

**NORTH PARKWAY MUNICIPAL MANAGEMENT DISTRICT NO. 1**

**COLLIN COUNTY, TEXAS**

**FINANCIAL REPORT**

**JULY 31, 2021**

**McCALL GIBSON SWEDLUND BARFOOT PLLC**  
Certified Public Accountants



**NORTH PARKWAY MUNICIPAL MANAGEMENT DISTRICT NO. 1**  
**COLLIN COUNTY, TEXAS**  
**FINANCIAL REPORT**  
**JULY 31, 2021**



## TABLE OF CONTENTS

|  | <u>PAGE</u> |
|--|-------------|
| INDEPENDENT AUDITOR'S REPORT   | 1-2         |
| MANAGEMENT'S DISCUSSION AND ANALYSIS   | 3-6         |
| BASIC FINANCIAL STATEMENTS   |             |
| STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET  | 7           |
| RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE<br>STATEMENT OF NET POSITION  | 8           |
| STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF<br>REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE                             | 9           |
| RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES,<br>EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF<br>ACTIVITIES | 10          |
| NOTES TO THE FINANCIAL STATEMENTS  | 11-19       |
| REQUIRED SUPPLEMENTARY INFORMATION   |             |
| SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -<br>BUDGET AND ACTUAL - GENERAL FUND (NO BUDGET ADOPTED)                     |             |
| SUPPLEMENTARY INFORMATION REQUIRED BY THE WATER DISTRICT FINANCIAL<br>MANAGEMENT GUIDE   |             |
| NOTES REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT<br>GUIDE (Included in the notes to the financial statements)                       |             |
| GENERAL FUND EXPENDITURES  | 21          |
| COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES GENERAL FUND -<br>ONE YEAR   | 22          |
| BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS   | 23-24       |



**McCALL GIBSON SWEDLUND BARFOOT PLLC**  
*Certified Public Accountants*

13100 Wortham Center Drive  
Suite 235  
Houston, Texas 77065-5610  
(713) 462-0341  
Fax (713) 462-2708

PO Box 29584  
Austin, TX 78755-5126  
(512) 610-2209  
[www.mgsbpllc.com](http://www.mgsbpllc.com)  
E-Mail: [mgsb@mgsbpllc.com](mailto:mgsb@mgsbpllc.com)

Board of Directors  
North Parkway Municipal Management District No. 1  
Collin County, Texas

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities and major fund of North Parkway Municipal Management District No. 1 (the "District"), as of and for the inception period ended July 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the District as of July 31, 2021, and the respective changes in financial position for the inception period then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund be presented to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America, 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. Management has omitted the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund. Our opinion on the basic financial statements is not affected by this missing information.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide any assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants  
Houston, Texas

December 17, 2021



# **NORTH PARKWAY MUNICIPAL MANAGEMENT DISTRICT NO. 1 MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE INCEPTION PERIOD ENDED JULY 31, 2021**

Management's discussion and analysis of North Parkway Municipal Management District No. 1's (the "District") financial performance provides an overview of the District's financial activities for the inception period ended July 31, 2021. Please read it in conjunction with the District's financial statements.

## **USING THIS ANNUAL REPORT**

This financial report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Fund Balance Sheet and (2) the Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance. This report also includes required and other supplementary information in addition to the basic financial statements.

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The District's financial report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position includes all of the District's assets, liabilities and, if applicable, deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities reports how the District's net position changed during the current period. All current period revenues and expenses are included regardless of when cash is received or paid.

## **FUND FINANCIAL STATEMENTS**

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has one governmental fund type. The General Fund accounts for developer advances as well as operating and administrative costs.

