510,000
Phase #6 RA	2023	5,967,861
Total		**$ 39,605,237**

NOTE 5—DEFERRED LOSS ON REFUNDING

The PID has recorded a loss on the refunding of the Phase #1 Bonds of $246,750, due solely to the call premium paid to refund the Phase #1 Bonds. This loss is being amortized as a component of interest expense on a straight-line interest method over twenty years, which is the remaining life on the Phase #1 Bonds and the life of the Phase #1 Refunding Bonds. Amortization of $12,338 was recorded in fiscal years 2023 and 2022.

2023	Balance October 1, 2022	Increase	Decrease	Balance September 30, 2023
Deferred loss on refunding of Phase #1 Bonds	$ 221,047	$ -	$ (12,338)	$ 208,709
Total Deferred loss on Refunding	**$ 221,047**	**$ -**	**$ (12,338)**	**$ 208,709**

2022	Balance October 1, 2021	Increase	Decrease	Balance September 30, 2022
Deferred loss on refunding of Phase #1 Bonds	$ 233,384	$ -	$ (12,338)	$ 221,047
Total Deferred loss on Refunding	**$ 233,384**	**$ -**	**$ (12,338)**	**$ 221,047**

NOTE 6—LONG-TERM OBLIGATIONS

Long-term obligations consisted of the following at September 30, 2023 and 2022:

2023	Balance October 1, 2022	Increase	Decrease	Balance September 30, 2023	Due in one year
Phase #1 Refunding Bonds	$ 7,194,000	$ -	$ (315,000)	$ 6,879,000	$ 295,000
Phase #1 RF Bond Premium	411,296	-	(25,197)	386,099	-
Phases #2-9 Bonds	10,870,000	-	(600,000)	10,270,000	360,000
MI RA Note	3,132,082	-	(175,283)	2,956,799	182,000
Phase #2 RA Note	4,791,360	-	(254,617)	4,536,743	186,000
Phase #3 RA Note	3,561,492	-	(585,729)	2,975,763	9,000
Phase #4 RA Note	167,000	-	(1,000)	166,000	2,000
Phase #5 RA Note	-	2,510,000	-	2,510,000	2,000
Phase #6 RA Note	-	5,967,861	-	5,967,861	1,000
Total Long-term Debt	**$ 30,127,230**	**$ 8,477,861**	**$ (1,956,826)**	**$ 36,648,265**	**$ 1,037,000**

2022	Balance October 1, 2021	Increase	Decrease	Balance September 30, 2022	Due in one year
Phase #1 Refunding Bonds	$ 7,490,000	$ -	$ (296,000)	$ 7,194,000	$ 280,000
Phase #1 RF Bond Premium	428,125	-	(16,829)	411,296	-
Phases #2-9 Bonds	11,485,000	-	(615,000)	10,870,000	360,000
MI RA Note	3,256,287	-	(124,205)	3,132,082	240,284
Phase #2 RA Note	5,057,408	-	(266,048)	4,791,360	343,617
Phase #3 RA Note	3,700,000	-	(138,508)	3,561,492	590,728
Phase #4 RA Note	167,000	-	-	167,000	2,000
Total Long-term Debt	**$ 31,583,820**	**$ -**	**$ (1,456,590)**	**$ 30,127,230**	**$ 1,816,629**

A. Special Assessment Revenue Bonds, Series 2015

On January 29, 2015, the City issued $9,000,000 in Special Assessment Revenue Bonds, Series 2015 Phase #1, and $13,150,000 in Special Assessment Revenue Bonds, Series 2015, Phases #2-9 (the "Series 2015 Bonds") to finance certain public infrastructure improvements in connection with the proposed development within the PID, to fund a debt service reserve fund, to fund a portion of the interest on the Series 2015 Bonds during and after the period of acquisition and construction of the public improvements, to pay a portion of the costs incidental to the organization of the PID, and to pay costs of issuing the Series 2015 Bonds. The Phase #1 Bonds were redeemed with the Phase #1 Refunding Bonds on September 1, 2020.

