

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 12, 2025

This Preliminary Official Statement is subject to completion and amendment and is intended solely for the solicitation of initial bids to purchase the Bonds. Upon sale of the Bonds, the Official Statement will be completed and delivered to the Underwriter (hereinafter defined).

IN THE OPINION OF BOND COUNSEL, UNDER EXISTING LAW, INTEREST ON THE BONDS (I) IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER SECTION 103 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, AND (II) IS NOT AN ITEM OF TAX PREFERENCE FOR PURPOSES OF THE ALTERNATIVE MINIMUM TAX ON INDIVIDUALS. SEE "TAX MATTERS" HEREIN, INCLUDING INFORMATION REGARDING POTENTIAL ALTERNATIVE MINIMUM TAX CONSEQUENCES FOR CORPORATIONS.

THE BONDS WILL BE DESIGNATED "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

NEW ISSUE—Book-Entry-Only

\$2,750,000
COMAL COUNTY MASTER WATER IMPROVEMENT DISTRICT
(A political subdivision of the State of Texas located within Comal County)
CONTRACT REVENUE BONDS
SERIES 2025

The bonds described above (the "Bonds") are special obligations solely of Comal County Master Water Improvement District (the "Master District" or the "District") payable solely from and to the extent of payments required to be made to the Trustee (as herein defined) by the water improvement districts within the Service Area (as defined herein) that have been designated as the participants under the Master District Contract as defined herein (the "Participants") from proceeds of an unlimited annual ad valorem tax without legal limit as to rate or amount levied by each Participant or from other revenues available to such Participant (the "Contract Payments"). Payment of Contract Payments by Participants and use of such proceeds by the Master District to pay debt service on the Bonds is governed by the Contracts for Financing, Operation, and Maintenance of Regional Water, Sanitary Sewer, Storm Sewer, and Other Facilities, as amended, between each Participant and the Master District (the "Master District Contract") as described more fully herein under "MASTER DISTRICT CONTRACT." The Bonds are special obligations of the Master District payable solely from the Contract Payments and are not obligations of the State of Texas, Comal County, the City of New Braunfels, any of the Participants, or any entity other than the Master District.

Dated: October 1, 2025

Due: December 1, as shown below

Interest Accrual Date: Date of Delivery

The Bonds will be issued in fully registered form only, in denominations of \$5,000 or any integral multiple of \$5,000. Principal of the Bonds will be payable upon presentation of the Bonds at the principal payment office of the paying agent/registrar, initially The Bank of New York Mellon Trust Company, N.A. (the "Paying Agent/Registrar") in Houston, Texas. Interest on the Bonds accrues from the date of delivery (expected on or about October 22, 2025) (the "Date of Delivery") and is payable June 1, 2026, and each December 1 and June 1 thereafter until the earlier of maturity or redemption. Interest will be calculated on the basis of a 360-day year of twelve 30-day months.

The Bonds will be initially registered and delivered only in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Beneficial owners of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the nominees of such beneficial owners. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by the Paying Agent/Registrar directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. See "BOOK-ENTRY-ONLY SYSTEM."

MATURITY SCHEDULE

Principal	Maturity	CUSIP	Interest	Initial	Principal	Maturity	CUSIP	Interest	Initial
Amount(a)	(December 1)	Number(c)	Rate	Reoffering	Amount(a)	(December 1)	Number(c)	Rate	Reoffering
			%	Yield(d)				%	Yield(d)
\$ 50,000	2027			%	\$ 115,000	2040 (b)			%
55,000	2028				115,000	2041 (b)			
60,000	2029				120,000	2042 (b)			
65,000	2030				130,000	2043 (b)			
70,000	2031				130,000	2044 (b)			
80,000	2032 (b)				135,000	2045 (b)			
80,000	2033 (b)				145,000	2046 (b)			
85,000	2034 (b)				150,000	2047 (b)			
90,000	2035 (b)				155,000	2048 (b)			
100,000	2036 (b)				160,000	2049 (b)			
105,000	2037 (b)				165,000	2050 (b)			
100,000	2038 (b)				180,000	2051 (b)			
110,000	2039 (b)								

(a) The Underwriter may designate one or more maturities as term bonds.

(b) Bonds maturing on or after December 1, 2032, are subject to redemption at the option of the District prior to their maturity dates in whole, or from time to time in part, on December 1, 2031, or on any date thereafter at a price of par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. See "THE BONDS—Redemption Provisions."

(c) CUSIP Numbers have been assigned to the Bonds by CUSIP Global Services and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Underwriter shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.

(d) Initial reoffering yield represents the initial offering yield to the public which has been established by the Underwriter (as herein defined) for offers to the public and which may be subsequently changed by the Underwriter and is the sole responsibility of the Underwriter. The initial yields indicated above represent the lower of the yields resulting when priced to maturity or to the first call date.

The Bonds, when issued, will constitute valid and legally binding special obligations of the District and are not obligations of the State of Texas, Comal County, the City of New Braunfels, any of the Participants, or any entity other than the District. THE BONDS ARE SUBJECT TO SPECIAL RISK FACTORS DESCRIBED HEREIN. Bond purchasers are encouraged to read this OFFICIAL STATEMENT prior to making an investment decision, particularly the section captioned "RISK FACTORS."

The Bonds are offered by the Underwriter subject to prior sale, when, as and if issued by the District and accepted by the Underwriter, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. Delivery of the Bonds in book-entry form through the facilities of DTC is expected on or about October 22, 2025, in Houston, Texas.

BIDS DUE: TUESDAY, SEPTEMBER 16, 2025, AT 9:15 A.M., CENTRAL STANDARD TIME IN NEW BRAUNFELS, TEXAS
BID AWARD: TUESDAY, SEPTEMBER 16, 2025, AT 10:00 A.M., CENTRAL STANDARD TIME IN NEW BRAUNFELS, TEXAS

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

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USE OF INFORMATION IN OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, as amended and in effect on the date hereof, this document constitutes an Official Statement with respect to the Bonds that has been “deemed final” by the District as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this OFFICIAL STATEMENT, and, if given or made, such other information or representation must not be relied upon as having been authorized by the District.

This OFFICIAL STATEMENT is not to be used in an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

All of the summaries of the statutes, resolutions, contracts, audited financial statements, engineering and other related reports referenced or described in this OFFICIAL STATEMENT are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from the District, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this OFFICIAL STATEMENT for purposes of, and as that term is defined in, SEC Rule 15c2-12, as amended.

This OFFICIAL STATEMENT contains, in part, estimates, assumptions and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions or matters of opinion, or as to the likelihood that they will be realized. Any information and expressions of opinion herein contained are subject to change without notice and neither the delivery of this OFFICIAL STATEMENT nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described herein since the date hereof. However, the District has agreed to keep this OFFICIAL STATEMENT current by amendment or sticker to reflect material changes in the affairs of the District until the delivery of the Bonds to the Underwriter and thereafter only as described in “PREPARATION OF OFFICIAL STATEMENT—Updating the Official Statement.” The District has undertaken no other reporting obligations to purchasers of the Bonds except as described herein under “CONTINUING DISCLOSURE OF INFORMATION.”

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by _____ (the "Underwriter") bearing the interest rates shown on the cover page hereof, at a price of _____% of the par value thereof, which resulted in a net effective interest rate of _____%, as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended (the IBA Method).

Prices and Marketability

The prices and other terms with respect to the offering and sale of the Bonds may be changed from time to time by the Underwriter after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts. In connection with the offering of the Bonds, the Underwriter may over-allot or effect transactions which stabilize or maintain the market prices of the Bonds at levels above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Master District has no control over trading of the Bonds in the secondary market. Moreover, there is no guarantee that a secondary market will be made in the Bonds. In such a secondary market, the difference between the bid and asked price of utility district bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional municipal entities, as bonds of such entities are more generally bought, sold or traded in the secondary market.

Securities Laws

No registration statement relating to the offer and sale of the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The Master District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any other jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdiction.

OFFICIAL STATEMENT SUMMARY

The following is a brief summary of certain information contained herein which is qualified in its entirety by the detailed information appearing elsewhere in this OFFICIAL STATEMENT. The summary should not be detached and should be used in conjunction with more complete information contained herein. A full review should be made of the entire OFFICIAL STATEMENT and of the documents summarized or described therein.

THE MASTER DISTRICT

Description Comal County Master Water Improvement District (the “Master District” or the “District”) is a political subdivision of the State of Texas, created pursuant to an Order Dividing Comal County Water Improvement District No. 1 (the “Original District”), Establishing Terms of Division, Creating the Master District, Comal County Water Improvement District No. 1A (“WID 1A”), and Comal County Water Improvement District No. 1B (“WID 1B”), and Appointing Directors, dated August 11, 2017, in accordance with and pursuant to Senate Bill 2464, 81st Texas Legislature, Regular Session, codified at Chapter 9038, Texas Special District Local Laws Code (the “Act”), effective June 19, 2009, creating the Original District, as a conservation and reclamation district created under and essential to accomplish the purposes of Article III, Section 52, and Article XVI, Section 59, of the Texas Constitution, and operates pursuant to Chapters 49 and 51 of the Texas Water Code, as amended. The District encompasses approximately 274 acres of land. The Master District serves as a provider of the regional water delivery facilities, the regional wastewater collection facilities and the regional drainage and detention facilities (collectively, the “Master District Facilities”) to the approximate 2,445 acre service area (the “Service Area”), which includes the following seven (7) water improvement districts: The District, WID 1A, WID 1B, Comal County Water Improvement District No. 1C (“WID 1C”), Comal County Water Improvement District No. 1D (“WID 1D”), Comal County Water Improvement District No. 1E (“WID 1E”), and Comal County Water Improvement District No. 1F (“WID 1F”) (collectively, the “Districts” or “WIDs”). Each of the WIDs in the Service Area have executed a Contract for the Financing, Operation, and Maintenance of Regional Water, Sanitary Sewer, and Drainage Facilities (the “Master District Contract”) with the Master District. The First Amendment to each Master District Contract allows the Master District to designate participants in a manner consistent with the start of development and initial levy of the Contract Tax (as defined herein). Currently, WID 1A, WID 1D and WID 1F are all “Participants.” Development has recently begun in WID 1B; and WID 1C and WID 1E are currently undeveloped. All are expected to become participants in the future; however the Master District cannot determine a date at this time when either WID 1C, WID 1B or WID 1E will become a participant. The approximately 274 acres of land in the District are undevelopable and will remain undeveloped, consequently, it is not currently anticipated that the District will, or have cause to, enter into the Master District Contract as a participant. See “MASTER DISTRICT CONTRACT,” “THE PARTICIPANTS,” and “THE DISTRICT AND SERVICE AREA.”

Location The Service Area is located approximately 33 miles northeast of San Antonio, Texas and within the extraterritorial jurisdiction of the City of New Braunfels and within the New Braunfels Independent School District. The Service Area is located off of Loop 337, which begins and ends at Interstate Highway 35, and has access to State Highway 46 via Hueco Springs Loop Road. See “THE DISTRICT AND SERVICE AREA” and “AERIAL LOCATION MAP.”

Veramendi The WIDs in the Service Area are being developed and marketed as Veramendi, a master-planned community currently planned to encompass the entire approximately 2,445 acre Service Area at full development. See “VERAMENDI,” “THE DISTRICT AND SERVICE AREA” and “THE DEVELOPER.”

Developer Word-Borchers Ranch Real Estate Limited Partnership, a Texas limited partnership (the “Landowner”), initially owned all of the approximately 2,445 acres within the Veramendi project boundaries. The Landowner currently owns approximately 727 acres of undeveloped land within the Veramendi project boundaries. The Landowner is a landholding company and does not participate in any type of development.

The developer, Veramendi Development Company, LLC, a Texas limited liability company, (“VDCo”) has an exclusive option to purchase, via VDCo Affiliates (defined below), all of the land within the Veramendi project boundaries from the Landowner. The current VDCo Affiliates are Veramendi PE-Adelaide LLC, Veramendi PE-Brisbane LLC, Veramendi PE-Cairns LLC, Veramendi PE-Darwin LLC, Veramendi PE-Fremantle LLC, Veramendi PE-Emerald, LLC, and Veramendi PE-Gold Coast, LLC. To date, VDCo or VDCo Affiliates have purchased approximately 1,718 acres in the Veramendi project boundaries from the Landowner. VDCo and each of the VDCo Affiliates (collectively the “Developer”) is owned equally by ASA Properties LLC, a Texas limited liability company and Word Borchers Investor Partner Ltd., a Texas limited partnership. ASA Properties LLC is the sole manager of VDCo and Peter James is the President of ASA Properties LLC. See “THE DEVELOPER.”

Status of DevelopmentThe WIDs in the Service Area are being developed as the master-planned community of Veramendi. Development activity within the Service Area is currently taking place within WID 1A, WID 1B, WID 1D and WID 1F. The current single-family residential development within Veramendi consists of 1,007 single-family residential lots on approximately 318 acres in WID 1A, 107 single-family residential lots on approximately 30 acres in WID 1D and 176 single-family residential lots developed as an active adult/retirement community with home ownership restricted to purchasers age 55 or older on approximately 55 acres in WID 1F. According to the Developer, new homes within the Service Area range in price from approximately \$370,000 to over \$900,000. As of August 1, 2025, 960 homes were complete and occupied, 164 homes were under construction or in a builder's name and 166 developed lots were available for home construction. There are an additional 39 single-family residential lots on approximately 17 acres under construction in WID 1A, 277 single-family residential lots are under construction on approximately 91 acres in WID 1D, and 92 single-family residential lots are under construction on approximately 24 acres in WID 1F.

