

**WELLS SOUTH PUBLIC IMPROVEMENT DISTRICT
CITY OF CELINA, TEXAS**

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

CUSIP NUMBERS:

Neighborhood Improvement Area #1

15114CAQ7

Major Improvement Area

15114CAR5

Neighborhood Improvement Area #2-3

15114CDC5

15114CDD3

15114CDE1

15114CDF8

Neighborhood Improvement Area #4

15114CEA8

15114CEB6

15114CEC4

15114CED2

Neighborhood Improvement Area #5

15114CFG4

15114CFH2

15114CFJ8

15114CFK5

**WELLS SOUTH
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FINANCIAL STATEMENTS
SEPTEMBER 30, 2023, AND 2022**

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Independent Auditor's Report

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

Opinion

We have audited the financial statements of the Wells South 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 Wells South 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.

Financial Highlights

1. The Wells South Public Improvement District was created pursuant to the PID Act and Resolution No. 2015-34R, which was passed and approved by the City Council of the City of Celina (the "City Council") on July 14, 2015, to finance certain infrastructure improvement projects provided for the benefit of the property in the PID.
2. The PID has issued five sets of bonds ("PID Bonds"):
 - a. The \$5,790,000 City of Celina, Texas, Special Assessment Revenue Bonds Series 2015 Neighborhood Improvement Area #1 Project (the "NIA #1 Bonds") were issued on December 22, 2015.
 - b. The \$8,040,000 City of Celina, Texas, Special Assessment Revenue Bonds, Series 2015 Major Improvement Area Project (the "MIA Bonds") were issued on December 22, 2015.
 - c. The \$3,195,000 City of Celina, Texas, Special Assessment Revenue Bonds, Series 2020 Neighborhood Improvement Areas #2-3 Project (the "NIA #2-3 Bonds") were issued on September 30, 2020.
 - d. The \$5,255,000 City of Celina, Texas, Special Assessment Revenue Bonds, Series 2021 Neighborhood Improvement Area #4 Project (the "NIA #4 Bonds") were issued on October 19, 2021.
 - e. The \$6,463,000 City of Celina, Texas, Special Assessment Revenue Bonds, Series 2022 Neighborhood Improvement Area #5 Project (the "NIA #5 Bonds") were issued on October 5, 2022.
3. The PID's debt will be paid through the collection of special assessments imposed on the chargeable properties benefiting from the public improvements.
4. Net position at September 30, 2023 and 2022 totaled (\$23,810,534) and (\$18,884,518) respectively, due primarily to the donation of completed public improvements to the City.

5. There were no capital assets at September 30, 2023 due to the NIA #5 improvements being conveyed to the City. The NIA #1 Bonds', MIA Bonds', NIA #2-3 Bonds', NIA #2A Reimbursement Agreement, NIA #4 Bonds' and NIA #5 Bonds' public improvements totaling \$23,144,619 were completed and conveyed in 2023 and prior years.
6. Annual assessments of \$1,802,155 were imposed on the property owners for the 2023 annual assessment levy. The annual assessments are remitted to the PID monthly as they are received by the Collin County Tax Assessor Collector (the "CCTAC"). The CCTAC reports that as of September 30, 2023, approximately \$6,948 of the fiscal year 2023 annual assessments were delinquent. Annual assessments of \$1,464,957 were imposed on the property owners for the 2022 tax levy. The CCTAC reports that as of September 30, 2023, all annual installments for fiscal year 2022 have been collected and remitted to the PID.
7. Annual assessments of \$2,230,679 were imposed on the property owners for the 2024 tax levy.
8. There were no prepaid assessments collected from property owners in fiscal year 2023. Prepaid assessments of \$212,403, collected from property owners in fiscal year 2022, will be used to redeem PID Bonds.
9. There were no extraordinary redemptions made in fiscal year 2023. On June 1, 2022, an extraordinary redemption was made on the NIA #1 Bonds and NIA #2-3 Bonds totaling \$48,000 from prepayment assessments received.

Overview of the Financial Statements

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

Comparative Financial Statements

Summary Statement of Net Position:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Assets:			
Current and other assets	\$ 3,758,578	\$ 2,531,918	\$ 1,824,667
Total assets	<u>3,758,578</u>	<u>2,531,918</u>	<u>1,824,667</u>
Liabilities:			
Current liabilities	650,598	499,905	387,662
Long-term debt	<u>26,918,514</u>	<u>20,916,531</u>	<u>15,973,933</u>
Total Liabilities	<u>27,569,112</u>	<u>21,416,436</u>	<u>16,361,595</u>
Net Position			
Restricted	3,740,666	2,509,854	1,818,527
Unrestricted	<u>(27,551,200)</u>	<u>(21,394,372)</u>	<u>(16,355,455)</u>
Total Net Position	<u>\$ (23,810,534)</u>	<u>\$ (18,884,518)</u>	<u>\$ (14,536,928)</u>

PID Bonds proceeds were used to finance the construction of improvements, administrative costs, and fund reserves of the PID. The decrease in net position is due primarily to the conveyance of the NIA #5 improvements.