The Series 2015 Bonds are intended to be paid primarily from annual 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 special assessment. The City covenanted in 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.

The Series 2015 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 2015 Bonds were issued as follows:

Phase #1

	Par Value	Rate	Final Maturity
Term 2028	$ 3,000,000	5.375%	September 1, 2028
Term 2032	$ 1,550,000	5.500%	September 1, 2032
Term 2040	$ 4,450,000	5.875%	September 1, 2040

Phases #2-9

	Par Value	Rate	Final Maturity
Term 2024	$ 2,625,000	5.500%	September 1, 2024
Term 2030	$ 2,825,000	6.000%	September 1, 2030
Term 2040	$ 7,700,000	6.250%	September 1, 2040

The Series 2015 Bonds are subject to optional redemption, extraordinary optional redemption, and mandatory sinking fund redemption. Principal payments on the Series 2015 Bonds are due each September 1 beginning September 1, 2017 according to the mandatory sinking fund redemption schedule.

Interest on the Series 2015 Bonds is payable according to the terms specified by the Indentures semiannually on March 1 and September 1 of each year beginning on March 1, 2015. Interest is calculated on the basis of a 360-day year comprised of twelve 30-day months. Interest payments for the Phase #2-9 Bonds totaled $663,325 and $699,819 for the years ended September 30, 2023 and 2022, respectively.

1. Optional Redemption

The Phase #2-9 Bonds may be redeemed at the option of the City on any interest payment date on or after September 1, 2022, in whole or in part, at the redemption price applicable to the date of redemption as set forth in the following schedule, plus accrued interest to date of redemption.

Redemption Date	Redemption Price
On or After September 1, 2022	103%
On or After September 1, 2023	102%
On or After September 1, 2024	101%
On or After September 1, 2025	100%

2. Extraordinary Optional Redemption

The Series 2015 Bonds are subject to extraordinary optional redemption by the City prior to their scheduled maturity on the first day of any month, 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 before the due date, unexpended proceeds transferred from the Project Fund to the Redemption Fund, and transfers to the Redemption Fund from the Delinquency Reserve Account and the Prepayment Reserve Account. There were $245,000 and $275,000 extraordinary optional redemptions of the Phases #2-9 Bonds made from prepaid assessments in the fiscal years ending September 30, 2023 and 2022, respectively.

B. Special Assessment Revenue Refunding Bonds, Series 2020

On September 1, 2020, the City issued $7,750,000 in Series 2020 Special Assessment Revenue Refunding Bonds, Phase #1 Project to provide proceeds for refunding the outstanding Phase #1 Bonds and to pay the costs of issuance of the Phase #1 Refunding Bonds. If the costs of issuance are less than the amount set aside, the excess amount may, at the option of the City, be transferred to the Bond Fund to pay interest on the Phase #1 Refunding Bonds.

The Phase #1 Refunding Bonds are intended to be paid primarily from annual 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 Phase #1 Refunding Bonds 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 #1 Refunding Bonds are special obligations of the City payable solely from and secured by a pledge of annual installments of assessments. They are not payable from funds raised or to be raised from taxation.

As a result of the refunding, the PID reduced its total debt service requirements by $4,041,028, which resulted in a net economic gain (difference between the present value of the debt service payments on the old and new debt and prior funds on hand) of approximately $1,555,107.