**NORTH PARKWAY MUNICIPAL MANAGEMENT DISTRICT NO. 1  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE INCEPTION PERIOD ENDED JULY 31, 2021**

**FUND FINANCIAL STATEMENTS (Continued)**

Governmental funds are reported in each of the financial statements. The focus in the fund statements provides a distinctive view of the District’s governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the inception period. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustment columns, the Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

**NOTES TO THE FINANCIAL STATEMENTS**

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

**OTHER INFORMATION**

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information (“RSI”). A budgetary comparison schedule is normally included as RSI for the General Fund, however, there was no budget adopted for the inception period.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of the District’s financial position. In the case of the District, liabilities exceeded assets by \$35,341 as of July 31, 2021.

The following present a summary of the Statement of Net Position. This is the District’s first audit. Future audits will present this information on a comparative basis.

**NORTH PARKWAY MUNICIPAL MANAGEMENT DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE INCEPTION PERIOD ENDED JULY 31, 2021**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

| <u>Summary of the<br/>Statement of Net Position</u> |                           |
|---|---------------------------|
| <u>2021</u>   |                           |
| Total Assets  | \$ 1,800                  |
| Due to Developers                                   | \$ 2,185                  |
| Other Liabilities                                   | 34,956                    |
| Total Liabilities                                   | <u>\$ 37,141</u>          |
| Net Position:                                       |                           |
| Unrestricted  | <u>\$ (35,341)</u>        |
| Total Net Position                                  | <u><u>\$ (35,341)</u></u> |

The following table provides a summary of the District's operations for the inception period ending July 31, 2021.

| <u>Summary of the<br/>Statement of Activities</u> |                           |
|---|---------------------------|
| <u>2021</u>                                       |                           |
| Revenues  | \$ -0-                    |
| Expenses for Services                             | <u>35,341</u>             |
| Change in Net Position                            | \$ (35,341)               |
| Net Position, Inception                           | <u>- 0 -</u>              |
| Net Position, End of Period                       | <u><u>\$ (35,341)</u></u> |

**NORTH PARKWAY MUNICIPAL MANAGEMENT DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE INCEPTION PERIOD ENDED JULY 31, 2021**

**FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUND**

The District's General Fund fund balance as of July 31, 2021, was a deficit of \$33,156, primarily due to operating costs exceeding developer advances.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The District did not adopt a budget for the inception period ending July 31, 2021. Future fiscal years will have an adopted budget.

**CAPITAL AND INTANGIBLE ASSETS**

As of July 31, 2021, the District does not have any capital or intangible assets.

**LONG TERM DEBT ACTIVITY**

As of July 31, 2021, the District does not have any long-term debt outstanding.

On October 28, 2021, subsequent to July 31, 2021, the District closed on the sale of \$81,175,000 of Series 2021 Special Assessment Revenue Bonds and \$13,300,000 of Series 2021 Contract Revenue Bonds. See Note 11.

**CONTACTING THE DISTRICT'S MANAGEMENT**

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to North Parkway Municipal Management District No. 1, c/o Winstead PC, 2728 N. Harwood Street, Suite 500, Dallas, Texas 75201.

**NORTH PARKWAY MUNICIPAL MANAGEMENT DISTRICT NO. 1**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUND BALANCE SHEET**  
**JULY 31, 2021**

|   | General Fund        | Adjustments        | Statement of<br>Net Position |
|---|---------------------|--------------------|------------------------------|
| <b>ASSETS</b>                                     |                     |                    |                              |
| Cash  | \$ 800              | \$                 | \$ 800                       |
| Prepaid Costs                                     | 1,000               |                    | 1,000                        |
| <b>TOTAL ASSETS</b>                               | <b>\$ 1,800</b>     | <b>\$ -0-</b>      | <b>\$ 1,800</b>              |
| <br><b>LIABILITIES</b>                            |                     |                    |                              |
| Accounts Payable                                  | \$ 34,956           | \$                 | \$ 34,956                    |
| Due to Developer                                  |                     | 2,185              | 2,185                        |
| <b>TOTAL LIABILITIES</b>                          | <b>\$ 34,956</b>    | <b>\$ 2,185</b>    | <b>\$ 37,141</b>             |
| <b>FUND BALANCE</b>                               |                     |                    |                              |
| Unassigned  | \$ (33,156)         | \$ 33,156          | \$ -0-                       |
| <b>TOTAL FUND BALANCE</b>                         | <b>\$ (33,156)</b>  | <b>\$ 33,156</b>   | <b>\$ -0-</b>                |
| <br><b>TOTAL LIABILITIES AND FUND<br/>BALANCE</b> | <br><b>\$ 1,800</b> |                    |                              |
| <b>NET POSITION</b>                               |                     |                    |                              |
| Unrestricted                                      |                     | \$ (35,341)        | \$ (35,341)                  |
| <b>TOTAL NET POSITION</b>                         |                     | <b>\$ (35,341)</b> | <b>\$ (35,341)</b>           |