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating Revenues	\$ 1,794,811	\$ 1,695,035	\$ 1,280,714
Operating Expenses	<u>138,614</u>	<u>101,720</u>	<u>105,758</u>
Operating Income	1,656,197	1,593,315	1,174,956
Non-operating Revenues/(Expenses)	(1,840,616)	(1,634,129)	(1,088,957)
Donated capital assets	(4,741,597)	(4,306,776)	(3,539,098)
Developer contribution	<u>-</u>	<u>-</u>	<u>919,720</u>
Change in Net Position	<u>\$ (4,926,016)</u>	<u>\$ (4,347,590)</u>	<u>\$ (2,533,379)</u>

The rise in negative net position in fiscal years 2023 and 2022 can be attributed mainly to the conveyance of the NIA #4 and NIA #5 improvements.

Capital Assets

There were no capital assets at September 30, 2023 due to the conveyance of the NIA #5 improvements. The public improvements financed by the MIA Bonds, NIA #1 Bonds, NIA #2-3 Bonds, NIA #2A Reimbursement Agreement, NIA #4 Bonds and NIA #5 Bonds were completed and accepted by the City in fiscal year 2023 and prior years.

	Completion and Acceptance of Public Improvements	Amount
NIA #1	2018	\$ 4,706,231
MIA	2017	5,850,917
NIA #2A RA	2021	944,720
NIA #2-3	2021	2,594,378
NIA #4	2022	4,306,776
NIA #5	2023	4,741,597
	Total	\$ 23,144,619

Long-Term Debt

The \$5,790,000 City of Celina, Texas, Special Assessment Revenue Bonds, Series 2015 Neighborhood Improvement Area #1 Project were issued on December 22, 2015, bearing interest at 6.250% with final maturity of September 1, 2045.

The \$8,040,000 City of Celina, Texas, Special Assessment Revenue Bonds, Series 2015 Major Improvement Area Project were issued on December 22, 2015, bearing interest at 7.500% with final maturity of September 1, 2040.

In fiscal year 2021, the City entered into a reimbursement agreement with Celina Development, LLC (the “Developer”) in the aggregate amount of \$2,215,000 (the “NIA #2A Reimbursement Agreement”). The note was subsequently paid off with the NIA #2-3 Bonds’ proceeds on June 18, 2021.

The \$3,195,000 City of Celina, Texas, Special Assessment Revenue Bonds, Series 2020 Neighborhood Improvement Areas #2-3 Project were issued on September 30, 2020, bearing variable interest at 2.500% to 4.000% with final maturity of September 1, 2050.

The \$5,255,000 City of Celina, Texas, Special Assessment Revenue Bonds, Series 2021 Neighborhood Improvement Area #4 Project were issued on October 19, 2021, bearing variable interest at 2.500% to 4.000% with final maturity of September 1, 2051.

The \$6,463,000 City of Celina, Texas, Special Assessment Revenue Bonds, Series 2022 Neighborhood Improvement Area #5 Project were issued on October 5, 2022, bearing variable interest at 4.500% to 5.625% with final maturity of September 1, 2052.

The PID Bonds represent 100% of the PID’s long-term debt balance, and are subject to mandatory sinking fund, optional, and extraordinary optional redemption requirements as specified in the NIA #1 Indenture, MIA Indenture, NIA #2-3 Indenture, NIA #4 Indenture and NIA #5 Indenture (together, the “Indentures”).

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

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

Mandatory sinking fund payments began on September 1, 2018, for the NIA #1 Bonds and MIA Bonds from special assessment revenues received by the PID after the payment of administrative expenses. Mandatory sinking fund payments began on September 1, 2021, for the NIA #2-3 Bonds from special assessment revenues received by the PID. Mandatory sinking fund payments began on September 1, 2023, for the NIA #4 Bonds and will begin on September 1, 2024 for NIA #5 Bonds from special assessment revenues received by the PID.

Revenues

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

Annual installments of \$1,802,155 were billed to the property owners for collection in fiscal year 2023. According to the CCTAC, as of September 30, 2023, approximately \$6,948 of the annual installments were outstanding. Annual installments of \$1,464,957 were billed to the property owners for collection in fiscal year 2022. The CCTAC reports that as of September 30, 2023, all annual installments for fiscal year 2022 have been collected and remitted to the PID.

There were no special assessment prepayments collected from property owners in fiscal year 2023. Special assessment prepayments of \$212,403 were collected from property owners in fiscal year 2022. There were no extraordinary redemptions made in fiscal year 2023. On June 1, 2022, an extraordinary optional redemption was made on the NIA #1 Bonds in the amount of \$30,000 and on the NIA #2-3 Bonds in the amount of \$18,000 from prepayment revenues received.