The Phase #1 Refunding Bonds were issued as follows:

	Par Value	Rate	Final Maturity	Bond Premium (Discount)
Serial Bonds	$ 260,000	4.000%	September 1, 2021	$ 8,533
Serial Bonds	$ 270,000	4.000%	September 1, 2022	$ 16,829
Serial Bonds	$ 280,000	4.000%	September 1, 2023	$ 25,197
Serial Bonds	$ 295,000	4.000%	September 1, 2024	$ 33,388
Serial Bonds	$ 305,000	4.000%	September 1, 2025	$ 39,738
Serial Bonds	$ 320,000	4.000%	September 1, 2026	$ 46,726
Serial Bonds	$ 335,000	4.000%	September 1, 2027	$ 51,841
Serial Bonds	$ 350,000	4.000%	September 1, 2028	$ 57,131
Serial Bonds	$ 365,000	4.000%	September 1, 2029	$ 55,173
Serial Bonds	$ 380,000	4.000%	September 1, 2030	$ 54,416
Term 2035	$ 2,115,000	3.000%	September 1, 2035	$ 76,246
Term 2040	$ 2,475,000	2.625%	September 1, 2040	$ (28,562)

The Phase #1 Refunding Bonds were issued at a net premium of $436,658. The premiums will be amortized over the life of the Phase #1 Bonds on the effective interest method over the life of each series/term of Bonds. Amortization of $25,197 and $16,829 was recorded in fiscal years 2023 and 2022, respectively.

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

Interest on the Phase #1 Refunding Bonds is payable according to the terms specified by the Phase #1 Refunding Bonds Indenture semiannually on March 1 and September 1 of each year beginning on March 1, 2021. Interest is calculated on the basis of a 360-day year comprised of twelve 30-day months. Interest payments totaled $232,707 and $244,305 for fiscal years 2023 and 2022, respectively.

1. Optional Redemption

The City reserves the right to redeem the Phase #1 Refunding Bonds maturing on or after September 1, 2029 before their respective scheduled maturity dates, in whole or in part, on any date on or after September 1, 2028 at 100% of the principal amount, plus accrued interest to date of redemption (the "Redemption Price").

2. Extraordinary Optional Redemption

The City reserves the right to redeem the Phase #1 Refunding Bonds before their respective scheduled maturity dates, in whole or in part, on any date at the Redemption Price, from amounts on deposit in the Redemption Fund as a result of assessment prepayments by property owners or any other transfers to the Redemption Fund under the terms of the Phase #1 Refunding Indenture. There were $35,000 and $26,000 extraordinary optional redemptions of the Phase #1 Refunding Bonds made from prepaid assessments in the fiscal years ending September 30, 2023 and 2022, respectively.

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	**Phase #1 Refunding Bonds**		**Phase #2-9 Bonds**	
September 30:	Principal	Interest	Principal	Interest
2024	$ 295,000	$ 220,818	$ 360,000	$ 632,513
2025	305,000	209,018	375,000	612,713
2026	320,000	196,818	400,000	590,213
2027	335,000	184,018	425,000	566,213
2028	350,000	170,618	450,000	540,713
2029-2033	1,975,000	643,088	2,750,000	2,251,800
2034-2038	2,330,000	319,613	3,675,000	1,288,750
2039-2040	969,000	37,485	1,835,000	173,438
Total	**$ 6,879,000**	**$ 1,981,473**	**$ 10,270,000**	**$ 6,656,350**

For the period ending September 30:	Total Bonds Principal	Interest	Total
2024	$ 655,000	$ 853,330	$ 1,508,330
2025	680,000	821,730	1,501,730
2026	720,000	87,030	1,507,030
2027	760,000	750,230	1,510,230
2028	800,000	711,330	1,511,330
2029-2033	4,725,000	2,894,888	7,619,888
2034-2038	6,005,000	1,608,363	7,613,363
2039-2040	2,804,000	210,923	3,014,923
Total	**$ 17,149,000**	**$ 8,637,823**	**$ 25,786,823**

D. Reimbursement Agreement Notes

1. Major Improvements Reimbursement Agreement Note

On October 23, 2014, the City entered into a Reimbursement Agreement with the Developer to finance a portion of the costs of the major improvement area public improvements not paid with proceeds of the Series 2015 Bonds. According to the reimbursement agreement, the Developer will contribute authorized improvements in return for a $5,000,000 reimbursement note (the "MI RA Note"), which will be issued for the benefit of the Developer upon satisfactory evidence of costs spent on the authorized improvements. Interest and principal on the MI RA Note will be paid solely from pledged revenues as stated in the Service and Assessment Plan. The MI RA Note will bear interest at the rate of 5% above the highest average index rate for tax-exempt bonds reported in a daily or weekly bond index reported in the month before the date the obligation was incurred for years one through five. After five years, the rate will become 2% above the highest average index rate for tax-exempt bonds reported in a daily or weekly bond index reported in the month before the date obligation was incurred. Any balance remaining one year after the last annual installment of assessments is collected will be cancelled. The interest rate has been determined to be 6.43%.

