

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

**COLLIN COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**JULY 31, 2023**

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



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**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)

INDEPENDENT AUDITOR'S REPORT

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

**Opinions**

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 year ended July 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Correction of Error**

As described in Note 11 to the financial statements, the District's net position as of July 31, 2022 has been restated to correct certain misstatements. Our opinions are not modified with respect to this matter.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve 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 opinions. 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 District'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 District'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 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 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 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.



Board of Directors  
North Parkway Municipal Management District No. 1

**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 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

February 19, 2024



# **NORTH PARKWAY MUNICIPAL MANAGEMENT DISTRICT NO. 1 MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JULY 31, 2023**

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 year ended July 31, 2023. 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 year. All current year 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 YEAR ENDED JULY 31, 2023**

**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 year. 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") and other supplementary information. A budgetary comparison schedule is included as RSI for the General Fund.

**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 \$390,125 as of July 31, 2023. The following is a comparative analysis of government-wide changes in net position:

**NORTH PARKWAY MUNICIPAL MANAGEMENT DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JULY 31, 2023**

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

	Summary of Changes in the Statement of Net Position		
	2023	2022	Change Positive (Negative)
Current and Other Assets	\$ 10,782	\$ 236,184	\$ (225,402)
Due to Developer	\$ 325,906	\$ 317,141	\$ (8,765)
Other Liabilities	75,001	238,828	163,827
Total Liabilities	\$ 400,907	\$ 555,969	\$ 155,062
Net Position:			
Unrestricted	\$ (390,125)	\$ (319,785)	\$ (70,340)
Total Net Position	\$ (390,125)	\$ (319,785)	\$ (70,340)

\*

The following table provides a summary of the District's operations for the years ending July 31, 2023 and July 31, 2022.

	Summary of Changes in the Statement of Activities		
	2023	2022	Change Positive (Negative)
Total Revenues	\$ 281,629	\$ 384	\$ 281,245
Expenses for Services	351,969	454,828	102,859
Change in Net Position	\$ (70,340)	\$ (454,444)	\$ 384,104
Net Position, Beginning of Year	(319,785)	134,659	(454,444)
Net Position, End of Year	\$ (390,125)	\$ (319,785)	\$ (70,340)

\*

\*As adjusted, see Note 11.

**NORTH PARKWAY MUNICIPAL MANAGEMENT DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JULY 31, 2023**

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

The District's General Fund fund balance decreased by \$61,575 due to operating costs exceeding investment revenues and other financing sources.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Directors adopted an unappropriated budget for the current fiscal year. Actual revenues were \$246,782 less than budgeted revenues, actual expenditures were \$101,969 more than budgeted expenditures and other financing sources of \$287,152 were not budgeted for. This resulted in a negative budget variance of \$61,599. See the budget to actual comparison for further information.

**CAPITAL AND INTANGIBLE ASSETS**

As of July 31, 2023, the District does not have any capital assets.

**LONG TERM DEBT ACTIVITY**

As of July 31, 2023, the District does not have any outstanding long-term debt. The District recorded an amount due to Developer of \$325,906 which consists of operating advances funded by the Developer during the current and previous fiscal years.

**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, 2023**

	General Fund	Adjustments	Statement of Net Position
<b>ASSETS</b>			
Cash	\$ 10,782	\$ -0-	\$ 10,782
<b>LIABILITIES</b>			
Accounts Payable	\$ 75,001	\$	\$ 75,001
Due to Developer	<u>                    </u>	<u>325,906</u>	<u>325,906</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 75,001</u>	<u>\$ 325,906</u>	<u>\$ 400,907</u>
<b>FUND BALANCE</b>			
Unassigned	<u>\$ (64,219)</u>	<u>\$ 64,219</u>	<u>\$ -0-</u>
<b>TOTAL FUND BALANCE</b>	<u>\$ (64,219)</u>	<u>\$ 64,219</u>	<u>\$ -0-</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 10,782</u>		
<b>NET POSITION</b>			
Unrestricted		<u>\$ (390,125)</u>	<u>\$ (390,125)</u>
<b>TOTAL NET POSITION</b>		<u>\$ (390,125)</u>	<u>\$ (390,125)</u>

**NORTH PARKWAY MUNICIPAL MANAGEMENT DISTRICT NO. 1**  
**RECONCILIATION OF THE GOVERNMENTAL FUND**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**JULY 31, 2023**

Total Fund Balance - Governmental Fund \$ (64,219)

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 (325,906)

Total Net Position - Governmental Activities \$ (390,125)