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 District's Financial Management

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

III. FINANCIAL STATEMENTS

**WELLS SOUTH PUBLIC IMPROVEMENT DISTRICT
STATEMENTS OF NET POSITION
As of September 30,**

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets		
Restricted cash and cash equivalents	\$ 3,740,666	\$ 2,509,854
Accrued interest receivable	16,537	4,904
Prepaid expenses	1,375	1,250
Due from Wells North PID	-	15,910
Total Current Assets	<u>3,758,578</u>	<u>2,531,918</u>
Total Assets	<u>3,758,578</u>	<u>2,531,918</u>
Liabilities		
Current Liabilities		
Accounts payable	64,098	38,370
Due to property owners	2,169	2,169
Accrued interest payable	128,331	100,366
Current portion of long-term debt	456,000	359,000
Total Current Liabilities	<u>650,598</u>	<u>499,905</u>
Noncurrent Liabilities		
Long-term debt	26,780,000	20,773,000
Premium on long-term debt, net	138,514	143,531
Total Noncurrent Liabilities	<u>26,918,514</u>	<u>20,916,531</u>
Total Liabilities	<u>27,569,112</u>	<u>21,416,436</u>
Net Position		
Restricted	3,740,666	2,509,854
Unrestricted	<u>(27,551,200)</u>	<u>(21,394,372)</u>
Net Position	<u>\$ (23,810,534)</u>	<u>\$ (18,884,518)</u>

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

WELLS SOUTH PUBLIC IMPROVEMENT DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Years Ending September 30,

	<u>2023</u>	<u>2022</u>
Operating Revenues		
Annual assessment revenues	\$ 1,794,811	\$ 1,482,632
Prepaid assessment revenues	-	212,403
Total Operating Revenues	1,794,811	1,695,035
Operating Expenses		
Administrative fees	128,746	97,629
Accounting and audit fees	9,868	4,091
Total Operating Expenses	138,614	101,720
Operating Income	1,656,197	1,593,315
Non-Operating Revenues/(Expenses)		
Interest and dividend income	247,622	21,149
Penalties and interest revenues	5,890	4,448
Bond issuance costs	(546,169)	(454,011)
Interest expense	(1,547,959)	(1,205,715)
Total Non-Operating Revenues/(Expenses)	(1,840,616)	(1,634,129)
Donated Capital Assets	(4,741,597)	(4,306,776)
Change in Net Position	(4,926,016)	(4,347,590)
Net Position, Beginning of Year	(18,884,518)	(14,536,928)
Net Position, End of Year	\$ (23,810,534)	\$ (18,884,518)

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

WELLS SOUTH PUBLIC IMPROVEMENT DISTRICT
STATEMENTS OF CASH FLOWS
For the Years Ending September 30,

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Cash receipts from property owners	\$ 1,810,722	\$ 1,685,218
Cash payments for administrative fees	(103,144)	(99,252)
Cash payments for accounting and audit fees	(9,868)	(5,000)
Net Cash Provided by Operating Activities	1,697,710	1,580,966
Cash Flows from Investing Activities		
Interest and dividends received on investments	235,989	16,292
Net Cash Provided by Investing Activities	235,989	16,292
Cash Flows from Capital and Related Financing Activities		
Proceeds from bond issuance	6,463,000	5,354,439
Acquisition and construction of capital assets	(4,741,597)	(4,306,776)
Principal paid on long-term debt	(359,000)	(308,000)
Interest paid on long-term debt	(1,525,011)	(1,196,031)
Bond issuance costs paid	(546,169)	(454,011)
Penalties and interest received	5,890	4,448
Net Cash Used in Capital and Related Financing Activities	(702,887)	(905,931)
Net increase in Cash and Cash Equivalents	1,230,812	691,327
Cash and Cash Equivalents, Beginning of Year	2,509,854	1,818,527
Cash and Cash Equivalents, End of Year	\$ 3,740,666	\$ 2,509,854
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$ 1,656,197	\$ 1,593,315
Adjustments		
Increase (decrease) in accounts payable	25,728	(1,282)
Increase in prepaid expenses	(125)	(1,250)
Decrease (increase) in accounts receivable	15,910	(9,817)
Net Cash Provided by Operating Activities	\$ 1,697,710	\$ 1,580,966
Supplemental Information		
Donated Capital Assets	\$ 4,741,597	\$ 4,306,776

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

IV. NOTES TO THE FINANCIAL STATEMENTS

NOTE 1—FINANCIAL REPORTING ENTITY

The Wells South Public Improvement District (the “PID”) was created pursuant to Chapter 372 of the Texas Local Government Public Improvement District Assessment Act (the “PID Act”) and Resolution No. 2015-34R, which was passed and approved by the City Council of the City of Celina (the “City Council”) on July 14, 2015 to finance certain infrastructure improvement projects provided for the benefit of the property in the PID.

The \$5,790,000 City of Celina, Texas, Special Assessment Revenue Bonds, Series 2015 Neighborhood Improvement Area #1 Project (the “NIA #1 Bonds”) were issued pursuant to the PID Act and an ordinance adopted by the City Council on December 7, 2015 and an Indenture of Trust (the “NIA #1 Indenture”) dated as of December 1, 2015 by and between the City of Celina (the “City”) and U.S. Bank, National Association (the “Trustee”). The NIA #1 Bonds were issued to finance certain infrastructure improvement projects located within Neighborhood Improvement Area #1 of the PID (the “NIA #1”). NIA #1 consists of approximately 93 acres out of the approximate 401-acre PID and contains 290 lots.

The \$8,040,000 City of Celina, Texas, Special Assessment Revenue Bonds, Series 2015 Major Improvement Area Project (the “MIA Bonds”) were issued pursuant to the PID Act and an ordinance adopted by the City Council on December 7, 2015 and an Indenture of Trust (the “MIA Indenture”) dated as of December 1, 2015 by and between the City and the Trustee. The MIA Bonds were issued to finance certain infrastructure improvement projects located within the Major Improvement Area of the PID (the “MIA”).