In addition, in WID 1A trunk utilities have been constructed for (a) approximately 15 acres for multi-family residential use where a 350 unit apartment community is currently under construction with an expected completion date in the third quarter of 2025, and (b) approximately 78 acres of commercial tracts, where two approximately 6,400 square foot office buildings on approximately one acre are complete and occupied, an approximately 10,500 square foot daycare facility on one acre is completed and occupied, a 231 unit independent living facility on approximately 11 acres is under construction with completion expected in the first quarter of 2026 and approximately 65 acres that remain vacant of taxable improvements. Oakwood Baptist Church owns approximately 12 acres within WID 1A and Veramendi Elementary School has been constructed by the New Braunfels Independent School District on approximately 16 acres within WID 1A, both of which are exempt from ad valorem taxation. Additionally, approximately 13 acres within WID 1B have been developed for multi-family residential use consisting of a 324 unit apartment community. Approximately 1,283 developable acres in the Service Area have not been provided with water distribution, wastewater collection and drainage facilities and approximately 493 acres are not developable. See "RISK FACTORS—Undeveloped Acreage and Vacant Lots" and "THE DISTRICT AND SERVICE AREA—Land Use" and "—Status of Development."

HomebuildersBrightland Homes, Pulte Homes, Scott Felder Homes, Perry Homes, Coventry Homes, and Highland Homes are currently building homes within the Service Area and are collectively referred to herein as the "Builders." See "THE DEVELOPER—Homebuilding."

Master District

FacilitiesThe Master District, in its capacity as the provider of the regional water delivery and distribution facilities, the regional wastewater collection and disposal facilities and the regional drainage and detention facilities (hereinafter collectively referred to as the "Master District Facilities"), has contracted with and designated each of the Participants to construct the Master District Facilities. See "RISK FACTORS—Possible Impact on Contract Tax Rate" and "—Debt Burden on Property within the Participants," and "THE SYSTEM."

The Master District designed, constructed, and owns the Master District Facilities. Each Participant owns and operates the internal utilities within its boundaries. See "MASTER DISTRICT CONTRACT."

TaxationThe tax rate for each Participant and any future participant consists or will consist of the Contract Tax, as defined herein (see "MASTER DISTRICT CONTRACT"), together with the debt service tax necessary for the payment of direct debt, if applicable, of each Participant and maintenance and operation of each Participant's internal water, wastewater and drainage system. WID 1A has issued a total of \$55,350,000 principal amount of unlimited tax bonds and unlimited tax road bonds, of which \$53,190,000 principal amount is currently outstanding. WID 1D has \$6,255,000 principal amount of unlimited tax bonds and unlimited tax road bonds outstanding, including \$3,020,000 principal amount of unlimited tax bonds expected to be issued on September 25, 2025. WID 1F expects to issue \$3,800,000 principal amount of unlimited tax road bonds in the fourth quarter of 2025. WID 1A levied a 2024 total tax rate of \$0.79 per \$100 taxable assessed valuation, of which \$0.63 is allocated to debt service, \$0.05 is allocated to maintenance and operations and \$0.11 is allocated to contract tax. WID 1A has not authorized publication of its 2025 tax rate as of the date hereof. WID 1D has authorized publication of its intent to levy a total tax rate of \$0.850 per \$100 taxable assessed valuation for 2025 and expects to adopt such rate in September 2025 with \$0.200 allocated to debt service, \$0.535 allocated to maintenance and operations and \$0.115 allocated to contract tax. WID 1F has authorized publication of its intent to levy a total tax rate of \$0.85 per \$100 taxable assessed valuation for 2025 and expects to adopt such rate in September 2025 with \$0.73 allocated to maintenance and operations and \$0.12 allocated to contract tax. See "RISK FACTORS—Possible Impact on Contract Tax Rate" and "—Debt Burden on Property within the Participant."

Payment History The Bonds are the Master District’s third issuance of Contract Revenue Bonds (as defined herein). The Master District has issued \$10,000,000 principal amount of Contract Revenue Bonds in two series, all of which is outstanding (the “Outstanding Bonds”). The Master District capitalized twenty-four (24) months of interest in May 2024, twelve (12) months of interest in December 2024, and twelve (12) months of interest will be capitalized from Bonds proceeds, of which an amount that will produce one-half of the maximum annual debt service requirement will be deposited in the Contract Revenue Reserve Fund and the balance will be deposited in the Contract Revenue Debt Service Fund. The District has never defaulted on its debt obligations. See “USE AND DISTRIBUTION OF BOND PROCEEDS,” “FINANCIAL INFORMATION CONCERNING THE MASTER DISTRICT AND THE PARTICIPANTS (UNAUDITED)” and “INDENTURE OF TRUST.”

THE BONDS

Description Comal County Master Water Improvement District Contract Revenue Bonds, Series 2025 (the “Bonds”) are being issued in the aggregate principal amount of \$2,750,000. The Bonds are dated October 1, 2025. Interest accrues from the Date of Delivery and is payable each June 1 and December 1, beginning June 1, 2026, at the rates per annum set forth on the cover page hereof. The Bonds are being issued as serial bonds maturing on December 1 in each of the years 2027 through 2051, both inclusive. The Bonds will be issued in fully registered form only, in denominations of \$5,000 or any integral multiple of \$5,000.

Book-Entry-Only..... The Depository Trust Company (defined as “DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds and will be deposited with DTC. See “BOOK-ENTRY-ONLY SYSTEM.”

Redemption Bonds maturing on or after December 1, 2032 are subject to redemption at the option of the District prior to their maturity dates on December 1, 2031, or on any date thereafter at a price of par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. See “THE BONDS—Redemption Provisions.”

Use of Proceeds Proceeds of the Bonds will be used to pay for the construction related items shown herein under “USE AND DISTRIBUTION OF BOND PROCEEDS.” In addition, proceeds of the Bonds will be used to capitalize twelve (12) months of interest on the Bonds, a portion of which will be deposited in the Contract Revenue Reserve Fund in an amount that will produce one-half of the maximum annual debt service requirement and the balance of which will be deposited in the Contract Revenue Debt Service Fund; to pay interest on funds advanced by the Developer on behalf of the District; and to pay administrative costs and certain other costs and engineering fees related to the issuance of the Bonds. See “USE AND DISTRIBUTION OF BOND PROCEEDS” and “THE SYSTEM.”

Authority for Issuance..... The Bonds are the third series of bonds issued by the Master District pursuant to the Master District Contract for the purpose of constructing and acquiring all Master District Facilities. The Master District is authorized by the Master District Contract to issue contract revenue bonds in an amount not to exceed \$85,000,000 principal amount for the purpose of constructing and acquiring all Master District Facilities necessary to provide service to the Service Area and for refunding such bonds. Any additional Contract Revenue Bonds issued by the Master District will be on parity with the Bonds.

The Bonds are issued pursuant to the terms and conditions of Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 51 of the Texas Water Code, as amended, the general laws of the State of Texas, the Indenture (as defined herein), a resolution authorizing the issuance of the Bonds (the “Bond Resolution”), the terms and conditions of the Master District Contract, and an order of the TCEQ. See “THE BONDS—Authority for Issuance,” and “—Issuance of Additional Debt” and “RISK FACTORS—Future Debt.”

Source and Security of Payment Principal of and interest on the Bonds and the Outstanding Bonds are payable from and secured by unconditional obligations of the Participants to make certain Contract Payments (as herein defined) pursuant to each Master District Contract. By execution of the Master District Contract and designation by the Master District, each Participant has agreed to pay a pro rata share of debt service on the Bonds (the “Contract Payments”). The Contract Payments are based upon the Certified Appraised Valuation (which includes value associated with any optional exemptions that are granted by the Participants and the market value of any land value deferred for agricultural use) of each Participant as a percentage of the total Certified Appraised Valuation of all Participants. Each Participant is obligated to make such payments from the proceeds of an annual

unlimited ad valorem tax levied by such Participant for such purpose on all taxable land within its boundaries (the “Contract Tax”), or from any other lawful source of revenue. No Participant is liable for the payments owed by any other Participant; however, failure of any Participant to make its Contract Payments could result in an increase in the total amount of the Contract Payments and the amount paid by each of the other Participants in a subsequent year or during the time such Participant’s payment is delinquent. The Bonds are obligations of the Master District and are not obligations of the State of Texas, Comal County, the City of New Braunfels, any of the Participants, or any entity other than the Master District. See “MASTER DISTRICT CONTRACT,” “THE BONDS—Source and Security of Payment,” and “—Unconditional Obligation to Pay.”

Indenture of Trust The Bonds are further secured by an Indenture of Trust executed on or before the date of sale of the Bonds (the “Indenture”) by and between the Master District and The Bank of New York Mellon Trust Company, N.A., Houston, Texas, as trustee (the “Trustee”). Pursuant to the Indenture, the Master District has assigned to the Trustee for the benefit of the owners of the Bonds and any additional Contract Revenue Bonds, including contract revenue refunding bonds, issued by the Master District under the terms of the Indenture (collectively, the “Contract Revenue Bonds”) all of the Master District’s right, title and interest in and to the Contract Payments under the Master District Contract and has assigned to the Trustee the right to assert and enforce all of the Master District’s rights and remedies under the Master District Contract in the event of a default. Under the Indenture, the Trustee will maintain a Contract Revenue Reserve Fund to be used to pay principal of and interest on the Contract Revenue Bonds, if sufficient funds are not available for such purpose in the Contract Revenue Debt Service Fund. The reserve requirement for the Contract Revenue Reserve Fund has been established in the Bond Resolution to be a sum of money equal to one-half of the maximum annual debt service requirements on the Outstanding Contract Revenue Bonds, including the Bonds (the “Reserve Requirement”). Any funds in excess of the Reserve Requirement held in the Contract Revenue Reserve Fund for the Contract Revenue Bonds may be deposited into the Contract Revenue Debt Service Fund as directed by the Master District’s Board of Directors. See “THE BONDS—Funds” and “THE INDENTURE OF TRUST.”

Municipal Bond Rating and Municipal Bond Insurance The District has not applied for an investment grade rating nor is it expected that the District would have been successful if application had been made. The District has submitted applications to various municipal bond insurers for a contract for municipal bond insurance on the Bonds. The purchase of such insurance is at the Underwriter’s option and expense. See “RISK FACTORS—Risk Factors Related to the Purchase of Municipal Bond Insurance” and “MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE.”

Qualified Tax-Exempt Obligations..... The Bonds will be designated as “qualified tax-exempt obligations” within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended. See “TAX MATTERS—Qualified Tax-Exempt Obligations.”

Bond Counsel Allen Boone Humphries Robinson LLP, Bond Counsel, Houston, Texas. See “LEGAL MATTERS” and “TAX MATTERS.”

Disclosure Counsel McCall, Parkhurst & Horton L.L.P., Houston, Texas.

Financial Advisor Masterson Advisors LLC, Houston, Texas.

Trustee The Bank of New York Mellon Trust Company, N.A., Houston, Texas. See “THE INDENTURE OF TRUST.”

Paying Agent/Registrar..... The Bank of New York Mellon Trust Company, N.A., Houston, Texas.

THE MASTER DISTRICT CONTRACT

Participants..... To date, the Master District and WID 1A and WID 1B have each executed a Contract for the Financing, Operation, and Maintenance of Regional Water, Sanitary Sewer, and Drainage Facilities (the “Master District Contract”). WID 1B partially assigned, and each of WID 1C, WID 1D, WID 1E and WID 1F assumed all right, title, interest, duty and obligation in, to and under the Master District Contract. The First Amendment to the Master District Contract allows the Master District to designate participants in a manner consistent with the start of development and initial levy of the Contract Tax (as defined herein). Currently, WID 1A, WID 1D and WID 1F are all “Participants.” Development has recently begun in WID 1B WID 1C and WID 1E are currently undeveloped. WID 1B, 1C and 1F are expected to become participants in the future, however the Master District cannot determine a date at this time when any of WID 1B, WID 1C or WID 1E will become a participant. The approximately 274 acres of land in the District is undevelopable and it is not currently expected that the District will enter into the Master District Contract as a participant or become a participant in the future. Each Participant is a water improvement district organized and operating pursuant to Article XVI, Section 59 of the Constitution of Texas, Chapters 49 and 51, Texas Water Code, as amended, to provide water supply and distribution, wastewater collection and treatment, storm drainage, and road services to the area within its boundaries. See “MASTER DISTRICT CONTRACT,” “THE PARTICIPANTS” and “APPENDIX A.”

Debt Service Payments The Master District Contract provides that each Participant shall pay a pro rata share of debt service on the Bonds and the Outstanding Bonds based upon each Participant’s Certified Appraised Valuation as a percentage of the Certified Appraised Valuation of all the Participants, calculated annually. Each Participant is obligated to pay its pro rata share of the annual debt service payments from the Contract Tax, without legal limit as to rate or amount, or from any other legally available funds. The Contract Payment may be calculated to include the charges and expenses of paying agents, registrars and trustees utilized in connection with the Bonds and the Outstanding Bonds, the principal, interest and redemption requirements of the Bonds and all amounts required to establish and maintain funds established under the Bond Resolution or Indenture. Each Participant’s Contract Payment will be calculated annually by the Master District; however, the levy of a Contract Tax or the provisions of other funds to make its contract payments is the sole responsibility of each Participant. See “MASTER DISTRICT CONTRACT,” “THE BONDS—Source and Security of Payment” and “—Funds.” Each Participant is obligated severally, but not jointly, to make Contract Payments to the Master District. No Participant is obligated, contingently or otherwise, to make any Contract Payments owed by any other Participant, however, lack of payment, as required by the Master District Contract, by any Participant, could result in an increase in the Contract Payment amount paid by each of the other Participants in a subsequent year or during the time that such Participant’s payment is delinquent.

Water and Wastewater New Braunfels Utilities (“NBU”) provides retail water supply and wastewater treatment services to the Service Area through Master District Facilities and will maintain and operate the internal distribution facilities in each WID. See “WATER, WASTEWATER AND DRAINAGE—Utility Agreement Between the District and the City of New Braunfels” and “—Water Supply and Wastewater Treatment.”

RISK FACTORS

The purchase and ownership of the Bonds are subject to special RISK FACTORS and all prospective purchasers are urged to examine carefully this entire Official Statement with respect to the investment security of the Bonds, particularly the section captioned “RISK FACTORS.”