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 YEAR ENDED JULY 31, 2023**

	General Fund	Adjustments	Statement of Activities
<b>REVENUES</b>			
Investment Revenues	\$ 3,242	\$	\$ 3,242
Miscellaneous Revenues		278,387	278,387
<b>TOTAL REVENUES</b>	\$ 3,242	\$ 278,387	\$ 281,629
<b>EXPENDITURES/EXPENSES</b>			
Service Operations:			
Professional Fees	\$ 186,489		\$ 186,489
Contracted Services	134,956		134,956
Other	30,524		30,524
<b>TOTAL EXPENDITURES/EXPENSES</b>	\$ 351,969	\$ -0-	\$ 351,969
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES</b>	\$ (348,727)	\$ 278,387	\$ (70,340)
<b>OTHER FINANCING SOURCES (USES)</b>			
Contributed by Other Governmental Unit	\$ 278,387	\$ (278,387)	\$
Developer Advances	8,765	(8,765)	
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	\$ 287,152	\$ (287,152)	\$ -0-
<b>NET CHANGE IN FUND BALANCE</b>	\$ (61,575)	\$ 61,575	\$
<b>CHANGE IN NET POSITION</b>		(70,340)	(70,340)
<b>FUND BALANCE(DEFICIT)/NET POSITION - AUGUST 1, 2022, AS ADJUSTED</b>	(2,644)	(317,141)	(319,785)
<b>FUND BALANCE(DEFICIT)/NET POSITION - JULY 31, 2023</b>	\$ (64,219)	\$ (325,906)	\$ (390,125)

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 YEAR ENDED JULY 31, 2023**

Net Change in Fund Balance - Governmental Fund	\$	(61,575)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report developer advances as other financing sources. However, in the Statement of Net Position, developer advances are recorded as a liability.</p>		(8,765)
Change in Net Position - Governmental Activities	\$	(70,340)

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, 2023**

**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, 2023**

**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, 2023**

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

Fund Financial Statements (Continued)

Governmental Funds

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 Funds 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.

Capital Assets

The District does not have any capital assets as of July 31, 2023.

**NORTH PARKWAY MUNICIPAL MANAGEMENT DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2023**

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

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – General Fund presents the original budget and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

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.

*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.

**NORTH PARKWAY MUNICIPAL MANAGEMENT DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2023**

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

Measurement Focus (Continued)

*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. BONDS VOTED**

As of July 31, 2023, the District had authorized but unissued bonds in the amount of \$118,125,000 for Utility Bonds, \$147,656,250 for Utility Refunding Bonds, \$181,875,000 for Road Bonds and \$227,343,750 for Road Refunding Bonds. The levy of ad valorem taxes to provide for the payment of all bonds has also been authorized. See Note 12 for further information on Contract Revenue Bonds and Special Assessment Revenue Bonds.

Defined Area

At an election held within the MMD SF Defined Area No. 1 of the District held on May 6, 2023, the voters authorized the issuance of \$194,327,781 for Utility Bonds, \$242,909,762 for Utility Refunding Bonds, \$246,277,730 for Road Bonds and \$307,847,162 for Road Refunding Bonds. The levy of ad valorem taxes to provide for the payment of all bonds were also authorized. See Note 6 for information on maintenance tax.

**NORTH PARKWAY MUNICIPAL MANAGEMENT DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2023**

**NOTE 4. 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.

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 \$10,782 and the bank balance was \$12,273. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position as of July 31, 2023, as listed below:

DEPOSITS - GENERAL FUND	Cash \$ 10,782
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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, 2023, the District did not have any investments.

**NORTH PARKWAY MUNICIPAL MANAGEMENT DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2023**

**NOTE 5. CAPITAL ASSETS**

The District does not have any capital assets as of July 31, 2023.

**NOTE 6. MAINTENANCE TAX**

On November 2, 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 year ended July 31, 2023, the District did not levy a maintenance tax.

On May 6, 2023, the voters of the MMD SF Defined Area No. 1 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 Defined Area. This maintenance tax is to be used by the Defined Area to pay expenditures of operating the Defined Area's facilities as well as any other lawfully authorized purpose. During the year ended July 31, 2023, the District did not levy a maintenance tax within the Defined Area.

**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, \$325,906 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, August 1, 2022	\$ 317,141
Additions	<u>8,765</u>
Due to Master Developer, July 31, 2023	<u><u>\$ 325,906</u></u>

**NORTH PARKWAY MUNICIPAL MANAGEMENT DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2023**

**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, 2023, the District's General Fund had a deficit fund balance of \$64,219. This deficit is expected to be eliminated in the next fiscal year with developer advances and/or maintenance tax collections.