The City and Celina Development, LLC (the “Developer”) entered into a reimbursement agreement in the aggregate amount of \$2,215,000 (the “NIA #2A RA”) 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 Neighborhood Improvement Area #2A of the PID (the “NIA #2A”). NIA #2A was anticipated to include 207 lots. The NIA 2A Reimbursement Agreement was replaced with the issuance of the NIA #2-3 Bonds on September 30, 2020.

The \$3,195,000 City of Celina, Texas, Special Assessment Revenue Bonds, Series 2020 Neighborhood Improvement Areas #2-3 Project (the “NIA #2-3 Bonds”) were issued pursuant to the PID Act and an ordinance adopted by the City Council on September 8, 2020 and an Indenture of Trust (the “NIA #2-3 Indenture”) dated as of September 1, 2020 by and between the City and the Trustee. The NIA #2-3 Bonds were issued to finance certain infrastructure improvement projects located within the Neighborhood Improvement Area #2 and #3 of the PID (the “NIA #2 and NIA #3”). NIA #2 is anticipated to include 99 lots and consists of approximately 21 acres out of the total 401-acre PID. NIA #3 is anticipated to include 182 lots and consists of approximately 45 acres out of the total 401-acre PID.

The \$5,255,000 City of Celina, Texas, Special Assessment Revenue Bonds, Series 2021 Neighborhood Improvement Area #4 Project (the “NIA #4”) were issued pursuant to the PID Act, and an ordinance adopted by the City Council on September 28, 2021, and an Indenture of Trust (the “NIA #4 Indenture”) dated as of October 1, 2021, by and between the City and the Trustee. The NIA #4 Bonds were issued to finance certain infrastructure improvement projects located within the Neighborhood Improvement Area #4 of the PID (the “NIA #4”). NIA #4 is anticipated to include 276 lots and consists of approximately 67 acres out of the total 401-acre PID.

The \$6,463,000 City of Celina, Texas, Special Assessment Revenue Bonds, Series 2022 Neighborhood Improvement Area #5 Project (the “NIA #5”) were issued pursuant to the PID Act, and an ordinance adopted by the City Council on September 13, 2022, and an Indenture of Trust (the “NIA #5 Indenture”) dated as of October 1, 2022, by and between the City and the Trustee. The NIA #5 Bonds were issued to finance certain infrastructure improvement projects located within the Neighborhood Improvement Area #5 of the PID (the “NIA #5”). NIA #5 is anticipated to include 207 lots and consists of approximately 55 acres out of the total 401-acre PID.

The City is located in north central Collin and Denton Counties, forty miles north of Dallas and fifteen miles northwest of the City of McKinney. The land in the PID is being developed by Celina Development, LLC. The PID consists of approximately 401 acres and is projected to consist of 1,371 lots and the infrastructure necessary to provide roadways, drainage, and utilities to the PID.

The NIA #1 Bonds, MIA Bonds, NIA #2-3 Bonds, NIA #4 Bonds and NIA #5 Bonds (collectively, the “PID Bonds”) are intended to be paid primarily from annual assessments imposed and collected by the Collin County Tax Assessor Collector (CCTAC) against the properties benefiting from the public improvements of the PID. If an annual assessment is not paid in full, the PID Act authorizes the City to collect interest and collections costs on the outstanding annual assessment. The City covenanted in the NIA #1 Indenture, MIA Indenture, NIA #2-3 Indenture, NIA #4 Indenture and the NIA #5 Indenture (together, the “Indentures”) that it will take and pursue all actions permissible under applicable laws to cause the annual installment of special assessment to be collected and any resulting liens enforced.

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

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The PID’s basic financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows. The PID uses

enterprise fund accounting to maintain its financial records during the fiscal year. Enterprise fund accounting focuses on the determination of operating income, financial position and changes in net position, and cash flows.

B. Measurement Focus and Basis of Accounting

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

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

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

C. Cash and Cash Equivalents

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

D. Capital Assets

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

E. Net Position

Net position represents the difference between assets and liabilities. Net Position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by the PID or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The PID first applies restricted resources when an expense is incurred for which both restricted and unrestricted resources are available.

F. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the PID. For the PID, these revenues are special assessments and prepaid 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 therefore, 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	\$ 1,835,022	\$ 1,480,270
Local government investment cooperatives	<u>1,905,644</u>	<u>1,029,584</u>
Total cash and cash equivalents	<u>\$ 3,740,666</u>	<u>\$ 2,509,854</u>

A. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the PID’s deposits may not be returned. There is no custodial credit risk to these accounts as the entire bank balance is required to be invested in accordance with the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended (the “Investment Act”) and as authorized by the City’s official investment policy.

B. Interest Rate Risk

Interest rate risk is the risk that an interest rate change could adversely affect an investment's fair value. As a means of limiting exposure to fair value losses arising from rising interest rates, the Indenture requires the investment of moneys in all funds in accordance with the Investment Act and the City's official investment policy.