As of September 30, 2017, $3,421,739 of authorized improvements had been submitted resulting in a revised MI RA Note of $3,421,739. In fiscal year 2020, authorized improvements of $1,578,261 were submitted resulting in the $5,000,000 MI RA Note being fully drawn. Principal and interest payments of $175,284 and $198,593, respectively, were made in fiscal year 2023 from the collection of special assessments, interest earned, and prepayments. Principal and interest payments of $124,205 and $208,199, respectively, were made in fiscal year 2022 from the collection of special assessments, interest earned, and prepayments. As of September 30, 2023, the balance on the MI RA Note was $2,956,799. The 2023 principal payment of $65,000 due September 1, 2023, was not paid as of September 30, 2023. The payment will be made in fiscal year 2024.

2. Phase #2 Reimbursement Agreement Note

On October 23, 2014, the City entered into a Reimbursement Agreement with the Developer to finance a portion of the costs of the Phase #2 public improvements not paid with proceeds of the Series 2015 Bonds. According to the Reimbursement Agreement, the Developer will contribute authorized improvements in return for a $5,300,000 reimbursement note (the "Phase #2 RA Note") which will be issued for the benefit of the Developer upon satisfactory evidence of costs spent on the authorized improvements. The Reimbursement Agreement will commence when the developer submits costs incurred on the authorized improvements. Interest and principal on the Phase #2 RA Note will be paid solely from pledged revenues as stated in the Service and Assessment Plan. The Phase #2 RA Note will bear interest at the rate of 5% above the highest average index rate for tax-exempt bonds reported in a daily or weekly bond index reported in the month before the date the obligation was incurred for years one through five. After five years, the rate will become 2% above the highest average index rate for tax -exempt bonds reported in a daily or weekly bond index reported in the month before the date the obligation was incurred. Any balance remaining one year after the last annual installment of assessment is collected will be cancelled. The interest rate has been determined to be 8.87%.

During fiscal year 2017, all costs to support the Phase #2 RA Note were submitted by the Developer. Principal and interest payments of $254,617 and $416,884, respectively, were made in fiscal year 2023 from the collection of prepayments and assessments. Principal and interest payments of $266,048 and $441,076, respectively, were made in fiscal year 2022 from the collection of prepayments and assessments. As of September 30, 2023, the balance on the Note was $4,536,743. The 2023 principal payment of $89,000 due September 1, 2023, was not paid as of September 30, 2023. The payment will be made in fiscal year 2024.

3. Phase #3 Reimbursement Agreement Note

On October 23, 2014, the City entered into a Reimbursement Agreement with the Developer to finance a portion of the costs of the Phase #3 public improvements not paid with proceeds of the Series 2015 Bonds. According to the Reimbursement Agreement, the Developer will contribute authorized improvements in return for a $3,700,000 reimbursement note (the "Phase #3 RA Note") which will be issued for the benefit of the Developer upon satisfactory evidence of costs spent on the authorized improvements. The Reimbursement Agreement will commence when the developer submits costs incurred on the authorized improvements. Interest and principal on the Phase #3 RA Note will be paid solely from pledged revenues as stated in the Service and Assessment Plan. The Phase #3 RA Note will bear interest at the rate of 5% above the highest average index rate for tax-exempt bonds reported in a daily or weekly bond index reported in the month before the date the obligation was incurred for years one through five. After five years, the rate will become 2% above the highest average index rate for tax-exempt bonds reported in a daily or weekly bond index reported in the month before the date the obligation was incurred. Any balance remaining one year after the last annual installment of assessment is collected will be cancelled. The interest rate has been determined to be 8.83%.