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

**NORTH PARKWAY MUNICIPAL MANAGEMENT DISTRICT NO. 1**  
**RECONCILIATION OF THE GOVERNMENTAL FUND**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**JULY 31, 2021**

Total Fund Balance - Governmental Fund \$ (33,156)

Amounts reported for governmental activities in the Statement of Net Position are different because:

Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Due to Developer (2,185)

Total Net Position - Governmental Activities \$ (35,341)

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

**NORTH PARKWAY MUNICIPAL MANAGEMENT DISTRICT NO. 1**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR THE INCEPTION PERIOD ENDED JULY 31, 2021**

|   | General Fund | Adjustments | Statement of<br>Activities |
|---|--------------|-------------|----------------------------|
| <b>REVENUES</b>   | \$ -0-       | \$ -0-      | \$ -0-                     |
| <b>EXPENDITURES/EXPENSES</b>  |              |             |                            |
| Service Operations:   |              |             |                            |
| Professional Fees   | \$ 27,714    |             | \$ 27,714                  |
| Contracted Services   | 4,410        |             | 4,410                      |
| Other   | 3,217        |             | 3,217                      |
| <b>TOTAL EXPENDITURES/EXPENSES</b>                                    | \$ 35,341    | \$ -0-      | \$ 35,341                  |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER<br/>EXPENDITURES/EXPENSES</b> | \$ (35,341)  | \$ -0-      | \$ (35,341)                |
| <b>OTHER FINANCING SOURCES (USES)</b>                                 |              |             |                            |
| Developer Advances  | \$ 2,185     | \$ (2,185)  | \$ -0-                     |
| <b>NET CHANGE IN FUND BALANCE</b>                                     | \$ (33,156)  | \$ 33,156   | \$                         |
| <b>CHANGE IN NET POSITION</b>   |              | (35,341)    | (35,341)                   |
| <b>FUND BALANCE/NET POSITION -<br/>INCEPTION</b>                      | _____        | _____       | _____                      |
| <b>FUND BALANCE(DEFICIT)/NET POSITION -<br/>JULY 31, 2021</b>         | \$ (33,156)  | \$ (2,185)  | \$ (35,341)                |

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

**NORTH PARKWAY MUNICIPAL MANAGEMENT DISTRICT NO. 1  
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES  
FOR THE INCEPTION PERIOD ENDED JULY 31, 2021**

|  |             |
|--|-------------|
| Net Change in Fund Balance - Governmental Fund | \$ (33,156) |
|--|-------------|

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report developer advances as other financing sources. However, in the Statement of Net Position, developer advances are recorded as a liability.

|  |                    |
|--|--------------------|
|  | <u>(2,185)</u>     |
| Change in Net Position - Governmental Activities | <u>\$ (35,341)</u> |

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

**NORTH PARKWAY MUNICIPAL MANAGEMENT DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2021**

**NOTE 1. CREATION OF DISTRICT**

North Parkway Municipal Management District No. 1 (the “District”) was created in 2019, through the acts of the 86<sup>th</sup> Texas Legislature. The District is empowered to facilitate the construction and continued maintenance of quality mixed-used residential and commercial development to benefit the residents of the City of Celina, Texas (the “City”) authorized under the legislation or Chapter 375, Local Government Code. The legislation empowers the District to levy special assessments to fund public improvements that benefit all or a substantial portion of the District. The Board of Directors held its organizational meeting on February 12, 2021.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). In addition, the accounting records of the District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Texas Commission on Environmental Quality.