C. Credit Risk

Credit risk is the risk that an issuer or counterparty to an investment will be unable to fulfill its obligations. The Indentures specify that investments in time deposits or certificates of deposit must be secured in the manner required by law for public funds, or be invested in direct obligations of the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the Investment Act, provided that all such deposits and investments shall be made in such manner that the money required to be expended from any fund will be available at the proper time. For purposes of maximizing investment returns, to the extent permitted by law, money in such funds may be invested in common investments of the kind described above, or in a common pool of such investments which shall be kept and held at an official depository bank. Investments at September 30, 2023 and 2022 were in compliance with the 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

Capital assets consisted of construction in progress of the NIA#5 improvements in the amount of \$4,741,597 which was later conveyed to the City in fiscal year 2023. Capital assets consisted of construction in progress of the NIA#4 improvements in the amount of \$4,306,776 which was later conveyed to the City in fiscal year 2022. As a result, there were no capital assets at September 30, 2023 and 2022. The NIA #1 Bonds', MIA Bonds', NIA #2-3 Bonds', NIA #2A Reimbursement Agreement, NIA #4 Bonds' and NIA #5 Bonds' public improvements totaling \$23,144,619 were completed and conveyed in 2023 and prior years. The previous costs included water, storm drainage, wastewater construction and installation, waterlines and mains, and road improvements.

All capital assets donated to the City have been reported as donated capital assets in the financial statements.

	Completion and Acceptance of Public Improvements	Amount
NIA #1	2018	\$ 4,706,231
MIA	2017	5,850,917
NIA #2A RA	2021	944,720
NIA #2-3	2021	2,594,378
NIA #4	2022	4,306,776
NIA #5	2023	4,741,597
	Total	\$ 23,144,619

NOTE 5—LONG-TERM OBLIGATIONS

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

	Balance			Balance	
2023	October 1, 2022	Increase	Decrease	September 30, 2023	Due in one year
NIA #1 Bonds	\$ 5,210,000	\$ -	\$ (100,000)	\$ 5,110,000	\$ 105,000
MIA Bonds	7,575,000	-	(115,000)	7,460,000	125,000
NIA #2-3 Bonds	3,092,000	-	(60,000)	3,032,000	60,000
NIA #4 Bonds	5,255,000	-	(84,000)	5,171,000	86,000
NIA #5 Bonds	-	6,463,000	-	6,463,000	80,000
Bond premium NIA #2-3	47,246	-	(1,687)	45,559	-
Bond premium NIA #4	96,285	-	(3,330)	92,955	-
Total Long-term debt	\$ 21,275,531	\$ 6,463,000	\$ (364,017)	\$ 27,374,514	\$ 456,000

	Balance			Balance	
2022	October 1, 2021	Increase	Decrease	September 30, 2022	Due in one year
NIA #1 Bonds	\$ 5,335,000	\$ -	\$ (125,000)	\$ 5,210,000	\$ 100,000
MIA Bonds	7,680,000	-	(105,000)	7,575,000	115,000
NIA #2-3 Bonds	3,170,000	-	(78,000)	3,092,000	60,000
NIA #4 Bonds	-	5,255,000	-	5,255,000	84,000
Bond premium NIA #2-3	48,933	-	(1,687)	47,246	-
Bond premium NIA #4	-	99,439	(3,154)	96,285	-
Total Long-term debt	\$ 16,233,933	\$ 5,354,439	\$ (312,841)	\$ 21,275,531	\$ 359,000

A. Special Assessment Revenue Bonds, Series 2015

On December 22, 2015, the PID issued \$5,790,000 in Special Assessment Revenue Bonds, Series 2015 NIA #1 Bonds and \$8,040,000 in Special Assessment Revenue Bonds, Series 2015 MIA Bonds, (collectively, the “2015 Bonds”) to finance construction of certain public infrastructure improvements within the respective areas, to pay a portion of the interest on the 2015 Bonds during and after the period of acquisition and construction, to fund a debt service reserve fund, to pay costs of issuing the 2015 Bonds, and to pay the initial administrative expenses of the 2015 Bonds.

The 2015 Bonds are intended to be paid primarily from special assessments imposed and collected by the City against the properties benefiting from the public improvements. Annual assessments shall be collected by the City in the same manner and at the same time as ad valorem taxes, and will be subject to the same penalties, procedures, and foreclosure sale in case of delinquencies, as are provided for ad valorem taxes of the City. The City Council may also provide for other means of collecting annual installments to the extent permitted under the PID Act. 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 2015 Bonds are special obligations of the City payable solely from and secured by a pledge of special assessments. They are not payable from funds raised or to be raised from taxation.

The 2015 Bonds were issued as follows:

	<u>Par Value</u>	<u>Rate</u>	<u>Final Maturity</u>
MIA Bonds	\$ 8,040,000	7.500%	September 1, 2045

	<u>Par Value</u>	<u>Rate</u>	<u>Final Maturity</u>
NIA #1 Bonds	\$ 5,790,000	6.250%	September 1, 2045

The 2015 Bonds described above represent 48% of the PID Bonds’ original outstanding long-term debt balance at issuance, and are subject to mandatory sinking fund, optional, and extraordinary optional redemption requirements as specified in the Indentures. Principal payments on the 2015 Bonds are due each September 1 and began on September 1, 2018 according to the mandatory sinking fund redemption schedule.