SELECTED FINANCIAL INFORMATION (UNAUDITED)

Appraised Valuations of the Participants:

Participant	Participant Valuation (a)				
	2022 Certified Appraised Valuation (b)	2023 Certified Appraised Valuation (b)	2024 Certified Appraised Valuation (b)	2025 Appraised Valuation (b)	Estimated Appraised Valuation as of 3/15/25 (c)
WID 1A	\$ 225,527,040	\$ 368,232,993	\$ 401,185,130	\$ 511,187,171	\$ 521,225,767
WID 1D	22,541,189	61,596,540	66,583,078	91,457,310	114,917,669
WID 1F	5,056,907	4,879,513	5,725,411	22,507,951	22,507,951
Total	\$ 253,125,136	\$ 434,709,046	\$ 473,493,619	\$ 625,152,432	\$ 658,651,387

Contract Revenue Bonds of the Master District

Direct Debt (Including the Bonds and Outstanding Bonds).....	\$ 12,750,000
Estimated Overlapping Debt.....	<u>98,676,801</u> (d)
Total Direct and Overlapping Debt.....	\$111,426,801

Direct Debt as a % of

2025 Appraised Valuation.....	2.04%
Estimated Appraised Valuation as of March 15, 2025	1.94%

Direct Debt and Estimated Overlapping Debt as a % of

2025 Appraised Valuation.....	17.82%
Estimated Appraised Valuation as of March 15, 2025	16.92%

Participants' Appraised Valuation as a % of the Service Area (a):

Participant	2024 Appraised Valuation (b)	% of 2024 Appraised Valuation	2025 Appraised Valuation (b)	% of 2025 Appraised Valuation	Estimated Appraised Valuation as of 3/15/2025 (c)	% of Estimated Appraised Valuation as of 3/15/2025
WID 1A	\$ 401,185,130	84.73%	\$511,187,171	81.77%	\$ 521,225,767	79.14%
WID 1D	66,583,078	14.06%	91,457,310	14.63%	114,917,669	17.45%
WID 1F	5,725,411	1.21%	22,507,951	3.60%	22,507,951	3.42%
	\$ 473,493,619	100.00%	\$625,152,432	100.00%	\$ 658,651,387	100.00%

- (a) Appraised value includes value associated with any optional exemption that a Participant may grant under Texas law and the market value deferred as a result of agricultural use.
- (b) As certified by the Comal Appraisal District (the "Appraisal District") for 2022 through 2024. For 2025, the Appraisal District has certified \$558,233,359 of appraised value in the boundaries of the Participants. There is also appraised value in the boundaries of the Participants that remains uncertified, subject to review and downward revision prior to certification in the amount of \$66,919,073. For purposes of this OFFICIAL STATEMENT, the 2025 Appraised Valuation represents the certified appraised valuation plus the uncertified appraised valuation. No tax will be levied on the uncertified value until it is certified. See "APPENDIX A" for information on each Participant's certified and uncertified value.
- (c) Increases in the Service Area appraised value that occur between January 1, 2025 and March 15, 2025, will be appraised for purposes of taxation on January 1, 2026. No tax will be levied on such amount until it is certified in the fall of 2026. See "TAXING PROCEDURES."
- (d) See "FINANCIAL INFORMATION CONCERNING THE MASTER DISTRICT AND THE PARTICIPANTS (UNAUDITED)—Estimated Overlapping Debt."

Status of Residential Development as of August 1, 2025 (a):

District	Acreage	Total Developed Lots	Occupied Homes	Homes Under Construction or in Builders' Name	Vacant Developed Lots	Lots Under Construction
WID 1A	488	1,007	864	107	36	39
WID 1D	398	107	93	13	1	277
WID 1F	219	176	3	44	129	92
Total	1,105	1,290	960	164	166	408

Estimated Population 3,360 (b)

Master District Debt Service Funds Available:

Contract Revenue Reserve Fund Balance as of August 12, 2025.....	\$342,289
Contract Revenue Reserve Fund Deposit from Bond Proceeds (estimated).....	84,733 (c)
Total Reserve Funds Available.....	\$427,022
Contract Revenue Debt Service Fund Balance as of August 12, 2025.....	\$289,826
Capitalized Interest from Bond Proceeds (Twelve Months).....	52,767 (c)
Total Funds Available for Debt Service.....	\$342,593

Master District Operating Funds Available as of August 12, 2025	\$ 30,478 (d)
Master District Capital Projects Funds Available as of August 12, 2025	\$513,380

Debt Service Requirements (includes the Bonds and the Outstanding Bonds):

Maximum Annual Debt Service Requirement (2037)	\$854,044 (e)
Average Annual Debt Service Requirement (2026-2051)	\$821,036 (e)

Tax Rates of the Participants:

Participant	Anticipated (f)			Participant Total Tax Rate
	2025 Debt Service Tax	2025 Maintenance Tax	2025 Contract Tax (g)	
WID 1A	\$ 0.630	\$ 0.050	\$ 0.110	\$ 0.790
WID 1D	0.200	0.535	0.115	0.850
WID 1F	-	0.730	0.120	0.850

(a) See "THE DISTRICT AND SERVICE AREA."

(b) Based upon 3.5 persons per occupied single-family residence.

(c) The District will capitalize twelve (12) months of interest on the Bonds, of which an amount that will produce one-half of maximum annual debt service requirement ("MADS") will be deposited into the Contract Revenue Reserve Fund and the balance of which will be deposited into the Contract Revenue Debt Service Fund. The amounts shown above are based on an estimated interest rate of 5.00%. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

(d) See "RISK FACTORS—Operational Expenses."

(e) Each Participant is obligated to pay a pro rata share of debt service on the Contract Revenue Bonds, including the Bonds, by the dates specified in the Master District Contract. See "MASTER DISTRICT CONTRACT" and "—Unconditional Obligation to Pay" and "THE INDENTURE OF TRUST."

(f) WID 1A levied a 2024 total tax rate of \$0.79 per \$100 taxable assessed valuation, of which \$0.63 is allocated to debt service, \$0.05 is allocated to maintenance and operations and \$0.11 is allocated to contract tax. WID 1A has not authorized publication of its 2025 tax rate as of the date hereof. WID 1D has authorized publication of its intent to levy a total tax rate of \$0.850 per \$100 taxable assessed valuation for 2025 and expects to adopt such rate in September 2025 with \$0.200 allocated to debt service, \$0.535 allocated to maintenance and operations and \$0.115 allocated to contract tax. WID 1F has authorized publication of its intent to levy a total tax rate of \$0.85 per \$100 taxable assessed valuation for 2025 and expects to adopt such rate in September 2025 with \$0.73 allocated to maintenance and operations and \$0.12 allocated to contract tax. See "RISK FACTORS—Possible Impact on Contract Tax Rate" and "—Debt Burden on Property within the Participant." See "RISK FACTORS—Operational Expenses" and "APPENDIX A."

(g) See "MASTER DISTRICT CONTRACT."

PRELIMINARY OFFICIAL STATEMENT

\$2,750,000

COMAL COUNTY MASTER WATER IMPROVEMENT DISTRICT (A political subdivision of the State of Texas located within Comal County)

CONTRACT REVENUE BONDS SERIES 2025

This OFFICIAL STATEMENT provides certain information in connection with the issuance by Comal County Master Water Improvement District (the “Master District” or the “District”) of its \$2,750,000 Contract Revenue Bonds, Series 2025 (the “Bonds”).

The Bonds are issued pursuant to the Contract for Financing, Operation, and Maintenance of Regional Water, Sanitary Sewer, and Drainage Facilities, as amended (the “Master District Contract”) between the Master District and each of the Participants (as defined herein); Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 51 of the Texas Water Code, as amended; the general laws of the State of Texas; an order of the Texas Commission on Environmental Quality (the “TCEQ”); a resolution authorizing the issuance of the Bonds (the “Bond Resolution”) adopted by the Board of Directors of the Master District (the “Board”); and an Indenture of Trust executed on or before the date of sale of the Bonds (the “Indenture”), by and between the Master District and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”).

This OFFICIAL STATEMENT includes descriptions, among others, of the Bonds, the Bond Resolution, certain other information about the District, Comal County Water Improvement District No. 1A (“WID 1A”), Comal County Water Improvement District No. 1B (“WID 1B”), Comal County Water Improvement District No. 1C (“WID 1C”), Comal County Water Improvement District No. 1D (“WID 1D”), Comal County Water Improvement District No. 1E (“WID 1E”), and Comal County Water Improvement District No. 1F (“WID 1F”) (collectively, together with the Master District, the “Districts”), all of which are located within an approximate 2,445 acre service area (the “Service Area”) being provided with or to be provided with regional water supply and delivery facilities, the regional wastewater collection facilities and the regional drainage and detention facilities (the “Master District Facilities”) constructed by the Master District and Veramendi Development Company, LLC, a Texas limited liability company and its affiliates (the “Developer”). All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents referenced herein may be obtained from the District, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

MASTER DISTRICT CONTRACT

The Master District and WID 1A and WID 1B have each executed the Master District Contract on February 14, 2020, and WID 1B partially assigned, and each of WID 1C, WID 1D, WID 1E and WID 1F assumed all right, title, interest, duty and obligation in, to and under the Master District Contract and each of the Districts has obtained approval of the Master District Contract from voters at an election held within each Districts’ respective boundaries. See “THE BONDS—Authority for Issuance.” The Master District Contract was amended to allow the Master District to designate Districts as “Participants” under the Master District Contract, irrevocably obligating the designated Participants to unconditionally levy a Contract Tax (as defined herein) on all taxable property within their boundaries and pay all obligations under the Master District Contract.

Currently, WID 1A, WID 1D and WID 1F have been designated as the “Participants” by the Master District, based on active development within their boundaries, receipt of services provided by Master District Facilities, and in accordance with the terms of the Master District Contract. While active development has been recently initiated in WID 1B, the Master District does not expect to designate WID 1B as a Participant under the Master District Contract at this time. WID 1C and WID 1E are currently undeveloped. WID 1B, 1C and 1E are expected to be designated by the Master District as “Participants” under the Master District Contract in the future, however the Master District cannot determine a date at this time when any of WID 1B, WID 1C or WID 1E will become a Participant under the Master District Contract. Approximately 274 acres of land in the Master District’s boundaries is undevelopable. Consequently, the Master District is not currently expected to ever become a Participant under the Master District Contract.

The Bonds and additional Contract Revenue Bonds issued by the Master District pursuant to the Indenture are referred to as “Contract Revenue Bonds.” The Master District Contract provides that, once designated, each Participant shall pay a pro rata share of debt service on the Contract Revenue Bonds based upon each Participant’s Certified Appraised Valuation as a percentage of the Certified Appraised Valuation of all the Participants, calculated annually (the “Contract Payments”). Each Participant is obligated to pay its pro rata share of the annual debt service payments from the proceeds of annual ad valorem tax without legal limit as to rate or amount (the “Contract Tax”), including the revenues from any other legally available funds. The Contract Tax will consist of a tax for the payment of debt service on the Contract Revenue Bonds. The Contract Payments may be calculated to include the charges and expenses of paying agents, registrars and trustees utilized in connection with the Contract Revenue Bonds, the principal, interest and redemption requirements of the Contract Revenue Bonds and all amounts required to establish and maintain funds established under the applicable bond resolution or indenture of trust. See “THE INDENTURE OF TRUST.” Contract Payments will be calculated annually by the Master District; however, the levy of a Contract Tax or the provisions of any other funds to make its contract payments is the sole responsibility of each Participant.

The Master District Contract also provides for operation and maintenance expenses for facilities constructed pursuant to the Master District Contract; duties of the parties; establishment and maintenance of funds; assignment; arbitration; amendments; force majeure; insurance; and other provisions. The Developer on behalf of the Master District constructed and the Master District operates the regional stormwater facility known as Bleiders Creek Dam and other regional drainage and detention facilities serving the Service Area. The regional water and sanitary sewer facilities constructed by the Master District pursuant to the Master District Contract have been or are anticipated to be conveyed to New Braunfels Utilities (“NBU”) upon completion and acceptance by NBU. After completion and acceptance of the regional water supply and distribution facilities and wastewater collection facilities, NBU will own, operate, and maintain such regional facilities as the retail provider of water and wastewater treatment service to residents living in the Service Area, including those residents living in the Participants, pursuant to the Utility Agreement. Any internal facilities not constructed pursuant to the Master District Contract are expected to be financed with unlimited tax bonds sold by each of the Participants.

It is anticipated that the Master District Facilities will be constructed in stages to meet the needs of the Service Area. In the event that the Master District fails to meet its obligations to provide Master District Facilities as required by the Service Area, each Participant has the right pursuant to the Master District Contract to design, acquire, construct, or expand the Master District Facilities needed to provide it with service, and convey such Master District Facilities to the Master District (or to NBU, as applicable) in consideration of payment by the Master District of the actual and reasonable necessary capital costs expended by it for such Master District Facilities.

Each Participant is further obligated to pay monthly charges to the Master District for services rendered pursuant to the Master District Contract. The monthly charges to be paid by each Participant to the Master District will be used to pay its share of operation and maintenance expenses, to provide for an operation and maintenance reserve equivalent to three (3) months of operation and maintenance expenses, and to pay debt service requirements on the Contract Revenue Bonds, as necessary. Each Participant’s share of operation and maintenance expenses and reserve requirements is based upon a “unit cost” of operation and maintenance expense, reserve requirements, and debt service requirements, if any, calculated by the Master District and expressed in terms of “cost per equivalent single-family residential connection.” The Master District intends to prepare a budget no later than forty-five days prior to the end of its fiscal year, June 30, showing all of the anticipated foregoing expenses and bill each Participant’s share. The Master District anticipates the funding of the operation and maintenance expenses reserve to be funded monthly, with the Master District billing the Participants at a rate equal to one hundred fifty percent (150%) of the Participant’s share of budgeted monthly charges until such a time the Master District’s reserve requirements have been fully funded. Each Participant’s monthly payment to the Master District for operation and maintenance expenses will be calculated by multiplying the number of equivalent single-family residential connections reserved to it on the first day of the previous month by unit cost per equivalent single-family residential connection. The Master District assesses to each Participant its monthly charge following the adoption of the Master District budget at the beginning of each budget period, beginning June 30, 2024, and following the deemed approval of each Participant. Pursuant to the Master District Contract each Participant is obligated to establish and maintain rates, fees, and charges, together with taxes levied and funds received from other lawful sources, sufficient at all times to pay the monthly charges assessed by the Master District to each Participant. The Master District does not expect that revenues from the Participants’ monthly charges will ever be sufficient to pay a significant portion of Contract Payments for application to debt service on the Contract Revenue Bonds, including the Bonds.