The District is a political subdivision of the State of Texas governed by an appointed board. GASB has established the criteria for determining whether or not an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately appointed governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statement as component units.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”).

The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

**NORTH PARKWAY MUNICIPAL MANAGEMENT DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2021**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Financial Statement Presentation (Continued)

- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any are eliminated by adjustment to obtain net total revenue and expense of the government-wide Statement of Activities.

Fund Financial Statements

As discussed above, the District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance.

**NORTH PARKWAY MUNICIPAL MANAGEMENT DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2021**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fund Financial Statements (Continued)

Governmental Fund

The District has one governmental fund and considers it to be a major fund.

General Fund - To account for developer advances, as well as operating and administrative costs.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both “measurable and available.” Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available if they are collectable within 60 days after year end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

Property taxes considered available by the District and included in revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Fund Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis.

**NORTH PARKWAY MUNICIPAL MANAGEMENT DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2021**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Capital and Intangible Assets

The District will not own any capital assets. As public infrastructure is constructed, it will be conveyed to the City for ownership and maintenance and will be accounted for as intangible assets. See Notes 5 and 8.

Budgeting

An annual unappropriated budget should be adopted for the General Fund by the District's Board of Directors. The budget is to be prepared using the same method of accounting as for financial reporting. The District did not adopt a budget for the inception period.

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that the directors are considered to be "employees" for federal payroll tax purposes only.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position.

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

*Nonspendable*: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District does not have any nonspendable fund balances.

**NORTH PARKWAY MUNICIPAL MANAGEMENT DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2021**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Restricted:* amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally. The District does not have any restricted fund balances.

*Committed:* amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

*Assigned:* amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances and does not have any assigned fund balances.

*Unassigned:* all other spendable amounts in the General Fund.

When expenditures are incurred for which restricted, committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**NOTE 3. DEPOSITS AND INVESTMENTS**

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

**NORTH PARKWAY MUNICIPAL MANAGEMENT DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2021**

**NOTE 3. DEPOSITS AND INVESTMENTS (Continued)**

Deposits (Continued)

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District’s deposits was \$800 and the bank balance was \$800. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Fund Balance Sheet and the Statement of Net Position as of July 31, 2021, as listed below:

|                         |               |
|-------------------------|---------------|
|                         | Cash          |
| DEPOSITS - GENERAL FUND | \$ <u>800</u> |

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District’s financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District’s investments must be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.” No person may invest District funds without express written authority from the Board of Directors.

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District’s investment policy may be more restrictive than the Public Funds Investment Act.

As of July 31, 2021, the District had no investments.

**NORTH PARKWAY MUNICIPAL MANAGEMENT DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2021**

**NOTE 4. BONDS VOTED**

On November 2, 2021, subsequent to July 31, 2021, voters of the District authorized the issuance of bonds in the amount of \$96,608,185 for Utility Bonds, \$180,760,230 for Utility Refunding Bonds, \$111,193,200 for Road Bonds and \$198,991,500 for Road Refunding Bonds, and also authorized the levy of ad valorem taxes to provide for the payment of all bonds.

**NOTE 5. CAPITAL ASSETS AND INTANGIBLE ASSETS**

The District currently has no capital assets or intangible assets.

**NOTE 6. MAINTENANCE TAX**

On November 2, 2021, subsequent to July 31, 2021, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$1.20 per \$100 of assessed valuation of taxable property within the District. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's facilities as well as any other lawfully authorized purpose. During the inception period ended July 31, 2021, the District did not levy a maintenance tax.

**NOTE 7. DUE TO DEVELOPER**

The District has executed agreements for the construction of improvements and reimbursement of advances with the Master Developer within the District. The agreement calls for the Master Developer to fund costs associated with water, wastewater, drainage, and road facilities and operating advances until such time as the District can sell bonds. As reflected in the Statement of Net Position, \$2,185 has been recorded as a liability for operating advances.