Interest on the 2015 Bonds is payable according to the terms specified by the Indentures semiannually on March 1 and September 1 of each year commencing on March 1, 2016. Interest on the 2015 Bonds is calculated based on a 360-day year comprised of twelve 30-day months. NIA #1 Bonds’ interest payments totaled \$325,625 and \$332,969 for the years ended September 30, 2023 and 2022, respectively. MIA Bonds’ interest payments totaled \$568,125 and \$576,000 for the years ended September 30, 2023 and 2022, respectively.

1. Optional Redemption

The City reserves the right and option to redeem the 2015 Bonds before their scheduled maturity dates, in whole or in part, on any interest payment date on or after September 1, 2024 at a price of par plus accrued interest to the date of the redemption.

2. Extraordinary Optional Redemption

The 2015 Bonds are subject to extraordinary optional redemption by the City prior to their scheduled maturity on the first day of any month after the required notice of redemption, at a redemption price equal to 100% of the principal amount of the bonds, or portions thereof, to be redeemed, plus accrued interest to the redemption date from amounts on deposit in the Redemption Fund as a result of special assessment prepayments before the due date, unexpended proceeds transferred from the Project Fund to the Redemption Fund, foreclosure proceeds, and transfers to the Redemption Fund from the Delinquency Reserve Account and the Prepayment Reserve Account. There were no extraordinary optional redemptions made in the fiscal year ending September 30, 2023. On June 1, 2022, an extraordinary redemption was made in the amount of \$30,000 for the NIA #1 Bonds.

B. Neighborhood Improvement Area #2A Reimbursement Agreement

The City and the Developer entered into a reimbursement agreement, the NIA #2A RA, in the aggregate amount of \$2,215,000 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 Neighborhood Improvement Area #2A of the PID. Interest and principal on the note was paid solely from the pledged revenues as stated in the Service and Assessment Plan. On September 30, 2020 the PID issued Wells South NIA #2-3 Bonds which replaced the note. The developer submitted costs to fulfill the NIA #2A RA totaling \$944,720. The administrator of the PID reviewed the costs and calculated the reimbursement to the developer in June 2021. The PID recorded the improvements and subsequently the conveyance in fiscal year 2021.

C. Special Assessment Revenue Bonds, Series 2020

On September 30, 2020, the PID issued \$3,195,000 in Special Assessment Revenue Bonds, Series 2020 NIA #2-3 Bonds to finance construction of certain public infrastructure improvements within the respective areas, to pay a portion of the interest on the NIA# 2-3 Bonds during and after the period of acquisition and construction, to fund a debt service reserve fund, to pay costs of issuing the NIA# 2-3 Bonds, and to pay a portion of the costs incidental to the organization of the PID.

The NIA# 2-3 Bonds are intended to be paid primarily from special assessments imposed and collected by the City against the properties benefiting from the public improvements. Annual assessments shall be collected by the City in the same manner and at the same time as ad valorem taxes, and will be subject to the same penalties, procedures, and foreclosure sale in case of delinquencies, as are provided for ad valorem taxes of the City. The City Council may also provide for other means of collecting annual assessments to the extent permitted under the PID Act. 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 NIA# 2-3 Bonds are special obligations of the City payable solely from and secured by a pledge of special assessments. They are not payable from funds raised or to be raised from taxation.

The NIA# 2-3 Bonds were issued as follows:

	<u>Par Value</u>	<u>Rate</u>	<u>Final Maturity</u>
Term 2025	\$ 265,000	2.500%	September 1, 2025
Term 2030	\$ 290,000	3.125%	September 1, 2030
Term 2040	\$ 705,000	4.000%	September 1, 2040
Term 2050	\$ 1,935,000	4.000%	September 1, 2050

The term 2040 and term 2050 Bonds were issued at a premium. The premium is being amortized over the life of the NIA# 2-3 Bonds using the straight-line method.

The NIA# 2-3 Bonds described above represent 11% of the PID Bonds' original outstanding long-term debt balance at issuance, and are subject to mandatory sinking fund, optional, and extraordinary optional redemption requirements as specified in the Indentures. Principal payments on the NIA# 2-3 Bonds are due each September 1 and began on September 1, 2021 according to the mandatory sinking fund redemption schedule.

Interest on the NIA #2-3 Bonds is payable according to the terms specified by the Indentures semiannually on March 1 and September 1 of each year commencing on March 1, 2021. Interest on the NIA# 2-3 Bonds is calculated based on a 360-day year comprised of twelve 30-day months. NIA #2-3 Bonds' interest payments totaled \$118,443 and \$120,483 for the years ended September 30, 2023 and 2022, respectively.

1. Optional Redemption

The City reserves the right and option to redeem the NIA# 2-3 Bonds maturing on or after September 1, 2040, before their respective scheduled maturity date, in whole or in part, on any date on or after September 1, 2030, at a price of par, plus accrued and unpaid interest to the date of redemption.