During fiscal year 2021, all costs to support the Phase #3 RA Note were submitted by the Developer. Principal and interest payments of $585,728 and $276,557, respectively, were made in fiscal year 2023 from the collection of prepayments and assessments. Principal and interest payments of $138,508 and $304,731, respectively, were made in fiscal year 2022 from the collection of prepayments and assessments. As of September 30, 2023, the balance on the Note was $2,975,763. The 2023 principal payment of $5,000 due September 1, 2023, was not paid as of September 30, 2023. The payment will be made in fiscal year 2024.

4. Phase #4 Reimbursement Agreement Note

On October 23, 2014, the City entered into a Reimbursement Agreement with the Developer to finance a portion of the costs of the Phase #4 public improvements not paid with proceeds of the Series 2015

Bonds. According to the Reimbursement Agreement, the Developer will contribute authorized improvements in return for a $167,000 reimbursement note (the "Phase #4 RA Note") which will be issued for the benefit of the Developer upon satisfactory evidence of costs spent on the authorized improvements. The Reimbursement Agreement will commence when the developer submits costs incurred on the authorized improvements. Interest and principal on the Phase #4 RA Note will be paid solely from pledged revenues as stated in the Service and Assessment Plan. The Phase #4 RA Note will bear interest at the rate of 5% above the highest average index rate for tax-exempt bonds reported in a daily or weekly bond index reported in the month before the date the obligation was incurred for years one through five. After five years, the rate will become 2% above the highest average index rate for tax -exempt bonds reported in a daily or weekly bond index reported in the month before the date the obligation was incurred. Any balance remaining one year after the last annual installment of assessments is collected will be cancelled. The interest rate has been determined to be 7.61%.

During fiscal year 2021, all costs to support the Phase #4 RA Note were submitted by the Developer. Principal and interest payments of $1,000 and $12,709, respectively, were made in fiscal year 2023 from the collection of prepayments and assessments. No principal and interest payments were made in fiscal year 2022. As of September 30, 2023, the balance on the Note was $166,000. The annual assessment levy began in fiscal year 2022. The 2023 principal payment of $1,000 due September 1, 2023, was not paid as of September 30, 2023. The payment will be made in fiscal year 2024.

5. Phase #5 Reimbursement Agreement Note

On October 23, 2014, the City entered into a Reimbursement Agreement with the Developer to finance a portion of the costs of the Phase #5 public improvements not paid with proceeds of the Series 2015 Bonds. According to the Reimbursement Agreement, the Developer will contribute authorized improvements in return for a $2,510,000 reimbursement note (the "Phase #5 RA Note") which will be issued for the benefit of the Developer upon satisfactory evidence of costs spent on the authorized improvements. The Reimbursement Agreement will commence when the developer submits costs incurred on the authorized improvements. Interest and principal on the Phase #5 RA Note will be paid solely from pledged revenues as stated in the Service and Assessment Plan. The Phase #5 RA Note will bear interest at the rate of 5% above the highest average index rate for tax-exempt bonds reported in a daily or weekly bond index reported in the month before the date the obligation was incurred for years one through five. After five years, the rate will become 2% above the highest average index rate for tax-exempt bonds reported in a daily or weekly bond index reported in the month before the date the obligation was incurred. Any balance remaining one year after the last annual installment pf assessments is collected will be cancelled. The interest rate has been determined to be 7.64%.

During fiscal year 2023, all costs to support the Phase #5 RA Note were submitted by the Developer. No principal and interest payments were made in fiscal year 2023. As of September 30, 2023, the balance on the Note was $2,510,000. The 2023 principal payment of $1,000 due September 1, 2023, was not paid as of September 30, 2023. The payment will be made in fiscal year 2024.