Pursuant to the Master District Contract each Participant is obligated to levy and annually assess and collect a continuing, direct ad valorem tax on all taxable property within the boundaries of the Participant to make timely payment to the Master District of all charges required under the Master Contract, including such amounts sufficient at all times to pay operation and maintenance charges of the Master District, and to pay the Participant’s pro rata share of the funds needed by the Master District to pay debt service requirements on the Master District’s Contract Revenue Bonds issued pursuant to the Master Contract. All sums payable by each Participant to the Master District pursuant to the Master District Contract are to be paid by such Participants without set off, counterclaim, abatement, suspension or diminution and the Master District Contract shall not terminate, nor shall the Participants have any right to terminate the Master District Contract nor be entitled to the abatement of any such payment or any reduction thereof nor shall the obligations of the Participants under the Master District Contract be otherwise affected for any reason. See “THE BONDS—Source and Security of Payment” and “—Unconditional Obligation to Pay.”

The Master District Contract obligates the Master District to provide notices to the Participants (and other Districts within the Service Area) of its intent to issue Contract Revenue Bonds. The Master District has timely provided such notices of its intent to issue the Bonds in accordance with the terms of the Master District Contract.

THE BONDS

Description

The Bonds will be dated October 1, 2025 and will accrue interest from the Date of Delivery with interest payable each June 1 and December 1, beginning June 1, 2026 (each an "Interest Payment Date"), and will mature on the dates and in the amounts and accrue interest at the rates shown on the cover page hereof. If the date for payment of the principal of or interest on any Bond is not a business day, then the date for such payment shall be the next succeeding business day, as defined in the Bond Resolution. Interest calculations are based on a 360-day year comprised of twelve 30-day months. The Bonds are issued in fully registered form, in denominations of \$5,000 or any integral multiple of \$5,000.

Method of Payment of Principal and Interest

In the Bond Resolution, the Board has appointed The Bank of New York Mellon Trust Company, N.A., Houston, Texas as the initial Paying Agent/Registrar for the Bonds. The principal of the Bonds shall be payable, without exchange or collection charges, in any coin or currency of the United States of America which, on the date of payment, is legal tender for the payment of debts due the United States of America. In the event the book-entry-only system is discontinued, principal of the Bonds shall be payable upon presentation and surrender of the Bonds as they respectively become due and payable, at the principal payment office of the Paying Agent/Registrar in Houston, Texas and interest on each Bond shall be payable by check payable on each Interest Payment Date, mailed by the Paying Agent/Registrar on or before each Interest Payment Date to the Registered Owner of record as of the close of business on the May 15 or November 15 immediately preceding each Interest Payment Date (defined herein as the "Record Date"), to the address of such Registered Owner as shown on the Paying Agent/Registrar's records (the "Register") or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and the Registered Owners at the risk and expense of the Registered Owners.

If the date for payment of the principal of or interest on any Bond is not a business day, then the date for such payment shall be the next succeeding business day, as defined in the Bond Resolution.

Source and Security of Payment

The Bonds are special obligations solely of the Master District and are not obligations of the State of Texas; Comal County, Texas; the City of New Braunfels, Texas; any of the Participants; or any entity other than the Master District and are payable solely from and to the extent of certain contract payments received by the Master District from the Participants for the purpose of paying the debt service on the Bonds pursuant to the requirements of the Master District Contract and Indenture. The Master District Contract provides that all Participants shall pay a pro rata share of debt service on any Contract Revenue Bonds issued by the Master District, including the Bonds, based upon each Participant's Certified Appraised Valuation as a percentage of the Certified Appraised Valuation in all Participants. The debt service requirements may be calculated to include the charges and expenses of paying agents, registrars and trustees utilized in connection with the Contract Revenue Bonds, the principal, interest and redemption requirements of the Contract Revenue Bonds and all amounts required to establish and maintain funds established under the Bond Resolution or the Indenture. Each Participant is obligated to pay its pro rata share of the annual debt service on the Contract Revenue Bonds, including the Bonds, from the Contract Tax, an annual ad valorem tax, which is not limited as to rate or amount, or from any other legally available funds of such Participant. Each Participant's pro rata share of debt service requirements will be calculated annually by the Master District; however, the levy of a Contract Tax for the purpose of paying debt service on the Contract Revenue Bonds is the sole responsibility of each Participant. The Bonds are obligations of the Master District and are not obligations of the State of Texas, Comal County, the City of New Braunfels, any of the Participants, or any entity other than the Master District. Contract Revenue Bonds, including the Bonds, are secured by the Indenture. Pursuant to the Indenture, the Master District has assigned to the Trustee all of the Master District's right, title and interest in and to the Contract Payments required by the Master District Contract. See "THE INDENTURE OF TRUST." No Participant is liable for the payments due by any other Participant; however, failure of any Participant to make its Contract Payments could result in an increase in the Contract Payments amount paid by each of the other Participants in a subsequent year or during the time that such Participant is delinquent. See "MASTER DISTRICT CONTRACT." The Master District shall calculate on or before September 1 of each year, or as soon thereafter as practical, the amount of Contract Payments due from each Participant in the following calendar year. The Contract Payments shall be billed to each Participant by the Master District on or before September 1, or as soon as practical, of the year prior to the year in which such Contract Payments become due, or as soon thereafter as practical. Such Contract Payments shall be due and payable from each Participant directly to the Trustee semiannually on or before March 1 and September 1 of each year.

Unconditional Obligation to Pay

All charges imposed by the Master District to pay debt service on the Bonds will be made by the Participants without set-off, counterclaim, abatement, suspension or diminution, nor will any Participant have any right to terminate the Master District Contract nor be entitled to the abatement of any such payment or any reduction thereof nor will the obligations of the Participants be otherwise affected for any reason, including without limitation acts or conditions of the Master District that might be considered failure of consideration, eviction or constructive eviction, destruction or damage to the Master District Facilities, failure of the Master District to perform and observe any agreement, whether expressed or implied, or any duty, liability or obligation arising out of or connected with the Master District Contract. All sums required to be paid by the Participants to the Master District for such purposes will continue to be payable in all events and the obligations of the Participants will continue unaffected, unless the requirement to pay is reduced or terminated pursuant to an express provision of the Master District Contract. If any Participant disputes the amount to be paid to the Master District, the Participant shall nonetheless promptly make payments as billed by the Master District, and if it is subsequently determined by agreement, arbitration, regulatory decision, or court decision that such disputed payment should have been less, the Master District will then make proper adjustments to all Participants so that the Participant will receive credit for its overpayments. See “MASTER DISTRICT CONTRACT.”

Funds

In the Bond Resolution, the Contract Revenue Debt Service Fund and the Contract Revenue Reserve Fund are confirmed, and the proceeds from Contract Payments collected for and on account of the Bonds authorized by the Bond Resolution shall be deposited, as collected, in such funds. See “INDENTURE OF TRUST.”

The District will capitalize twelve (12) months of interest on the Bonds, of which one-half of maximum annual debt service will be deposited into the Contract Revenue Reserve Fund to satisfy the Reserve Requirement associated with the Bonds. The remaining capitalized interest will be deposited into the Contract Revenue Debt Service Fund and the remaining proceeds of the Bonds shall be deposited into the Capital Projects Fund, to be used for the items shown herein under “USE AND DISTRIBUTION OF BOND PROCEEDS” including to pay Developer interest, and for paying the costs of issuance of the Bonds.

Redemption Provisions

The District reserves the right, at its option, to redeem the Bonds maturing on or after December 1, 2032, prior to their scheduled maturities, in whole or from time-to-time in part, in integral multiples of \$5,000 on December 1, 2031, or any date thereafter, at a price of par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption.

If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed will be selected by the District. If less than all the Bonds of a certain maturity are to be redeemed, the particular Bonds to be redeemed shall be selected by the Paying Agent/Registrar by lot or other random method (or by DTC in accordance with its procedures while the Bonds are in book-entry only form).

Notice of any redemption identifying the Bonds to be redeemed in whole or in part shall be given by the Paying Agent/Registrar at least thirty (30) days prior to the date fixed for redemption by sending written notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the register. Such notices shall state the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment and, if less than all the Bonds outstanding within any one maturity are to be redeemed, the numbers of the Bonds or the portions thereof to be redeemed. Any notice given shall be conclusively presumed to have been duly given, whether or not the Registered Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed, plus accrued interest to the date fixed for redemption. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Registered Owners to collect interest which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

Authority for Issuance

At an election held on May 2, 2020, the voters of the District approved the Master District Contract and the levy of a Contract Tax, at an election held on November 7, 2017, the voters of WID 1A approved the Master District Contract and the levy of a Contract Tax in support thereof, at an election held on May 1, 2021, the voters of WID 1B approved the Master District Contract and the levy of a Contract Tax in support thereof, at an election on November 2, 2021, the voters of WID 1C approved the Master District Contract and the levy of a Contract Tax in support thereof, at an election held on May 1, 2021, the voters of WID 1D approved the Master District Contract and the levy of a Contract Tax in support thereof, at an election on November 2, 2021, the voters of WID 1E approved the Master District Contract and the levy of a Contract Tax in support thereof, and at an election on May 1, 2021, the voters of WID 1F approved the Master District Contract and the levy of a Contract Tax in support thereof. The Master District Contract authorizes the Master District to issue up to \$85,000,000 principal amount of Contract Revenue Bonds for acquiring and construction of Master District Facilities and for refunding such bonds. See “Issuance of Additional Debt” below and “MASTER DISTRICT CONTRACT.”

The Bonds are issued by the District pursuant to the Indenture, the Master District Contract, the terms and conditions of the Bond Resolution, Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 51 of the Texas Water Code, as amended, the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas and an order of the TCEQ.

Before the Bonds can be delivered, the Attorney General of Texas must pass upon the legality of certain matters. The Attorney General of Texas does not guarantee or pass upon the safety of the Bonds as an investment or upon the adequacy of the information contained in this OFFICIAL STATEMENT.

No Arbitrage

The District will certify as of the date the Bonds are delivered and paid for that, based upon all facts and estimates now known or reasonably expected to be in existence on the date the Bonds are delivered and paid for, the District reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds, or any portion of the Bonds, to be "arbitrage bonds" under the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations prescribed thereunder. Furthermore, all officers, employees, and agents of the District have been authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the District as of the date the Bonds are delivered and paid for. In particular, all or any officers of the District are authorized to certify to the facts and circumstances and reasonable expectations of the District on the date the Bonds are delivered and paid for regarding the amount and use of the proceeds of the Bonds. Moreover, the District covenants in the Bond Resolution that it shall make such use of the proceeds of the Bonds, regulate investment of proceeds of the Bonds, and take such other and further actions and follow such procedures, including, without limitation, calculating the yield on the Bonds, as may be required so that the Bonds shall not become "arbitrage bonds" under the Code and the regulations prescribed from time to time thereunder.

Registration and Transfer

So long as any Bonds remain outstanding, the Paying Agent/Registrar shall keep the Register at its principal payment office and, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of the Bond Resolution. While the Bonds are in the Book-Entry-Only System, the Bonds will be registered in the name of Cede & Co. and will not be transferable. See "BOOK-ENTRY-ONLY-SYSTEM."

In the event the Book-Entry-Only System should be discontinued, Bonds shall be transferable only upon the presentation and surrender of such Bond at the principal payment office of the Paying Agent/Registrar, duly endorsed for transfer, or accompanied by an assignment duly executed by the Registered Owner or his authorized representative in form satisfactory to the Paying Agent/Registrar. Upon due presentation of any Bond in proper form for transfer, the Paying Agent/Registrar has been directed by the District to authenticate and deliver in exchange therefore, within three (3) business days after such presentation, a new Bond or Bonds, registered in the name of the transferee or transferees, in authorized denominations and of the same maturity and aggregate principal amount and paying interest at the same rate as the Bond or Bonds so presented. All Bonds shall be exchangeable upon presentation and surrender thereof at the principal payment office of the Paying Agent/Registrar for a Bond or Bonds of the same maturity and interest rate and in any authorized denomination in an aggregate amount equal to the unpaid principal amount of the Bond or Bonds presented for exchange. The Paying Agent/Registrar is authorized to authenticate and deliver exchange Bonds. Each Bond delivered shall be entitled to the benefits and security of the Bond Resolution and the Indenture to the same extent as the Bond or Bonds in lieu of which such Bond is delivered. Neither the District nor the Paying Agent/Registrar shall be required to transfer or to exchange any Bond during the period beginning on the 15th calendar day of the month next preceding an Interest Payment Date and ending on the next succeeding Interest Payment Date or to transfer or exchange any Bond called for redemption during the thirty (30) day period prior to the date fixed for redemption of such Bond. The District or the Paying Agent/Registrar may require the Registered Owner of any Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such Bond. Any fee or charge of the Paying Agent/Registrar for such transfer or exchange shall be paid by the District. The provisions of this paragraph are subject to the Book-Entry-Only System.

Lost, Stolen or Destroyed Bonds

In the event the Book-Entry-Only System should be discontinued, upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefore a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding. If any Bond is lost, apparently destroyed, or wrongfully taken, the District, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall, upon receipt of certain documentation from the Registered Owner and an indemnity, execute and the Paying Agent/Registrar shall authenticate and deliver a replacement Bond of like maturity, interest rate and principal amount bearing a number not contemporaneously outstanding.

Registered Owners of lost, stolen or destroyed bonds will be required to pay the District's costs to replace such bond. In addition, the District or the Paying Agent/Registrar may require the Registered Owner to pay a sum sufficient to cover any tax or other governmental charge that may be imposed.

Replacement of Paying Agent/Registrar

Provision is made in the Bond Resolution for replacement of the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, the new paying agent/registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any paying agent/registrar selected by the District shall be a national or state banking institution organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise trust powers, and subject to supervision or examination by federal or state authority, to act as Paying Agent/Registrar for the Bonds.