2. Extraordinary Optional Redemption

The NIA# 2-3 Bonds are subject to extraordinary optional redemption by the City prior to their scheduled maturity on the first day of any month after the required notice of redemption, at a redemption price equal to 100% of the principal amount of the bonds, or portions thereof, to be redeemed, plus accrued interest to the redemption date from amounts on deposit in the Redemption Fund as a result of special assessment prepayments before the due date. There were no

extraordinary optional redemptions made in the fiscal year ending September 30, 2023. On June 1, 2022, an extraordinary redemption was made in the amount of \$18,000 for the NIA #2-3 Bonds

D. Special Assessment Revenue Bonds, Series 2021

On October 19, 2021, the PID issued \$5,255,000 in Special Assessment Revenue Bonds, Series 2021 NIA #4 Bonds to finance construction of certain public infrastructure improvements, to pay a portion of the interest on the NIA# 4 Bonds during and after the period of acquisition and construction, to fund a debt service reserve fund, to pay costs of issuing the NIA# 4 Bonds, and to pay a portion of the costs incidental to the organization of the PID.

The NIA# 4 Bonds are intended to be paid primarily from special assessments imposed and collected by the City against the properties benefiting from the public improvements. Annual assessments shall be collected by the City in the same manner and at the same time as ad valorem taxes, and will be subject to the same penalties, procedures, and foreclosure sale in case of delinquencies, as are provided for ad valorem taxes of the City. The City Council may also provide for other means of collecting annual assessments to the extent permitted under the PID Act. 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 NIA# 4 Bonds are special obligations of the City payable solely from and secured by a pledge of special assessments. They are not payable from funds raised or to be raised from taxation.

The NIA# 4 Bonds were issued as follows:

	<u>Par Value</u>	<u>Rate</u>	<u>Final Maturity</u>
Term 2026	\$ 348,000	2.500%	September 1, 2026
Term 2031	\$ 491,000	3.000%	September 1, 2031
Term 2041	\$ 1,258,000	3.375%	September 1, 2041
Term 2051	\$ 3,158,000	4.000%	September 1, 2051

The term 2051 Bonds were issued at a premium. The premium is being amortized over the life of the NIA# 4 Bonds using the straight-line method.

The NIA# 4 Bonds described above represent 18% of the PID Bonds’ original outstanding long-term debt balance at issuance, and are subject to mandatory sinking fund, optional, and extraordinary optional redemption requirements as specified in the Indentures. Principal payments on the NIA# 4 Bonds are due each September 1 and began on September 1, 2023 according to the mandatory sinking fund redemption schedule.

Interest on the NIA #4 Bonds is payable according to the terms specified by the Indentures semiannually on March 1 and September 1 of each year commencing on March 1, 2022. Interest on the NIA# 4 Bonds is calculated based on a 360-day year comprised of twelve 30-day months. NIA #4 Bonds’ interest payments totaled \$192,208 and \$166,580 for the years ended September 30, 2023 and 2022, respectively.

1. Optional Redemption

The City reserves the right and option to redeem the NIA# 4 Bonds maturing on or after September 1, 2041, before their respective scheduled maturity date, in whole or in part, on any date on or after September 1, 2031, at a price of par, plus accrued and unpaid interest to the date of redemption.

2. Extraordinary Optional Redemption

The NIA# 4 Bonds are subject to extraordinary optional redemption by the City prior to their scheduled maturity on the first day of any month after the required notice of redemption, at a redemption price equal to 100% of the principal amount of the bonds, or portions thereof, to be redeemed, plus accrued interest to the redemption date from amounts on deposit in the Redemption Fund as a result of special assessment prepayments before the due date.

E. Special Assessment Revenue Bonds, Series 2022

On October 5, 2022, the PID issued \$6,463,000 in Special Assessment Revenue Bonds, Series 2022 NIA #5 Bonds to finance construction of certain public infrastructure improvements, to pay a portion of the interest on the NIA# 5 Bonds during and after the period of acquisition and construction, to fund a debt service reserve fund, to pay costs of issuing the NIA# 5 Bonds, and to pay a portion of the costs incidental to the organization of the PID.

The NIA# 5 Bonds are intended to be paid primarily from special assessments imposed and collected by the City against the properties benefiting from the public improvements. Annual assessments shall be collected by the City in the same manner and at the same time as ad valorem taxes, and will be subject to the same penalties, procedures, and foreclosure sale in case of delinquencies, as are provided for ad valorem taxes of the City. The City Council may also provide for other means of collecting annual assessments to the extent permitted under the PID Act. 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 NIA# 5 Bonds are special obligations of the City payable solely from and secured by a pledge of special assessments. They are not payable from funds raised or to be raised from taxation.

The NIA# 5 Bonds were issued as follows:

	<u>Par Value</u>	<u>Rate</u>	<u>Final Maturity</u>
Term 2027	\$ 339,000	4.500%	September 1, 2027
Term 2032	\$ 510,000	4.875%	September 1, 2032
Term 2042	\$ 1,485,000	5.500%	September 1, 2042
Term 2052	\$ 4,129,000	5.625%	September 1, 2052

The NIA# 5 Bonds described above represent 23% of the PID Bonds' original outstanding long-term debt balance at issuance, and are subject to mandatory sinking fund, optional, and extraordinary optional redemption requirements as specified in the Indentures. Principal payments

on the NIA# 5 Bonds are due each September 1 and will begin on September 1, 2024 according to the mandatory sinking fund redemption schedule.

Interest on the NIA #5 Bonds is payable according to the terms specified by the Indentures semiannually on March 1 and September 1 of each year commencing on March 1, 2023. Interest on the NIA# 5 Bonds is calculated based on a 360-day year comprised of twelve 30-day months. NIA #5 Bonds’ interest payments totaled \$320,611 for the year ended September 30, 2023.