6. Phase #6 Reimbursement Agreement Note

On October 23, 2014, the City entered into a Reimbursement Agreement with the Developer to finance a portion of the costs of the Phase #6 public improvements not paid with proceeds of the Series 2015 Bonds. According to the Reimbursement Agreement, the Developer will contribute authorized improvements in return for a $5,967,861 reimbursement note (the "Phase #6 RA Note") which will be issued for the benefit of the Developer upon satisfactory evidence of costs spent on the authorized improvements. The Reimbursement Agreement will commence when the developer submits costs incurred on the authorized improvements. Interest and principal on the Phase #6 RA Note will be paid solely from pledged revenues as stated in the Service and Assessment Plan. The Phase #6 RA Note will bear interest at the rate of 5% above the highest average index rate for tax-exempt bonds reported in a daily or weekly bond index reported in the month before the date the obligation was incurred for years one through five. After five years, the rate will become 2% above the highest average index rate for tax-exempt bonds reported in a daily or weekly bond index reported in the month before the date the obligation was incurred. Any balance remaining one year after the last annual installment of assessments is collected will be cancelled. The interest rate has been determined to be 8.75%.

During fiscal year 2023, all costs to support the Phase #6 RA Note were submitted by the Developer. No principal and interest payments were made in fiscal year 2023. As of September 30, 2023, the balance on the Note was $5,967,861. The principal and interest payments will begin in fiscal year 2024.

7. Expected Debt Service Schedules for the Reimbursement Agreement Notes

The Reimbursement Agreement Notes are expected to be redeemed as follows, as adjusted for prepaid assessments received:

For the period ending	**MI RA Note[1]**		**Phase #2 RA Note[1]**	
September 30:	Principal	Interest	Principal	Interest
2024	$ 182,000	$ 185,943	$ 186,000	$ 261,083
2025	95,000	179,834	102,000	255,389
2026	102,000	173,726	111,000	249,401
2027	116,000	167,167	115,000	242,886
2028	124,000	159,708	124,000	236,135
2029-2033	758,000	668,205	719,000	1,064,332
2034-2038	1,106,000	383,549	938,000	829,121
2039-2043	473,799	46,013	1,578,000	520,007
2044	-	-	663,743	38,962
Total	**$ 2,956,799**	**$ 1,964,145**	**$ 4,536,743**	**$ 3,697,313**

For the period ending September 30:	Phase #3 RA Note[1] Principal	Phase #3 RA Note[1] Interest	Phase #4 RA Note[1] Principal	Phase #4 RA Note[1] Interest
2024	$ 9,000	$ 247,465	$ 2,000	$ 12,557
2025	4,000	247,131	1,000	12,480
2026	40,000	157,915	1,000	12,404
2027	44,000	155,783	2,000	7,468
2028	48,000	153,438	2,000	7,376
2029-2033	272,000	726,896	15,000	35,036
2034-2038	352,000	645,986	18,000	31,440
2039-2043	1,113,000	508,099	47,000	26,277
2044-4047	1,093,763	118,341	78,000	9,220
Total	**$ 2,975,763**	**$ 2,961,055**	**$ 166,000**	**$ 154,259**

For the period ending September 30:	Phase #5 RA Note[1] Principal	Phase #5 RA Note[1] Interest	Phase #6 RA Note Principal	Phase #6 RA Note Interest
2024	$ 2,000	$ 191,688	$ 1,000	$ 522,188
2025	1,000	191,611	1,000	522,100
2026	1,000	191,535	1,000	522,013
2027	1,000	191,458	1,000	521,925
2028	47,000	116,232	1,000	521,838
2029-2033	270,000	546,407	471,000	1,662,570
2034-2038	342,000	477,408	599,000	1,513,474
2039-2043	563,000	389,714	993,861	1,316,841
2044-4048	1,283,000	184,207	1,691,000	936,849
2049-2053			2,208,000	394,451
Total	**$ 2,510,000**	**$ 2,480,260**	**$ 5,967,861**	**$ 8,434,249**