Issuance of Additional Debt

The voters of the Participants have approved the Master District Contract, which contract authorizes the Master District to issue Contract Revenue Bonds in an amount not to exceed \$85,000,000 in principal amount for the purpose of constructing and acquiring all Master District Facilities and for refunding such bonds. Pursuant to the Master District Contract, approval by each Participant and approval by the voters at an election held by each Participant is required prior to any amendment to the Master District Contract that would increase such \$85,000,000 authorized amount. By execution of the Master District Contract between the Master District and each Participant, each Participant is obligated to pay a pro rata share of debt service on the Contract Revenue Bonds issued by the Master District, which will be payable from the Contract Tax or other legally available funds. After the issuance of the Bonds, the Master District will have \$72,250,000 principal amount of Contract Revenue Bonds authorized but unissued, and all of the principal amount of Contract Revenue Bonds for the purpose of refunding will remain authorized but unissued.

The Master District Contract (except as described above), the Indenture, and the Bond Resolution impose no limitation on the amount of Contract Revenue Bonds the Master District may issue payable from the Contract Tax. The Participants may issue unlimited tax bonds for water, wastewater, drainage, and roads, with the approval of the TCEQ (if required), necessary to provide and maintain improvements and facilities to serve land within their respective boundaries consistent with the purposes for which the District or such other Participant was created. TCEQ approval is not currently required for the District or any Participants to issue bonds for road facilities. See "MASTER DISTRICT CONTRACT," "THE INDENTURE OF TRUST," "THE PARTICIPANTS" and "RISK FACTORS—Future Debt."

Annexation by the City of New Braunfels

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of New Braunfels, generally, the District may be annexed by the City of New Braunfels without the District's consent, and the City of New Braunfels cannot annex territory within the District unless it annexes the entire District; however, the City of New Braunfels may not annex the District unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50 percent of the land in the area, a petition has been signed by more than 50 percent of the landowners consenting to the annexation. Notwithstanding the preceding sentence, the described election and petition process does not apply during the term of a strategic partnership agreement between the City of New Braunfels and the District specifying the procedures for full purpose annexation of all or a portion of the District. Full purpose annexation by the City of New Braunfels of land within the District's boundaries is governed by that certain Strategic Partnership Agreement, approved February 25, 2013, Article VII, between the District and the City of New Braunfels and the Development Agreement between the City of New Braunfels and the District, which prohibits annexation, unless and until the earlier of (1) the expiration or termination of the Development Agreement, or (2) the 15th anniversary of the District's confirmation election, or (3) the 30th anniversary following the earlier date of the Development Agreement, or (4) at least 90% of the public improvements in the District have been constructed, provided, however, the City of New Braunfels first assumes all obligations and performs all actions required by Sections 43.0715 and 43.075 of the Texas Local Government Code.

If the District is annexed, the City of New Braunfels will assume the District's assets and obligations (including the Bonds) and dissolve the District. Annexation of territory by the City of New Braunfels is a policy-making matter within the discretion of the Mayor and City Council of the City of New Braunfels, and therefore, the District makes no representation that the City of New Braunfels will ever annex the District and assume its debt. Moreover, no representation is made concerning the ability of the City of New Braunfels to make debt service payments should annexation occur.

Consolidation

The District has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its assets (including cash) and liabilities (including the Bonds), with the assets and liabilities of districts with which it is consolidating. Although no consolidation is presently contemplated by the District, no representation is made concerning the likelihood of consolidation in the future.

Remedies in Event of Default

Remedies available to Registered Owners of Bonds in the event of a default by the Master District in one or more of its obligations under the Bond Resolution are limited and generally must be exercised by the Trustee. The Registered Owners, acting through the Trustee except as otherwise set forth in the Indenture, may obtain a writ of mandamus requiring performance of the Master District's obligations, but such remedy must be exercised upon each default and may prove time-consuming, costly and difficult to enforce. The Bond Resolution does not provide for acceleration of maturity of the Bonds, or any other additional remedy in the event of a default by the Master District and consequently, the remedy of mandamus may have to be relied upon from year-to-year. The Bonds are not secured by an interest in the Master District Facilities or any other property

of the Master District. No judgment against the Master District is enforceable by execution of a levy against the Master District's public purpose property. Further, the Registered Owners themselves cannot foreclose on property within the Master District or the Service Area or sell property within the Master District or the Service Area in order to pay the principal of and interest on the Bonds. The enforcement of a claim for payment on the Bonds would be subject to the applicable provisions of the federal bankruptcy laws, any other similar laws affecting the rights of creditors of political subdivisions, and general principles of equity. Certain traditional legal remedies may also not be available. See "RISK FACTORS—Registered Owners' Remedies and Bankruptcy Limitation to Registered Owners' Rights" and "THE INDENTURE OF TRUST."

Legal Investment and Eligibility to Secure Public Funds in Texas

The following is quoted from Section 49.186 of the Texas Water Code, and is applicable to the District:

"(a) All bonds, notes, and other obligations issued by a district shall be legal and authorized investments for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, and trustees, and for all interest and sinking funds and other public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic."

"(b) A district's bonds, notes, and other obligations are eligible and lawful security for all deposits of public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic, to the extent of the market value of the bonds, notes, and other obligations when accompanied by any unmatured interest coupons attached to them."

The Public Funds Collateral Act (Chapter 2257, Texas Government Code) also provides that bonds of the District (including the Bonds) are eligible as collateral for public funds.

No representation is made that the Bonds will be suitable for or acceptable to financial or public entities for investment or collateral purposes. No representation is made concerning other laws, rules, regulations, or investment criteria which might apply to or which might be utilized by any of such persons or entities to limit the acceptability or suitability of the Bonds for any of the foregoing purposes. Prospective purchasers are urged to carefully evaluate the investment quality of the Bonds as to the suitability or acceptability of the Bonds for investment or collateral purposes.

Defeasance

The Bond Resolution provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (Paying Agent/Registrar) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and which mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

Upon such deposit as described above, such Bonds shall no longer be regarded as outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the District to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the District: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

There is no assurance that the current law will not be changed in the future in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds.

BOOK-ENTRY-ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Direct Participants or Indirect Participants will distribute to the beneficial owners (the "Beneficial Owners") (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the Registered Owner of the Bonds, or that they will so do on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will act in the manner described in this OFFICIAL STATEMENT. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedure" of DTC to be followed in dealing with DTC Direct Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating from S&P Global Ratings of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but neither the District nor the Underwriter take any responsibility for the accuracy thereof.

USE AND DISTRIBUTION OF BOND PROCEEDS

The construction costs below were compiled by Jones-Heroy & Associates, Inc., engineering consultant to the District, based on information provided by LJA Engineering, Inc., the District's engineer (the "Engineer"). Non-construction costs are based upon either contract amounts, or estimates of various costs by the Engineer and Masterson Advisors LLC (the "Financial Advisor"). The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and completion of certain agreed-upon procedures by the District's auditor. Any surplus funds may be expended for any lawful purpose for which surplus construction funds may be used.

CONSTRUCTION COSTS

• Veramendi Regional Detention Pond.....	\$ 1,881,885
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Total Construction Costs	\$ 1,881,885
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NON-CONSTRUCTION COSTS

• Capitalized Interest (a).....	\$ 137,500
• Developer Interest.....	412,500
• Bond Discount (Estimated at 3.0%).....	82,500

Total Non-Construction Costs	\$ 632,500
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ISSUANCE COSTS AND FEES

• Professional Fees and Other Issuance Costs	\$ 180,990
• Bond Application Costs	45,000
• State Regulatory Fees.....	9,625

Total Issuance Costs and Fees	\$ 235,615
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TOTAL BOND ISSUE	\$ 2,750,000
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(a) The TCEQ has approved a maximum of twelve (12) months of interest to be capitalized at an assumed 5.00% interest rate, of which an amount that will produce one-half of maximum annual debt service ("MADS") will be deposited into the Contract Revenue Reserve Fund and the balance of which will be deposited into the Contract Revenue Debt Service Fund. See "THE BONDS—Funds" and "INDENTURE OF TRUST."

THE INDENTURE OF TRUST

The Contract Revenue Bonds are secured by an Indenture of Trust executed on or before the date of sale of the Bonds (defined as the “Indenture”) between the Master District and The Bank of New York Mellon Trust Company, N.A., Houston, Texas, as Trustee. Pursuant to the Indenture, the Master District has assigned to the Trustee all of the Master District’s right, title and interest in and to the Contract Payments under the Master District Contract. Such Contract Payments, together with all amounts from time to time on deposit in the Contract Revenue Debt Service Fund and Contract Revenue Reserve Fund maintained by the Trustee pursuant to the Indenture, together with any other property from time to time hereafter conveyed or granted to the Trustee as additional security under the Indenture, shall constitute the “Pledged Revenues” held by the Trustee under the Indenture. Pursuant to the Indenture, the Trustee is to maintain the Contract Revenue Debt Service Fund and Contract Revenue Reserve Fund as trust funds to be held in trust solely for the benefit of the Registered Owners of the Contract Revenue Bonds.

The Master District has covenanted in the Indenture that it will deposit into the Contract Revenue Debt Service Fund, Contract Payments in amounts sufficient, together with other Pledged Revenues, to provide for the timely payment of all principal and interest due on the Contract Revenue Bonds. Subject to the provisions of applicable law and the Master District Contract, the Master District has covenanted in the Indenture to use its best efforts to cause to be paid all Contract Payments when due to the Trustee. The Contract Revenue Debt Service Fund and the Contract Revenue Reserve Fund are to be invested only in investments authorized by the laws of the State of Texas but must be invested in a manner such that the money required to be expended from any fund will be available at the proper time or times. Amounts in the Contract Revenue Reserve Fund shall be used to pay interest on and principal of the Bonds when insufficient funds are available for such purpose in the Contract Revenue Debt Service Fund or shall be applied toward the payment of principal of or interest on the Contract Revenue Bonds in connection with a refunding or redemption. The Contract Revenue Reserve Requirement has been established in the Bond Resolution to be, with respect to the Contract Revenue Bonds, a sum of money equal to one-half of the maximum annual debt service requirements on the Contract Revenue Bonds then outstanding. Any funds in excess of the Contract Revenue Reserve Requirement held in the Contract Revenue Reserve Fund may be deposited into the Contract Revenue Debt Service Fund, as directed by the Master District’s Board of Directors.

Events of Default

The Indenture provides that an Event of Default shall be either of the following occurrences:

- (a) Failure to pay when due the principal, redemption price or interest on any Contract Revenue Bond; or
- (b) Failure to deposit into the applicable Contract Revenue Debt Service Fund money sufficient to pay any principal of or interest on any Contract Revenue Bond no later than the date when it becomes due and payable.

Remedies

The Indenture provides that if an event of default by the Master District exists, then, in addition to other rights and remedies, the Trustee, subject to the provisions of the Indenture, may proceed to protect and enforce its rights and the rights of the Registered Owners by suit, action or proceeding in equity or at law or otherwise, whether for the specific performance of any covenant or agreement contained in the Indenture, the Bond Resolution or the Contract Revenue Bonds or in aid of the execution of any power granted in the Indenture or for the enforcement of any other legal, equitable or other remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of the rights of the Trustee or such Registered Owners, including, without limitation, the right to seek a writ of mandamus issued by a court of competent jurisdiction compelling the board of directors or other officers of the Master District or any Participant to make any Contract Payment (but only from and to the extent of the sources provided in the Indenture and the Master District Contract) or to observe and perform the covenants, obligations or conditions of the Indenture or the Master District Contract relating to the Contract Revenue Bonds. The Indenture provides that the Trustee may seek the appointment of receivers, may act without possession of the Contract Revenue Bonds, may act as attorney in fact for the Registered Owners of the Contract Revenue Bonds, that no remedy is exclusive and that the delay or omission in the exercise of any right or remedy shall not constitute a waiver. The Indenture does not provide for any acceleration of maturity of the Contract Revenue Bonds or provide for the foreclosure upon any property or assets of the Master District, other than applying the Pledged Revenues in the manner provided in the Indenture.

Limitation on Action by Owners

The Indenture imposes certain limitations on Registered Owners of Contract Revenue Bonds to institute suits, actions or proceedings at law or in equity for the appointment of a receiver or other remedy unless and until the Trustee shall have received the written request of the Registered Owners of not less than 25% of all Contract Revenue Bonds then outstanding and the Trustee shall have refused or neglected to institute such suit, action or proceeding for a period of 10 days after having been furnished reasonable indemnity. Notwithstanding the foregoing, Registered Owners of more than 50% of the aggregate principal amount of the Contract Revenue Bonds then outstanding shall have the right, by written instrument delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture or for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee or any other proceedings under the Indenture; provided, however, that such direction shall not be contrary to law or the provisions of the Indenture, and the Trustee shall have the right to decline to follow any such direction if the Trustee in good faith shall determine that the proceeding so directed would involve it in personal liability or would be unjustly prejudicial to the Registered Owners of the Contract Revenue Bonds not consenting.