The following table summarizes the current year activity related to unreimbursed developer costs for operating advances:

|  |                 |
|--|-----------------|
| Due to Master Developer, beginning of inception period | \$ -0-          |
| Additions  | <u>2,185</u>    |
| Due to Master Developer, end of inception period       | <u>\$ 2,185</u> |

**NORTH PARKWAY MUNICIPAL MANAGEMENT DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2021**

**NOTE 8. DEVELOPMENT AGREEMENT**

Dynavest Joint Venture, the predecessor Master Developer to MM Celina 3200, LLC, entered into a Development, Settlement and Annexation Agreement with the City effective September 8, 2020. The Agreement has been amended on August 2, 2021 and September 14, 2021. Pursuant to the Agreement, the Master Developer has agreed to construct certain public improvements for the benefit of the Development. The Agreement provides the scope of the public improvements to be constructed, sets forth conditions for the issuance of bonds by the District and rules and regulations for the construction of the public improvements and provides the process for the development of all property within the Development. The bonds will be issued to provide funds for the costs of the public improvements and the Master Developer will pay or be reimbursed for the costs of the public improvements from proceeds of the bonds.

The Agreement also requires the City to construction a certain water line and a wastewater treatment plant.

Pursuant to the Agreement, the City, District and Master Developer have agreed to set certain capital recovery fees for single-family residential lots and the City has created a tax increment reinvestment zone contiguous with the District.

Upon completion, the public improvements will be conveyed to the City for ongoing operation and maintenance.

**NOTE 9. ECONOMIC DEPENDENCY AND DEFICIT FUND BALANCE**

The District's Master Developer owns a substantial portion of the taxable property within the District. In addition, the District could be dependent upon the Developer for operating advances to meet its financial obligations. The Master Developer's ability to make full and timely payments of taxes and operating advances could directly affect the District's ability to meet its financial obligations.

As of July 31, 2021, the District's General Fund had a deficit fund balance of \$33,156. This deficit is expected to be eliminated in the next fiscal year with developer advances and/or maintenance tax collections.

**NORTH PARKWAY MUNICIPAL MANAGEMENT DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2021**

**NOTE 10. ECONOMIC UNCERTAINTIES**

On March 11, 2020, the World Health Organization declared the COVID-19 virus a global pandemic. As a result, economic uncertainties have arisen which could have an impact on the operations of the District. The District will continue to carefully monitor the situation and evaluate the financial statement impact, if any, that results from the pandemic.

**NOTE 11. SUBSEQUENT EVENT – BOND SALES**

On October 28, 2021, subsequent to July 31, 2021, the District issued \$81,175,000 of Special Assessment Revenue Bonds, Series 2021. Proceeds from the bonds were used reimburse the Master Developer for right of way acquisition costs and to fund ongoing road, water, sanitary sewer, storm drainage and District formation costs; provide for capitalized interest; and pay for issuance costs of the bonds.

On October 28, 2021, subsequent to July 31, 2021, the District issued \$13,300,000 of Contract Revenue Bonds, Series 2021. Proceeds from the bonds are being used to fund Phase 1A and 1B improvements; provide for capitalized interest; and pay for issuance costs of the bonds.

**THIS PAGE INTENTIONALLY LEFT BLANK**

**NORTH PARKWAY MUNICIPAL MANAGEMENT DISTRICT NO. 1**

**SUPPLEMENTARY INFORMATION REQUIRED BY THE  
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**

**JULY 31, 2021**



**NORTH PARKWAY MUNICIPAL MANAGEMENT DISTRICT NO. 1**  
**GENERAL FUND EXPENDITURES**  
**FOR THE YEAR ENDED JULY 31, 2021**

|                                   |                         |
|-----------------------------------|-------------------------|
| PROFESSIONAL FEES:                |                         |
| Legal                             | \$ <u>27,714</u>        |
| CONTRACTED SERVICES:              |                         |
| Bookkeeping                       | \$ <u>4,410</u>         |
| ADMINISTRATIVE EXPENDITURES:      |                         |
| Director Fees                     | \$ 2,100                |
| Office Supplies and Postage       | 633                     |
| Payroll Taxes                     | 184                     |
| Training                          | <u>300</u>              |
| TOTAL ADMINISTRATIVE EXPENDITURES | \$ <u>3,217</u>         |
| TOTAL EXPENDITURES                | \$ <u><u>35,341</u></u> |

See accompanying independent auditor's report.