1. Optional Redemption

The City reserves the right and option to redeem the NIA# 5 Bonds maturing on or after September 1, 2042, before their respective scheduled maturity date, in whole or in part, on any date on or after September 1, 2032, at a price of par, plus accrued and unpaid interest to the date of redemption.

2. Extraordinary Optional Redemption

The NIA# 5 Bonds are subject to extraordinary optional redemption by the City prior to their scheduled maturity on the first day of any month after the required notice of redemption, at a redemption price equal to 100% of the principal amount of the bonds, or portions thereof, to be redeemed, plus accrued interest to the redemption date from amounts on deposit in the Redemption Fund as a result of special assessment prepayments before the due date

F. Mandatory Sinking Fund Redemption

The Bonds are required to be redeemed each September 1 in the years and in the amounts set forth below:

For the period ending September 30:	NIA #1 Bonds		MIA Bonds	
	Principal	Interest	Principal	Interest
2024	\$ 105,000	\$ 319,375	\$ 125,000	\$ 559,500
2025	110,000	312,813	135,000	550,125
2026	115,000	305,938	145,000	540,000
2027	120,000	298,750	155,000	529,125
2028	155,000	291,250	195,000	517,500
2029-2033	905,000	1,301,563	1,235,000	2,341,500
2034-2038	1,225,000	981,250	1,740,000	1,808,625
2039-2043	1,620,000	550,625	2,470,000	1,054,500
2044-2045	755,000	70,313	1,260,000	143,250
Total	\$ 5,110,000	\$ 4,431,877	\$ 7,460,000	\$ 8,044,125

For the period ending September 30:	NIA #2-3 Bonds		NIA #4 Bonds	
	Principal	Interest	Principal	Interest
2024	\$ 60,000	\$ 116,943	\$ 86,000	\$ 190,108
2025	60,000	115,443	88,000	187,958
2026	60,000	113,943	90,000	185,758
2027	65,000	112,068	92,000	183,508
2028	55,000	110,036	95,000	180,748
2029-2033	300,000	522,156	523,000	858,726
2034-2038	350,000	459,200	616,000	766,701
2039-2043	430,000	383,000	730,000	654,456
2044-2048	1,105,000	267,800	1,518,000	477,680
2049-2051	547,000	30,560	1,333,000	108,040
Total	\$ 3,032,000	\$ 2,231,149	\$ 5,171,000	\$ 3,793,683

For the period ending September 30:	NIA #5 Bonds		Total Bonds	
	Principal	Interest	Principal	Interest
2024	\$ 80,000	\$ 354,049	\$ 456,000	\$ 1,539,975
2025	83,000	\$350,449	476,000	1,516,788
2026	86,000	\$346,714	496,000	1,492,353
2027	90,000	\$342,844	522,000	1,466,295
2028	93,000	\$338,794	593,000	1,438,328
2029-2033	534,000	1,621,624	3,497,000	6,645,569
2034-2038	681,000	1,466,310	4,612,000	5,482,086
2039-2043	883,000	1,258,135	6,133,000	3,900,716
2044-2048	1,759,000	950,963	6,397,000	1,910,006
2049-2052	2,174,000	314,438	4,054,000	453,038
Total	\$ 6,463,000	\$ 7,344,320	\$ 27,236,000	\$ 25,845,154

NOTE 6—ANNUAL ASSESSMENTS

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

<u>Annual Installments</u>	<u>2023</u>	<u>2022</u>
NIA #1 Bonds	\$ 485,812	\$ 485,979
MIA Bonds	753,757	746,237
NIA #2-3 Bonds	234,603	232,741
NIA #4 Bonds	327,983	-
Total	\$ 1,802,155	\$ 1,464,957

As of September 30, 2023, there were \$6,948 in outstanding annual assessments from fiscal year 2023, while all annual assessments from 2022 have been collected and remitted to the PID.

There were no prepaid assessments collected from property owners in fiscal year 2023. Prepaid assessments of \$212,403 were collected from property owners in fiscal year 2022. There were no extraordinary redemptions made in fiscal year 2023. On June 1, 2022, extraordinary payments were made on the NIA #1 Bonds in the amount of \$30,000 and on the NIA #2-3 Bonds in the amount of \$18,000 from prepayment revenues received.

NOTE 7—ARBITRAGE

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

NOTE 8—SUBSEQUENT EVENTS

A. Annual Assessments

The 2024 annual assessments imposed on the PID are as follows:

<u>Annual Installments</u>	<u>2024</u>
NIA #1 Bonds	\$ 467,914
MIA Bonds	728,085
NIA #2-3 Bonds	226,080
NIA #4 Bonds	315,082
NIA #5 Bonds	493,518
Total	\$ 2,230,679

As of March 1, 2024, the CCTAC has received annual assessments totaling \$2,206,356.

As of March 12, 2024, \$120 of 2023 annual assessments is delinquent.

B. NIA #6-7 Bond Issuance

The \$7,680,000 City of Celina, Texas, Special Assessment Revenue Bonds, Series 2024 Neighborhood Improvement Area #6-7 Project (the “NIA #6-7 Bonds”) were issued on May 9, 2024.