Amendments to the Indenture of Trust

Without the consent of the Registered Owners of any of the Contract Revenue Bonds, the Master District and the Trustee may from time to time enter into one or more indentures supplemental to the Indenture, which shall form a part of the Indenture, for any one or more of the following purposes:

- (1) to cure any ambiguity, inconsistency or defect or omission in the Indenture, or any supplemental indenture, so long as said cure is not inconsistent with the Indenture and does not adversely affect the interest of the owners of any outstanding Contract Revenue Bonds;
- (2) to grant to or confer upon the Trustee for the benefit of the Registered Owners of the Contract Revenue Bonds any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Registered Owners of the Contract Revenue Bonds or the Trustee or either of them;
- (3) to subject to the lien of the Indenture additional revenues, properties or collateral;
- (4) to modify, amend or supplement the Indenture or any supplemental indenture in such manner as to provide further assurances that interest on the Contract Revenue Bonds will, to the greatest extent legally possible, be excludable from gross income for federal income tax purposes;
- (5) to obtain or provide for bond insurance for the Contract Revenue Bonds; provided, however, the Master District (at its option) may obtain or provide for bond insurance for any Contract Revenue Bonds through Bond Resolution(s) without the need for a supplemental indenture;
- (6) to add to any statutory terms and conditions imposed by the City of New Braunfels (or other entity that may become the legal successor to the Master District) in connection with the assumption of the Master District's obligations under the Indenture;
- (7) to create (or provide for the terms and conditions of) additional funds and accounts or sub-accounts within any funds established by the Indenture or the Bond Resolutions; provided, however, the Master District (at its option) may do any of same without the need for a supplemental indenture;
- (8) to change or expand the purposes for which bonds can be issued under the Indenture, including (without limitation) allowing, to the extent allowed by law for the issuance of the Master District Bonds that are contract revenue bonds in parity with the Contract Revenue Bonds and that are equally secured by the same lien and revenues pledged in the Indenture;
- (9) to modify any provision of the Indenture or any supplemental indenture in any respect whatsoever, provided that such action shall not adversely affect the interests of the owners of any outstanding Contract Revenue Bonds; and
- (10) to obtain or provide for one or more debt service reserve fund surety policies to satisfy some or all of the Contract Revenue Reserve Requirement

Except as provided in the preceding paragraph, any modification, change or amendment of the Indenture may be made only by a supplemental indenture adopted and executed by the Master District and the Trustee with the consent of the Registered Owners of not less than a majority of the aggregate principal amount of the Contract Revenue Bonds then outstanding. However, without the consent of the Registered Owner of each outstanding Contract Revenue Bond, no modification, change or amendment to this Indenture shall:

- (1) extend the time of payment of the principal thereof or interest thereon, or reduce the principal amount thereof or premium if any, thereon, or the rate of interest thereon, or make the principal thereof or premium if any, or interest thereon payable in any coin or currency other than any coin or currency of the United States of America which on the date of payment is legal tender for the payment of debts due the United States of America, or deprive such Registered Owner of the lien imposed by the Indenture on the revenues pledged in the Indenture; or

- (2) modify, change or amend the Indenture to permit the creation of any lien on the revenues pledged in the Indenture equal or prior to the lien imposed by the Indenture.

Removal or Resignation of Trustee

The Trustee may be removed with thirty (30) days' prior notice by an instrument or concurrent instruments in writing, signed by the Registered Owners of a majority in principal amount of the Contract Revenue Bonds then outstanding and delivered to the Trustee or by the District with or without cause, with notice thereof given to the Master District. The Trustee may at any time resign and be discharged from the trusts created by giving written notice to the Master District and by providing written notice to the Registered Owners of its intended resignation at least sixty (60) days in advance thereof. Such notice shall specify the date on which such resignation shall take effect and shall be sent by first class mail, postage prepaid to each Registered Owner of Contract Revenue Bonds. Resignation by the Trustee shall not take effect unless and until a successor to such Trustee shall have been appointed as hereinafter provided.

Appointment of Successor Trustee

In case the Trustee shall resign, or shall be removed or dissolved, or shall be in the course of dissolution or liquidation, or shall otherwise become incapable of acting under the Indenture, or in case the Trustee shall be taken under control of any public officer or officers or a receiver appointed by a court, a successor may be appointed by the Registered Owners of a majority in principal amount of the Contract Revenue Bonds then outstanding, by an instrument or concurrent instruments in writing, signed by such Registered Owners or their duly authorized representatives and delivered to the Trustee, with notice thereof given to the Master District; provided, however, that in any of the events above mentioned, the Master District may nevertheless appoint a temporary Trustee to fill such vacancy until a successor shall be appointed by the Registered Owners in the manner above provided, and any such temporary Trustee so appointed by the Master District shall immediately and without further act be automatically succeeded by the successor to the Trustee appointed by the Registered Owners. The Master District shall provide written notice to the Registered Owners of the appointment of any successor Trustee, whether temporary or permanent, in the manner provided for providing notice of the resignation of the Trustee as described in Section 8.08 of the Indenture entitled "Appointment of Successor Trustee." Any successor Trustee or temporary Trustee shall be a trust company or bank in good standing located in or incorporated under the laws of the State of Texas duly authorized to exercise trust powers and subject to examination by federal or state authority, having a reported capital and surplus of not less than \$100,000,000. In the event that no appointment of a successor Trustee is made by the Registered Owners or by the Master District pursuant to the foregoing provisions of this Section at the time a vacancy in the office of the Trustee shall have occurred, the Registered Owner of any Contract Revenue Bond issued hereunder or the retiring Trustee may apply to any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice as it shall deem proper, if any, appoint a successor Trustee.

THE PARTICIPANTS

Creation, Authority and Description

All Participants operate as water improvement districts pursuant to Chapters 49 and 51 of the Texas Water Code, as amended, and are located within the Service Area. To serve the property within their boundaries, they have the power to construct, acquire, operate, maintain and finance water, wastewater and drainage facilities and roads. The Participants were created by Orders of Division adopted by Comal Water Improvement District No. 1, on August 11, 2017 and by WID 1B on February 5, 2021 and by the Act, and each was granted special road powers by the Act. The Participants are empowered to exercise all the powers and functions which will permit accomplishment of the purposes for which they were created. Each Participant may also establish, operate, and maintain a fire department or contract for firefighting services, if the TCEQ and its voters approve a plan for that purpose.

Authorized Bonds

The Participants have the statutory authority and have each voted to authorize the issuance of unlimited tax bonds for the purposes of providing internal water distribution, wastewater collection, storm drainage facilities, and internal roads within their respective boundaries (separate and apart from the Master District Facilities). Such bonds are secured by a continuing annual ad valorem tax adequate to provide funds to pay the principal of and interest on such bonds. Such tax is in addition to the Contract Tax. See "Contract Tax" below. See "APPENDIX A" for a description of the voter authorized bonds, principal amount of bonds issued and principal amount of bonds outstanding, if any, for each Participant.

Operations

Each Participant will be responsible for constructing the internal water distribution system, wastewater collection system, storm sewers, and detention facilities within such Participants' boundaries. Pursuant to the Master District Contract, each Participant receives water and wastewater service from New Braunfels Utilities ("NBU"), a municipally owned utility with exclusive management and control of the water and sewer systems serving the City of New Braunfels.

Contract Tax

Each Participant's pro rata share of the debt service requirements on the Contract Revenue Bonds shall be determined by dividing each Participant's Certified Appraised Valuation by the total of all Participants' Certified Appraised Valuation, calculated annually. Calculation of Contract Payments is based upon "gross" certified appraised value and does not make allowances for any exemptions granted by the Participants; however, allowances are made for exemptions provided under Texas law that do not require action by the Participants. See "TAXING PROCEDURES." The Master District Contract obligates each Participant to pay its pro rata share of debt service requirements on the Contract Revenue Bonds from the proceeds of annual Contract Tax without legal limit as to rate or amount, or from any other legally available funds. See "MASTER DISTRICT CONTRACT," "THE BONDS—Source and Security of Payment," "TAX DATA" and "APPENDIX A."

Direct Debt Service Tax

The Participants have the statutory authority to levy and collect a continuing direct annual ad valorem tax unlimited in amount to pay principal of and interest on bonds issued to provide internal water distribution, wastewater collection and storm drainage, and internal roads. Such tax is in addition to the Contract Tax. See "TAX DATA" and "APPENDIX A."

Maintenance and Operations Taxes

The Participants have the statutory authority to levy and collect an annual ad valorem tax for the operation and maintenance of internal water distribution, wastewater collection, storm drainage facilities, and road facilities. A maintenance tax is in addition to taxes which the Participant is authorized to levy for paying principal of and interest on its unlimited tax bonds and the Contract Tax. See "TAX DATA" and "APPENDIX A."

Management

Each Participant is governed by a board of directors, consisting of five (5) members, which has control and management of all affairs of such Participant. A directors election may be held within the boundaries of each Participant on the first Saturday in May in even-numbered years. Directors are elected to serve four-year staggered terms. All such directors reside or own property within the Participant on whose board they serve. None of the Participants has any employees. Each Participant contracts for all services required to maintain its operations. The TCEQ exercises continuing supervisory jurisdiction over each Participant, and operation of each Participant's water, wastewater and storm drainage facilities is subject to regulation by several other state and local agencies.

Financial Data

See "APPENDIX A" for financial information for each Participant.

Future Participants

The Master District and WID 1A and WID 1B have each executed Master District Contract. WID 1B partially assigned, and each of WID 1C, WID 1D, WID 1E and WID 1F assumed all right, title, interest, duty and obligation in, to and under the Master District Contract. The First Amendment to the Master District Contract allows the Master District to designate participants in a manner consistent with the start of development and initial levy of the Contract Tax. Currently, WID 1A, WID 1D and WID 1F are the only Participants in the Service Area. See "MASTER DISTRICT CONTRACT." The Service Area may only be enlarged upon the approval of the Master District, in which case the Master District would have the right to contract with other participants for the expanded service area. Any contract with a participant outside the existing Service Area and any enlargements in size and capacity of the Master District Facilities is subject to the terms and conditions of the Master District Contract and must not impair the right of the existing Participants to receive services from the Master District, which are established under the Master District Contract for the number of connections reserved to the Participant, except with the consent of the Participant. The Master District agrees that it will only contract with other participants, if any, on substantially the same terms and conditions as are set out in the Master District Contract. The land in the Master District is undevelopable and it is not currently expected that the Master District will enter into the Master District Contract as a participant or become a participant in the future.

VERAMENDI

The Master District is one of seven water improvement districts, located within the approximately 2,445 acres and referred to herein as the Service Area. The master-planned community of Veramendi is planned to encompass all such acres at full development. All of the single-family residential development is currently occurring in WID 1A, WID 1D and WID 1F and commercial/multi-family development has or is currently occurring in WID 1A and WID 1B. See "THE DISTRICT AND SERVICE AREA."

THE DISTRICT AND SERVICE AREA

General

The District is a water improvement district created by acts of the 81st Legislature, Regular Session, pursuant to Senate Bill 2464, codified as Chapter 9038, Texas Special District Local Laws Code. The rights, powers, privileges, authority and functions of the District are established by the general laws of the State of Texas pertaining to utility districts, particularly Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution, Chapters 49 and 51 of the Texas Water Code, as amended. The District encompasses approximately 274 acres of land. The land in the District is undevelopable and it is not currently expected that the District will enter into the Master District Contract as a participant or become a participant in the future.

The Master District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the regional water, wastewater, storm sewer, and other facilities within its boundaries. The Master District may issue bonds and other forms of indebtedness to purchase or construct such facilities, subject to the Master District Contract. The Master District is also empowered to establish, operate, and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts, after approval by the City of New Braunfels, the TCEQ and the voters of the District.

The TCEQ exercises continuing supervisory jurisdiction over the Participants. In order to obtain the consent for creation of the Participants from the City of New Braunfels, within whose extraterritorial jurisdiction the Participants lie, each Participant is required to observe certain requirements of the City of New Braunfels which (1) limit the purposes for which the Participants may sell bonds for the acquisition, construction, and improvement of waterworks, wastewater, drainage, and road facilities, (2) require approval by the City of New Braunfels of Participant construction plans, and (3) permit connections only to single-family lots and commercial or multi-family/commercial platted reserves which have been approved by the Planning Commission of the City of New Braunfels. Construction and operation of the Master District Facilities is subject to the regulatory jurisdiction of additional governmental agencies. See “THE SYSTEM—Regulation.”

Description and Location

The District encompasses approximately 274 acres of land, and in its capacity as Master District, has a Service Area of approximately 2,445 acres, including the acreage within the District’s boundaries. The Service Area is 33 miles northeast of San Antonio, Texas and within the extraterritorial jurisdiction of the City of New Braunfels and within the New Braunfels Independent School District. The Service Area is located off of Loop 337, which begins and ends at Interstate Highway 35, and has access to State Highway 46 via Hueco Springs Loop Road. See “AERIAL LOCATION MAP.”

Land Use

The Service Area currently includes approximately 403 acres of single-family residential development (1,290 single-family residential lots), approximately 132 acres where utility construction and/or paving is underway (408 single-family residential lots), approximately 28 acres of multi-family development, approximately 78 acres provided with utilities for commercial development, approximately 28 acres for school and church sites, both of which are exempt from ad valorem taxation, approximately 1,283 developable acres that have not been provided with water distribution, wastewater collection and storm drainage facilities, and approximately 493 undevelopable acres (greenbelts, public rights-of-way easements and drainage and utility sites). The table below represents a detailed breakdown of the current acreage and development in the Service Area.

<u><i>Single Family Residential</i></u>	<u>Approximate Acreage</u>	<u>Lots</u>
<i>WID 1A (a)</i>	335	1,046
<i>WID 1D (b)</i>	121	384
<i>WID 1F (c)</i>	79	268
Total Single-Family	535	1,698
 <i>Future Development</i>	1,283	-
<i>Commercial (d)</i>	67	-
<i>Multi-Family (e)</i>	28	
<i>Independent Living Facility (f)</i>	11	
<i>School Sites (Tax Exempt)</i>	16	-
<i>Church (Tax-exempt)</i>	12	-
<i>Non-Developable (g)</i>	493	-
Veramendi Total	2,445	1,698

- (a) There are 39 single-family residential lots under construction on approximately 17 acres in WID 1A, with completion expected in the first quarter of 2026.
- (b) There are 277 single-family residential lots under construction on approximately 91 acres in WID 1D, with completion expected in the first quarter of 2026.
- (c) There are 92 single-family residential lots under construction on approximately 24 acres in WID 1F, with completion expected in the first quarter of 2026.
- (d) See “—Status of Development—Commercial/Tax-Exempt.”
- (e) A 350-unit apartment community is currently under construction in WID 1A with an expected completion date in the third quarter of 2025 and a 324-unit apartment community has been completed in WID 1B. See “Status of Development” below.
- (f) A 231-unit independent living facility is currently under construction in WID 1A with an expected completion date in the first quarter of 2026. See “—Status of Development—Commercial/Tax-Exempt.”
- (g) Includes public rights-of-way, detention, open spaces, easements and utility sites.

Status of Development

Single-Family Residential: The current single-family residential development within the Service Area consists of 1,007 single-family residential lots on approximately 318 acres in WID 1A, 107 single-family residential lots on approximately 30 acres in WID 1D, and 176 single-family residential lots on approximately 55 acres in WID 1F have been developed as Del Webb New Braunfels at Veramendi, an active adult/retirement community with home ownership restricted to purchasers age 55 or older with additional restrictions on children living in the home. According to the Developer, new homes within the Service Area range in price from approximately \$370,000 to over \$900,000. As of August 1, 2025, 960 homes were complete and occupied, 164 homes were under construction or in the name of a builder and 166 developed lots were available for home construction. The estimated population in the District based upon 3.5 persons per occupied single-family residence is 3,360.