**THIS PAGE INTENTIONALLY LEFT BLANK**

**NORTH PARKWAY MUNICIPAL MANAGEMENT DISTRICT NO. 1**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**GENERAL FUND - ONE YEAR**

|  | Amounts     |
|--|-------------|
|  | 2021*       |
| <b>REVENUES</b>  | \$ - 0 -    |
| <b>EXPENDITURES</b>  |             |
| Professional Fees  | \$ 27,714   |
| Contracted Services  | 4,410       |
| Other  | 3,217       |
| <b>TOTAL EXPENDITURES</b>                                    | \$ 35,341   |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | \$ (35,341) |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |             |
| Developer Advances   | \$ 2,185    |
| <b>NET CHANGE IN FUND BALANCE</b>                            | \$ (33,156) |
| <b>BEGINNING FUND BALANCE</b>                                | _____       |
| <b>ENDING FUND BALANCE (DEFICIT)</b>                         | \$ (33,156) |

\*Inception Period Ending July 31, 2021

See accompanying independent auditor's report.

**NORTH PARKWAY MUNICIPAL MANAGEMENT DISTRICT NO. 1**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**JULY 31, 2021**

District Mailing Address - North Parkway Municipal Management District No. 1  
c/o Winstead PC  
2728 N. Harwood Street  
Dallas, Texas 75201

District Telephone Number - (214) 745-5400

| <b>Board Members</b> | Term of Office<br>(Elected or<br><u>Appointed</u> ) | Fees of Office  | Expense   | <u>Title</u>           |
|----------------------|---|---|---|------------------------|
|                      |   | for inception period<br>ended<br><u>July 31, 2021</u> | Reimbursements<br>for inception period<br>ended<br><u>July 31, 2021</u> |                        |
| John Peavy           | 06/21<br>06/25<br>(Elected)                         | \$ 750  | \$ -0-  | President              |
| Charles Taylor       | 06/21<br>06/25<br>(Elected)                         | \$ 150  | \$ -0-  | Vice President         |
| Paul Schlosberg      | 02/21<br>06/23<br>(Appointed)                       | \$ 1,050  | \$ -0-  | Secretary              |
| Steve Cook           | 06/21<br>06/25<br>(Appointed)                       | \$ -0-  | \$ -0-  | Assistant<br>Secretary |
| Russell Miller       | 02/21<br>06/23<br>(Appointed)                       | \$ 450  | \$ -0-  | Assistant<br>Secretary |

Notes: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District's developers or with any of the District's consultants.

See accompanying independent auditor's report.

**NORTH PARKWAY MUNICIPAL MANAGEMENT DISTRICT NO. 1**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**JULY 31, 2021**

| <b>Consultants:</b>                 | Date Hired | Fees for the<br>inception period<br>ended<br>July 31, 2021 | Title                |
|-------------------------------------|------------|--|----------------------|
| Winstead PC                         | 02/12/21   | \$ 27,714  | General Counsel      |
| McCall Gibson Swedlund Barfoot PLLC | 10/06/21   | \$ -0-   | Auditor              |
| Dye & Toverly, LLC                  | 02/12/21   | \$ 5,443   | Bookkeeper           |
| KFM Engineering & Design            | 08/02/21   | \$ -0-   | Engineer             |
| SAMCO Capital Markets               | 08/02/21   | \$ -0-   | Financial<br>Advisor |
| MuniCap, Inc.                       | 08/02/21   | \$ -0-   | Administrator        |

See accompanying independent auditor's report.