**NOTE 10. SUBSEQUENT EVENT – BOND SALE**

On December 29, 2023, subsequent to year end, the District issued \$3,055,000 of Single Family Defined Area No. 1 Unlimited Tax Road Bonds, Series 2023. Proceeds from the bonds were used to reimburse the Master Developer for paving improvements to serve Del Webb Legacy Hills. Additional proceeds were used to pay for issuance costs of the bonds.

**NORTH PARKWAY MUNICIPAL MANAGEMENT DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2023**

**NOTE 11. PRIOR PERIOD ADJUSTMENT**

During the current fiscal year, it was determined that the presentation in the financial statements for contract revenue and special assessment revenue bonds previously issued by the District was not in accordance with applicable governmental accounting standards; and such bonds should not be recorded as a liability of the District and shown as such on the Balance Sheet. The following tables summarize the effects of the required adjustments:

Net Position - August 1, 2022	\$ (12,644,189)
Effect of Adjustment	<u>12,324,404</u>
Net Position - August 1, 2022, As Adjusted	<u>\$ (319,785)</u>

**NOTE 12. CONTRACT REVENUE AND SPECIAL ASSESSMENT REVENUE DEBT**

The City has created a public improvement district (“PID”). From time to time, the District issues PID contract revenue and special assessment revenue bonds. Proceeds from the bonds are deposited into trust accounts with Wilmington Trust for the purpose of funding improvements. Wilmington Trust also serves as trustee for the bondholders. The bonds are special limited obligations of the District payable solely from assessments levied against parcels in the PID and other pledged funds held under the indenture. The bonds shall never be payable out of funds raised or to be raised by District taxation or from other revenues, properties, or income of the District. Further, the District has no moral or legal obligation for the payment of debt service on the PID contract revenue and special assessment revenue bonds from any sources other than assessments levied against parcels of the affected PID. Therefore, this debt has not been recorded as long-term debt of the District. However, for so long any PID contract revenue and special assessment revenue bonds are outstanding the District has covenanted to pursue all action permissible under applicable law to cause the assessment securing those bonds to be collected and the liens thereof enforced continually, and to cause no reduction, abatement, or exemption in the assessment which constitute the revenues pledged to the outstanding bonds.

	<u>Original Bonds Issued</u>	<u>Bonds Outstanding July 31, 2023</u>
Series 2021 Contract Revenue	\$ 13,300,000	\$ 13,300,000
Series 2021 Special Assessment Revenue	81,175,000	81,175,000
Series 2022 Special Assessment Revenue	<u>32,225,000</u>	<u>32,225,000</u>
	<u>\$ 126,700,000</u>	<u>\$ 126,700,000</u>

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**JULY 31, 2023**



**NORTH PARKWAY MUNICIPAL MANAGEMENT DISTRICT NO. 1**  
**SCHEDULE F REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND**  
**FOR THE YEAR ENDED JULY 31, 2023**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Assessment Revenues	\$ 250,000	\$	\$ (250,000)
Investment Revenues	<u>24</u>	<u>3,242</u>	<u>3,218</u>
<b>TOTAL REVENUES</b>	<u>\$ 250,024</u>	<u>\$ 3,242</u>	<u>\$ (246,782)</u>
<b>EXPENDITURES</b>			
Service Operations:			
Professional Fees	\$ 116,000	\$ 186,489	\$ (70,489)
Contracted Services	109,000	134,956	(25,956)
Other	<u>25,000</u>	<u>30,524</u>	<u>(5,524)</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 250,000</u>	<u>\$ 351,969</u>	<u>\$ (101,969)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 24</u>	<u>\$ (348,727)</u>	<u>\$ (348,751)</u>
<b>OTHER FINANCING SOURCES(USES)</b>			
Contributed by Other Governmental Unit	\$	\$ 278,387	\$ 278,387
Developer Advances	<u></u>	<u>8,765</u>	<u>8,765</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>\$ -0-</u>	<u>\$ 287,152</u>	<u>\$ 287,152</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 24	\$ (61,575)	\$ (61,599)
<b>FUND BALANCE(DEFICIT) - AUGUST 1, 2022</b>	<u>(2,644)</u>	<u>(2,644)</u>	<u></u>
<b>FUND BALANCE(DEFICIT) - JULY 31, 2023</b>	<u>\$ (2,620)</u>	<u>\$ (64,219)</u>	<u>\$ (61,599)</u>

See accompanying independent auditor's report.