There are an additional 39 single-family residential lots under construction on approximately 17 acres in WID 1A, 277 single-family residential lots under construction on approximately 91 acres in WID 1D and 92 single family residential lots are under construction on approximately 24 acres in WID 1F. All lots currently under construction are expected to be completed in the first quarter of 2026.

Multi-Family Residential: Approximately 15 acres within WID 1A and approximately 13 acres within WID 1B have been developed for multi-family residential use. A 350-unit apartment community is currently under construction with an expected completion date in the third quarter of 2025 in WID 1A and a 324 unit apartment community is open and leasing in WID 1B.

Commercial/Tax-Exempt: Approximately 78 acres have been served with trunk facilities for commercial development in the Service Area, all of which are located within WID 1A. Two approximately 6,400 square foot office buildings are complete and occupied on approximately one acre and an approximately 10,500 square foot daycare facility on one acre is completed and occupied. A 231-unit independent living facility on approximately 11 acres is under construction with completion expected in first quarter of 2026. Oakwood Baptist Church owns approximately 12 acres and New Braunfels Independent School District has constructed an elementary school on an additional approximately 16 acres, both of which are exempt from ad valorem taxation.

Future Development

Approximately 1,283 developable acres of land currently within the Service Area are not yet fully served with water distribution and supply, wastewater collection and treatment, storm drainage facilities or roads (excluding approximately 132 acres where utility construction is underway). See “RISK FACTORS—Future Debt.” The Engineer has stated that under regulatory criteria and current development plans (and excluding any costs of converting to surface water), the remaining authorized but unissued bonds (after issuance of the Bonds) in the aggregate principal amount of \$72,250,000 should be sufficient to finance the construction of facilities to complete the Service Area’s water, sewer, and drainage system for full development of the Service Area.

THE DEVELOPER

Role of a Developer

In general, the activities of a landowner or developer in a water improvement district such as the District include designing the project, defining a marketing program and setting building schedules; securing necessary governmental approvals and permits for development; arranging for the construction of streets and the installation of utilities; and selling or leasing improved tracts or commercial reserves to other developers or third parties. While a developer is required by the TCEQ to pave streets in areas being financed with bond proceeds, a developer is under no obligation to a district to undertake development activities according to any particular plan or schedule. Furthermore, there is no restriction on a developer’s right to sell any or all of the land which the developer owns within a district. In addition, the developer is ordinarily the major taxpayer within the district during the early stages of development. The relative success or failure of a developer to perform in the above-described capacities may affect the ability of a district to collect sufficient taxes to pay debt service and retire bonds.

Neither the Developer nor any of its affiliates is obligated to pay principal of or interest on the Bonds. Furthermore, the Developer does not have a binding commitment to the District to carry out any plan of development and the Developer may sell or otherwise dispose of its property within the Service Area, or any other assets, at any time, and the furnishing of information relating to the proposed development by the Developer should not be interpreted as such a commitment. Prospective purchasers are encouraged to inspect the Service Area in order to acquaint themselves with the nature of development that has occurred or is occurring within the boundaries of the Service Area. See “RISK FACTORS.”

Prospective Bond purchasers should note that any prior real estate experience discussed below of the Developer should not be construed as an indication that further development within the Service Area will occur, or that construction of taxable improvements upon property within the Service Area will occur, or that marketing or leasing of taxable improvements constructed upon property within the Service Area will be successful. See “RISK FACTORS.”

The Developer

Word-Borchers Ranch Real Estate Limited Partnership, a Texas limited partnership (the “Landowner”), initially owned all of the approximately 2,445 acres within the Veramendi project boundaries. The Landowner currently owns approximately 727 acres of undeveloped land within the Veramendi project boundaries. The Landowner is a landholding company and does not participate in any type of development. The developer, Veramendi Development Company, LLC, a Texas limited liability company, (“VDCo”) has an exclusive option to purchase, via VDCo Affiliates (defined below), all of the land within the Veramendi project boundaries from the Landowner. The current VDCo Affiliates are Veramendi PE-Adelaide LLC, Veramendi PE-Brisbane LLC, Veramendi PE-Cairns LLC, Veramendi PE-Darwin LLC, Veramendi PE-Fremantle LLC, Veramendi PE-Emerald, LLC, and Veramendi PE-Gold Coast LLC. To date, VDCo or VDCo Affiliates have purchased approximately 1,718 acres in the Veramendi project boundaries from the Landowner. VDCo and each of the VDCo Affiliates (collectively the “Developer”) is owned equally by ASA Properties LLC, a Texas limited liability company and Word Borchers Investor Partner Ltd., a Texas limited partnership. ASA Properties LLC is the sole manager of VDCo and Peter James is the President of ASA Properties LLC.

The Developer is not legally obligated to provide funds for the development of the District or the Service Area. Further, neither the Developer nor an affiliated company is responsible for, is liable for or has made any commitment for payment of the Bonds or other obligations of the District, and the inclusion of such financial statements and description of financial arrangements herein should not be construed as an implication to that effect. Neither the Developer nor any affiliated companies have any legal commitment to the District or to owners of the Bonds to continue development of the land within the Service Area and the Developer may sell or otherwise dispose of its property within the District, or any other assets, at any time. Further, the financial condition of the Developer is subject to change at any time.

Homebuilding

The Developer has entered into lot sales contracts with Brightland Homes, Pulte Homes, Scott Felder Homes, Perry Homes, Coventry Homes, and Highland Homes. According to The Developer, all of the homebuilders are actively marketing and selling homes in completed sections for which they have lots sales contracts. Homebuilders in the Service Area contract directly with the Developer and have no obligation to or agreement with the District to construct any homes or other improvements in the Service Area.

MANAGEMENT OF THE DISTRICT

Board of Directors

The District is governed by a Board of Directors consisting of five (5) directors which has control over and management supervision of all affairs of the District. Directors are elected to four-year terms and elections may be held in May in even numbered years only. None of the members of the Board resides in the District; however, all of the members own land within the District, subject to a note and deed of trust in favor of the Developer. Directors have staggered four-year terms. The current members of the Board along with their titles and terms are listed as follows:

<u>Name</u>	<u>Board Title</u>	<u>Term</u>
Jerry Etheredge	President	May 2026
Douglas Miller II	Vice President	May 2026
Darrin Toney	Secretary	May 2028
Mark Muncaster	Assistant Secretary	May 2026
Jeffrey Jenkins	Assistant Secretary	May 2028

District Consultants

The Master District does not have a general manager or other full-time employees, but contracts for certain necessary services as described below.

Bond Counsel/Attorney: The Master District has engaged Allen Boone Humphries Robinson LLP as general counsel to the Master District and as Bond Counsel in connection with the issuance of the Master District’s bonds. The legal fees to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds.

Financial Advisor: Masterson Advisors LLC serves as the Master District’s Financial Advisor. The fee for services rendered in connection with the issuance of the Bonds is based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fee is contingent upon the sale and delivery of the Bonds.

Auditor: The financial statements of the Master District as of June 30, 2024, and for the year then ended, included in this offering document, have been audited by McCall Gibson Swedlund Barfoot Ellis PLLC, independent auditors, as stated in their report appearing herein. See “APPENDIX B” for a copy of the Master District’s June 30, 2024 financial statements. The Master District has engaged McCall Gibson Swedlund Barfoot Ellis PLLC to audit its financial statements for the fiscal year ended June 30, 2025.

Engineer: The Master District’s consulting engineer is LJA Engineering, Inc. (the “Engineer”). The District engaged Jones-Heroy & Associates, Inc. as engineering consultant to prepare and submit the bond application to TCEQ.

Tax Appraisal: The Comal Appraisal District has the responsibility of appraising all property within the boundaries of the Participants. See “TAXING PROCEDURES.”

Tax Assessor/Collector: The Master District has appointed an independent tax assessor/collector to perform the tax collection function. Utility Tax Service, LLC (the “Tax Assessor/Collector”) has been employed by the Master District to serve in this capacity.

Bookkeeper: The Master District has contracted with Municipal Accounts & Consulting, L.P. for bookkeeping services (the “Bookkeeper”).

Disclosure Counsel: McCall, Parkhurst & Horton L.L.P. serves as Disclosure Counsel to the District in connection with the issuance of the Bonds. The fees to be paid to Disclosure Counsel for services rendered in connection with the issuance of the Bonds are contingent on the issuance, sale and delivery of the Bonds.

THE SYSTEM

Utility Agreement Between the District and the City of New Braunfels

Customers in the Service Area receive water and wastewater service from New Braunfels Utilities (“NBU”), a municipally owned utility with exclusive management and control of the water and sewer systems serving the City of New Braunfels, as standard NBU customers pursuant to a Utility Agreement, dated June 12, 2020, between the District and NBU as amended from time to time (the “Utility Agreement”). As a condition of such service, the Utility Agreement obligates the Master District to acquire, construct, and extend water distribution and sanitary sewer collection facilities (the “System”) to serve land within the Service Area and, when completed in accordance with approved plans and specifications, to convey title to the System to NBU. NBU then operates and maintains the System. NBU is responsible for establishing water and sewer rates and billing and collecting for water supply and wastewater treatment services. The components of the System which serve only the Participants and future participants (the “Internal Facilities”) are acquired, constructed and extended by the Participants and future participants and the components of the System that serve the Service Area are acquired, constructed and extended by the Master District.

The District has agreed to extend the System to serve future users as necessary so that ultimately all landowners in the Service Area will be in a position to receive services from the System; however, the District’s obligation to extend the System is conditioned upon continued development within the Service Area, the City of New Braunfels’ performance under the provisions of the Utility Agreement, and satisfaction of certain determinations of economic feasibility by the Board of Directors of the District and the TCEQ, and TCEQ approval and the ability of the District to sell bonds.

Water Supply and Wastewater Treatment

Water supply for the Service Area is currently provided by NBU which operates an 8,000,000 gallon per day (“gpd”) surface water treatment plant located along Gruene Road south of Loop of 337. Based on the Utility Agreement, NBU currently has sufficient capacity to supply water to all of the equivalent single-family connections in the Service Area.

Wastewater treatment for the Service Area is currently provided by NBU through the Gruene Wastewater Treatment Plant located at Gruene Loop Road at the Guadalupe River which has a capacity of 1,100,000 gallons per day (“gpd”). Based on the Utility Agreement, NBU currently has sufficient capacity to provide wastewater treatment to all of the equivalent single-family connections in the Service Area.

The District, through its agreement with NBU, has sufficient water and wastewater capacity to serve all development proposed within the Service Area.

Drainage

The Master District also provides the Service Area with regional storm drainage facilities including the Veramendi Regional Detention Pond. A portion of the proceeds of the Bonds will be used to reimburse the Developer for design and construction costs of the regional detention pond. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”

Internal Water Distribution, Wastewater Collection, Storm Drainage Facilities and Road Facilities

Internal water distribution, wastewater collection and storm drainage facilities have been constructed by the Developer on behalf of WID 1A to serve 1,007 single-family residential lots and approximately 93 acres of commercial and multi-family tracts in WID 1A, on behalf of WID 1D to serve 107 single-family residential lots in WID 1D, on behalf of WID 1B to serve a 324-unit multi-family apartment complex in WID 1B, and on behalf of WID 1F to serve 176 single-family residential lots in WID 1F. In addition, 39 single-family residential lots are under construction in WID 1A, 277 single-family residential lots are under construction in WID 1D, and 92 single-family residential lots are under construction in WID 1F, with completion of all such lots expected in the first quarter of 2026. See “THE PARTICIPANTS—Future Participants” and “THE DISTRICT AND SERVICE AREA—Land Use.”

Flood Protection and Drainage

“Flood Insurance Rate Map” or “FIRM” means an official map of a community on which the Federal Emergency Management Agency (FEMA) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The “100-year flood plain” (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rainstorm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is not an assurance that homes built in such area will not be flooded, and a number of neighborhoods in the greater New Braunfels area that are above the 100-year flood plain have flooded multiple times in the last several years.

According to the Engineer, none of the developed land within the Service Area is within the 100-year flood plain and no lots within the Service Area will be developed within the 100-year-flood-plain. See “RISK FACTORS—Specific Flood Type Risks.”

Regulation

Construction and operation of the Master District's water, wastewater and storm drainage system or the Master District Facilities in the Service Area as it now exists or as it may be expanded from time to time is subject to regulatory jurisdiction of federal, state and local authorities. The TCEQ exercises continuing, supervisory authority over the District. Discharge of treated sewage into Texas waters is also subject to the regulatory authority of the TCEQ and the United States Environmental Protection Agency. Comal County, the City of New Braunfels, and the Texas Department of Health also exercise regulatory jurisdiction over the Master District's water, wastewater and storm drainage facilities in the Service Area.

General Fund Summary

The following statement sets forth in condensed form the General Operating Fund for the Master District as derived from the District's audited financial statements for the fiscal years ended June 30, 2023 and June 30, 2024 and an unaudited summary for the fiscal year ended June 30, 2025 provided by the Bookkeeper. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Reference is made to "APPENDIX B" for further and complete information. See "RISK FACTORS—Operational Expenses."