For the period ending September 30:	Total RA Notes Principal	Total RA Notes Interest
2024	$ 360,000	$ 1,420,922
2025	204,000	1,408,546
2026	256,000	1,306,994
2027	279,000	1,286,687
2028	346,000	1,194,727
2029-2033	2,505,000	4,703,446
2034-2038	3,355,000	3,880,978
2039-2043	4,790,660	2,806,951
2044-4048	4,809,506	1,287,579
2049-2053	2,208,000	394,451
Total	**$ 19,113,166**	**$ 19,691,282**

[1]The MI RA, Phase #2 RA, Phase #3 RA, Phase #4 RA and Phase #5 RA principal payments reported for fiscal year 2024 include the September 1, 2023, outstanding payments plus the projected September 1, 2024, payments.

NOTE 7—REVENUES

Annual assessments are to be imposed and collected on all the real property within the PID (excepting those for which the assessment lien has been prepaid in full) except for non-benefited property and public property. The annual assessment, generally, is equal to: (i) annual debt service and administrative expenses, less (ii) other amounts available for the payment of such debt service and expense. In addition, the annual payment includes a 0.50% additional interest rate for the prepayment and delinquency reserves of the Series 2015 Bonds and Phase #1 Refunding Bonds, as described in the Service and Assessment Plan. Annual assessments, unless prepaid, will be billed on or about October 1 of each year and shall be delinquent if not paid by 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 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 installments of assessments amounts. Annual installments of assessments were billed to property owners as follows:

Annual Assessments	2023	2022
Phase #1 Bonds	$ 584,881	$ 590,354
Phase #2-9 Bonds	1,077,939	1,115,917
MI RA Note	285,571	288,830
Phase #2 RA Note	520,977	535,965
Phase #3 RA Note	277,566	323,009
Phase #4 RA Note	15,158	14,709
Phase #5 RA Note	212,764	-
Total	**$ 2,974,856**	**$ 2,868,784**

As of September 30, 2023, all annual assessments had been collected and remitted to the PID.

The PID also receives prepayment revenues from landowners who want to prepay the assessments on the property. The PID received prepayments of $601,823 and $981,613 in fiscal years 2023 and 2022, respectively. Prepayments of $174,959 and $334,112 were used to reduce the Reimbursement Agreement Note balances in fiscal years 2023 and 2022, respectively. Remaining prepayments will be used to redeem PID Bonds or the Reimbursement Agreement Notes depending on the parcels prepaid.

NOTE 8—DEVELOPER'S CONTRIBUTION

As of September 30, 2023, the Developer contributed $50,000 to cover the first year's administrative expenses for the Phase #7 RA Note.

NOTE 9—ARBITRAGE

When applicable, arbitrage calculations are performed on the PID's funds to determine any arbitrage rebate or yield restriction liability. No liabilities for arbitrage rebate or yield restrictions were identified in the fiscal years ending September 30, 2023 and 2022.

NOTE 10—SUBSEQUENT EVENTS

A. Annual Assessments Levied for 2024

The annual assessments billed to property owners for 2023- 2024 assessment year were as follows:

Annual Assessments	2024
Phase #1 Bonds	$ 586,923
Phase #2-9 Bonds	1,038,312
MI RA Note	286,929
Phase #2 RA Note	375,277
Phase #3 RA Note	267,343
Phase #4 RA Note	15,107
Phase #5 RA Note	206,946
Phase #6 RA Note	553,066
Total	**$ 3,329,903**

As of March 1, 2024, the PID has received $3,227,500 from the 2023-2024 annual assessments.

B. Reimbursement Agreement Payments

The reimbursement agreement principal payments due September 1, 2023, were made on January 26, 2024, as follows:

Phase #2 RA Note	$ 137,984
Phase #3 RA Note	$ 47,495
Phase #4 RA Note	$ 1,000
Phase #5 RA Note	$ 84,243
MI RA Note	$ 88,090