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**NORTH PARKWAY MUNICIPAL MANAGEMENT DISTRICT NO. 1**  
**SUPPLEMENTARY INFORMATION REQUIRED BY THE**  
**WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**  
**JULY 31, 2023**



**NORTH PARKWAY MUNICIPAL MANAGEMENT DISTRICT NO. 1**  
**GENERAL FUND EXPENDITURES**  
**FOR THE YEAR ENDED JULY 31, 2023**

PROFESSIONAL FEES:	
Auditing	\$ 30,250
Legal	<u>156,239</u>
TOTAL PROFESSIONAL FEES	<u>\$ 186,489</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 31,980
Bond Administrator	86,420
Trustee Fees	<u>16,556</u>
TOTAL CONTRACTED SERVICES	<u>\$ 134,956</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 11,400
Dues	2,033
Election Costs	6,245
Insurance	5,070
Office Supplies and Postage	178
Payroll Taxes	888
Training	585
Travel and Meetings	3,610
Other	<u>515</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 30,524</u>
TOTAL EXPENDITURES	<u><u>\$ 351,969</u></u>

See accompanying independent auditor's report.

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

	Amounts		
	2023	2022	2021*
<b>REVENUES</b>			
Investment Revenues	\$ 3,242	\$ 384	\$ -0-
<b>EXPENDITURES</b>			
Professional Fees	\$ 186,489	\$ 371,473	\$ 27,714
Contracted Services	134,956	53,195	4,410
Other	<u>30,524</u>	<u>30,160</u>	<u>3,217</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 351,969</u>	<u>\$ 454,828</u>	<u>\$ 35,341</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ (348,727)</u>	<u>\$ (454,444)</u>	<u>\$ (35,341)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer Advances	\$ 8,765	\$ 314,956	\$ 2,185
Contributed by Other Governmental Unit	<u>278,387</u>	<u>170,000</u>	<u></u>
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>\$ 287,152</u>	<u>\$ 484,956</u>	<u>\$ 2,185</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ (61,575)	\$ 30,512	\$ (33,156)
<b>BEGINNING FUND BALANCE (DEFICIT)</b>	<u>(2,644)</u>	<u>(33,156)</u>	<u></u>
<b>ENDING FUND BALANCE (DEFICIT)</b>	<u><u>\$ (64,219)</u></u>	<u><u>\$ (2,644)</u></u>	<u><u>\$ (33,156)</u></u>

\*Inception Period Ending July 31, 2021

See accompanying independent auditor's report.

Percentage of Total Revenues

<u>2023</u>		<u>2022</u>		<u>2021*</u>	
<u>100.0</u>	%	<u>100.0</u>	%	<u>N/A</u>	
5,752.3	%	96,737.8	%		
4,162.7		13,852.9			
<u>941.5</u>		<u>7,854.2</u>		<u>          </u>	
<u>10,856.5</u>	%	<u>118,444.9</u>	%	<u>N/A</u>	%
<u>(10,756.5)</u>	%	<u>(118,344.9)</u>	%	<u>N/A</u>	%

See accompanying independent auditor's report.

**NORTH PARKWAY MUNICIPAL MANAGEMENT DISTRICT NO. 1**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**JULY 31, 2023**

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 (Elected or <u>Appointed</u> )	Fees of Office for year ended <u>July 31, 2023</u>	Expense Reimbursements for year ended <u>July 31, 2023</u>	<u>Title</u>
Greg Leveling	08/21 06/25 (Appointed)	\$ 2,700	\$ 1,247	President
William Rogers	08/21 06/25 (Appointed)	\$ 1,950	\$ 444	Vice President
Rob Klarer	09/21 06/25 (Appointed)	\$ 2,550	\$ 565	Secretary
James Rose	06/23 06/27 (Elected)	\$ 1,650	\$ 462	Assistant Secretary
Steve Mitchell	06/23 06/27 (Elected)	\$ 2,550	\$ 980	Assistant 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, 2023**

<b>Consultants:</b>	Date Hired	Fees for the year ended July 31, 2023	Title
Winstead PC	02/12/21	\$ 156,239	General Counsel
McCall Gibson Swedlund Barfoot PLLC	10/06/21	\$ 30,250	Auditor
Dye & Toverly, LLC	02/12/21	\$ 31,980	Bookkeeper
KFM Engineering & Design	08/02/21	\$ -0-	Engineer
SAMCO Capital Markets	08/02/21	\$ -0-	Financial Advisor
MuniCap, Inc.	08/02/21	\$ 86,420	Administrator
Collin County Tax Assessor-Collector	10/01/22	\$ -0-	Tax Assessor/Collector

See accompanying independent auditor's report.