	Fiscal Year Ended		
	6/30/2025	6/30/2024	6/30/2023
	(Unaudited)		
Revenues:			
Charges for Services	\$ 138,473	\$ -	\$ -
Miscellaneous	-	-	-
Total Revenue	\$ 138,473	\$ -	\$ -
Expenditures:			
Professional Fees	\$ 109,283	\$ 38,455	\$ 5,967
Contracted Services	10,719	29,545	3,219
Other	18,471	19,104	10,672
Total Expenditures	\$ 138,473	\$ 87,104	\$ 19,858
NET REVENUES	\$ -	\$ (87,104)	\$ (19,858)
Developer Advances	\$ -	\$ 107,000	\$ 16,000
General Operating Fund			
Balance (Beginning of Year)	\$ 19,278	\$ (618)	\$ 3,240
General Operating Fund			
Balance (End of Year)	\$ 19,278	\$ 19,278	\$ (618)

FINANCIAL INFORMATION CONCERNING THE MASTER DISTRICT AND THE PARTICIPANTS (UNAUDITED)

Contract Revenue Bonds of the Master District

Direct Debt (Including the Bonds and Outstanding Bonds).....	\$ 12,750,000
Estimated Overlapping Debt.....	98,676,801 (a)
Total Direct and Overlapping Debt.....	\$111,426,801

Gross Appraised Valuation

2025 Appraised Valuation	\$625,152,432 (b)
Estimated Appraised Valuation as of March 15, 2025	\$658,651,387 (c)

Direct Debt as a % of	
2025 Appraised Valuation.....	2.04%
Estimated Appraised Valuation as of March 15, 2025	1.94%
Direct Debt and Estimated Overlapping Debt as a % of	
2025 Appraised Valuation.....	17.82%
Estimated Appraised Valuation as of March 15, 2025	16.92%

Master District Debt Service Funds Available:

Contract Revenue Reserve Fund Balance as of August 12, 2025.....	\$342,289
Contract Revenue Reserve Fund Deposit from Bond Proceeds (estimated).....	84,733 (d)
Total Reserve Funds Available.....	427,022
Contract Revenue Debt Service Fund Balance as of August 12, 2025	289,826
Capitalized Interest from Bond Proceeds (Twelve Months).....	52,767 (d)
Total Funds Available for Debt Service	\$342,593

Master District Operating Funds Available as of August 12, 2025	\$ 30,478 (e)
Master District Capital Projects Funds Available	\$513,380

- (a) See “—Estimated Overlapping Debt” in this section.
- (b) The Appraisal District has certified \$558,233,359 of appraised value in the boundaries of the Participants. There is also appraised value in the boundaries of the Participants that remains uncertified, subject to review and downward revision prior to certification in the amount of \$66,919,073. For purposes of this OFFICIAL STATEMENT, the 2025 Appraised Valuation represents the certified appraised valuation plus the uncertified appraised valuation. No tax will be levied on the uncertified value until it is certified. See “APPENDIX A” for information on each Participant’s certified and uncertified value.
- (c) The Estimated Appraised Valuation for the Service Area as of March 15, 2025, as shown herein, is comprised of the estimate of appraised value as of March 15, 2025 for WID 1A, WID 1D and WID 1F, all provided by the Appraisal District. Increases in value that occur between January 1, 2025 and March 15, 2025 will be appraised for purposes of taxation on January 1, 2026. No tax will be levied on such amount until it is certified in the fall of 2026. See “TAXING PROCEDURES.”
- (d) The District will capitalize twelve (12) months of interest on the Bonds, of which an amount that will produce one-half of maximum annual debt service requirement (“MADS”) will be deposited into the Contract Revenue Reserve Fund and the balance of which will be deposited into the Contract Revenue Debt Service Fund. The amounts shown above are based on an estimated interest rate of 5.00%. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”
- (e) See “RISK FACTORS—Operational Expenses.”

Investments of the District

The District has adopted an Investment Policy as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code. The District’s goal is to preserve principal and maintain liquidity while securing a competitive yield on its portfolio. Funds of the District will be invested in short term U.S. Treasuries, certificates of deposit insured by the Federal Deposit Insurance Corporation (“FDIC”) or secured by collateral evidenced by perfected safekeeping receipts held by a third party bank, and public funds investment pools rated in the highest rating category by a nationally recognized rating service. The District does not currently own, nor does it anticipate the inclusion of, long term securities or derivative products in the District portfolio.

Outstanding Bonds

The District has previously issued two series of Contract Revenue Bonds in the principal amount of \$10,000,000, all of which remains outstanding as of the date hereof (the “Outstanding Bonds”).

Series	Original Principal Amount	Outstanding Bonds
2024	\$ 6,500,000	\$ 6,500,000
2024A	3,500,000	3,500,000
Total	\$ 10,000,000	\$ 10,000,000

Participants’ Appraised Valuation as a Percentage of all Participants (a):

Participant	2024 Appraised Valuation (b)	% of 2024 Appraised Valuation	2025 Appraised Valuation (b)	% of 2025 Appraised Valuation	Estimated Appraised Valuation as of 3/15/2025 (c)	% of Estimated Appraised Valuation as of 3/15/2025
WID 1A	\$ 401,185,130	84.73%	\$ 511,187,171	81.77%	\$ 521,225,767	79.14%
WID 1D	66,583,078	14.06%	91,457,310	14.63%	114,917,669	17.45%
WID 1F	5,725,411	1.21%	22,507,951	3.60%	22,507,951	3.42%
	\$ 473,493,619	100.00%	\$ 625,152,432	100.00%	\$ 658,651,387	100.00%

- (a) Appraised value includes value associated with any optional exemption that a Participant may grant under Texas law and the market value deferred as a result of agricultural use.
- (b) For 2025, the Appraisal District has certified \$558,233,359 of appraised value in the boundaries of the Participants. There is also appraised value in the boundaries of the Participants that remains uncertified, subject to review and downward revision prior to certification in the amount of \$66,919,073. For purposes of this OFFICIAL STATEMENT, the 2025 Appraised Valuation represents the certified appraised valuation plus the uncertified appraised valuation. No tax will be levied on the uncertified value until it is certified. See “APPENDIX A” for each Participant’s certified and uncertified value.
- (c) Increases in the Service Area appraised value that occur between January 1, 2025 and March 15, 2025, will be appraised for purposes of taxation on January 1, 2026. No tax will be levied on such amount until it is certified in the fall of 2026. See “TAXING PROCEDURES.”

Debt Service Requirements

The following sets forth the debt service on the Outstanding Bonds and the estimated debt service on the Bonds at an estimated interest rate of 5.00% per annum. This schedule does not reflect the fact that the District capitalized twenty-four (24) months of interest in May 2024, twelve (12) months of interest in December 2024, and that twelve (12) months of interest will be capitalized from Bond proceeds, of which an amount that will produce one-half of MADS will be deposited into the Contract Revenue Reserve Fund to satisfy the Reserve Requirement associated with the Bonds and the balance will be deposited into the Contract Revenue Debt Service Fund. See “THE BONDS—Funds,” “INDENTURE OF TRUST” and “USE AND DISTRIBUTION OF BOND PROCEEDS.”

Year	Outstanding Debt Service	Debt Service on the Bonds			Total Debt Service
		Principal	Interest	Total	
2025	\$ 340,146.88 (a)	\$ -	\$ -	\$ -	\$ 340,146.88
2026	562,818.75	-	160,416.67	160,416.67	723,235.42
2027	665,018.75	50,000	137,500.00	187,500.00	852,518.75
2028	660,068.75	55,000	135,000.00	190,000.00	850,068.75
2029	659,468.75	60,000	132,250.00	192,250.00	851,718.75
2030	657,893.75	65,000	129,250.00	194,250.00	852,143.75
2031	655,343.75	70,000	126,000.00	196,000.00	851,343.75
2032	650,818.75	80,000	122,500.00	202,500.00	853,318.75
2033	650,893.75	80,000	118,500.00	198,500.00	849,393.75
2034	650,243.75	85,000	114,500.00	199,500.00	849,743.75
2035	650,893.75	90,000	110,250.00	200,250.00	851,143.75
2036	647,293.75	100,000	105,750.00	205,750.00	853,043.75
2037	648,293.75	105,000	100,750.00	205,750.00	854,043.75
2038	653,693.75	100,000	95,500.00	195,500.00	849,193.75
2039	653,293.75	110,000	90,500.00	200,500.00	853,793.75
2040	652,293.75	115,000	85,000.00	200,000.00	852,293.75
2041	655,693.75	115,000	79,250.00	194,250.00	849,943.75
2042	658,293.75	120,000	73,500.00	193,500.00	851,793.75
2043	655,093.75	130,000	67,500.00	197,500.00	852,593.75
2044	660,906.25	130,000	61,000.00	191,000.00	851,906.25
2045	660,693.75	135,000	54,500.00	189,500.00	850,193.75
2046	659,218.75	145,000	47,750.00	192,750.00	851,968.75
2047	661,893.75	150,000	40,500.00	190,500.00	852,393.75
2048	663,518.75	155,000	33,000.00	188,000.00	851,518.75
2049	663,581.25	160,000	25,250.00	185,250.00	848,831.25
2050	667,550.00	165,000	17,250.00	182,250.00	849,800.00
2051	-	180,000	9,000.00	189,000.00	189,000.00
Total	\$ 16,664,921.88	\$ 2,750,000	\$ 2,272,166.67	\$ 5,022,166.67	\$ 21,687,088.55

(a) Excludes the District’s June 1, 2025 debt service payment of \$220,191.

Average Annual Debt Service Requirements (2026-2051)	\$821,036
Maximum Annual Debt Service Requirement (2037)	\$854,044

Estimated Overlapping Debt

The following table lists the outstanding debt payable from ad valorem taxes, of governmental entities overlapping the Participants and the estimated percentages and amounts of such indebtedness attributable to property within the Participants' boundaries. Debt figures equated herein to outstanding obligations payable from ad valorem taxes are based upon data obtained from individual jurisdictions or Texas Municipal Reports compiled and published by the Municipal Advisory Council of Texas. Furthermore, certain entities listed below may have issued additional obligations since the date listed and may have plans to incur significant amounts of additional debt. Political subdivisions overlapping the Participants' boundaries are authorized by Texas law to levy and collect ad valorem taxes for the purposes of operation, maintenance and/or general revenue purposes in addition to taxes for the payment of debt service and the tax burden for operation, maintenance and/or general revenue purposes is not included in these figures. The District has no control over the issuance of debt or tax levies of any such entities.

Taxing Jurisdiction	Outstanding		Overlapping	
	Bonds	As of	Percent	Amount
Comal County.....	\$ 98,450,000	7/31/2025	1.24%	\$ 1,220,780
New Braunfels Independent School District.....	625,430,000	7/31/2025	5.47%	34,211,021
WID 1A.....	53,190,000	7/31/2025	100.00%	53,190,000
WID 1D (a).....	6,255,000	7/31/2025	100.00%	6,255,000
WID 1F (b).....	3,800,000	7/31/2025	100.00%	3,800,000
Total Estimated Overlapping Debt.....				\$ 98,676,801
The District (c).....				12,750,000
Total Direct and Estimated Overlapping Debt.....				\$ 111,426,801
Ratio of Direct and Overlapping Debt to 2025 Appraised Valuation of \$625,152,432.....				17.82%
Ratio of Direct and Overlapping Debt to Estimated Appraised Valuation as of March 15, 2025 of \$658,651,387.....				16.92%

- (a) Includes \$3,020,000 principal amount of unlimited tax bonds that WID 1D sold on August 26, 2025 that are expected to be issued on September 25, 2025.
- (b) Includes \$3,800,000 principal amount of unlimited tax bonds expected to be issued in the fourth quarter of 2025.
- (c) Includes the Bonds and the Outstanding Bonds.

Estimated Overlapping Taxes

Property within each Participant is subject to taxation by several taxing authorities in addition to the taxes levied by each Participant. On January 1 of each year a tax lien attaches to property to secure the payment of all taxes, penalties and interest imposed on such property. The lien exists in favor of each taxing unit, including each Participant, having the power to tax the property. Each Participant's tax lien is on a parity with tax liens of taxing authorities shown below. In addition to ad valorem taxes required to pay debt service on any contract revenue bonds issued by the Master District, to pay debt service on bonded debt issued by each Participant and other taxing authorities, certain taxing jurisdictions, including each Participant, are also authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Set forth below is a summary of taxes levied for the 2024 tax year by all entities which overlap the Service Area and the highest anticipated 2025 tax rate of the Participants. None of the entities below have levied a tax rate for 2025. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges or any other levy of entities other than political subdivisions.

	Tax Rate per \$100 of Taxable Assessed Valuation
Comal County.....	\$ 0.264230
New Braunfels Independent School District.....	1.037700
Emergency Services District #7.....	0.050397
Total Overlapping Tax Rate.....	\$ 1.352327
WID 1D and WID 1F (a).....	0.850000
Total Tax Rate.....	\$ 2.202327

- (a) WID 1A levied a 2024 total tax rate of \$0.79 per \$100 taxable assessed valuation, of which \$0.63 is allocated to debt service, \$0.05 is allocated to maintenance and operations and \$0.11 is allocated to contract tax. WID 1A has not authorized publication of its 2025 tax rate as of the date hereof. WID 1D has authorized publication of its intent to levy a total tax rate of \$0.850 per \$100 taxable assessed valuation for 2025 and expects to adopt such rate in September 2025 with \$0.200 allocated to debt service, \$0.535 allocated to maintenance and operations and \$0.115 allocated to contract tax. WID 1F has authorized publication of its intent to levy a total tax rate of \$0.85 per \$100 taxable assessed valuation for 2025 and expects to adopt such rate in September 2025 with \$0.73 allocated to maintenance and operations and \$0.12 allocated to contract tax. Such rates are subject to change prior to levy. See "RISK FACTORS—Possible Impact on Contract Tax Rate" and "Debt Burden on Property within the Participant." See "RISK FACTORS—Operational Expenses" and "APPENDIX A."

TAX DATA

Contract Tax

The District, in its capacity as the Master District, has the statutory authority and the authorization under the Master District Contract to issue Contract Revenue Bonds. Each Participant's Contract Payment will be determined annually. The Master District Contract obligates each Participant to pay its pro rata share of debt service requirements on the Contract Revenue Bonds from the proceeds of the Contract Tax, or from any other legally available funds. The Participants levied their initial Contract Tax in 2024. See "MASTER DISTRICT CONTRACT" and "THE PARTICIPANTS—Contract Tax" and "Historical Contract Tax Collections" in this section.

Appraised Valuation Information

The Participants' Appraised Valuation as of January 1 of each year is used by the Master District in establishing the Contract Payments. The following represents the 2024 and 2025 Appraised Valuations, and the Estimated Appraised Valuation as of March 15, 2025, of the Participants and each Participant's percentage of the total Appraised Valuation. Historical tax information for each Participant is included in APPENDIX A herein.

Participant	2024 Certified Appraised Valuation (a)	% of 2024 Appraised Valuation	2025 Appraised Valuation (b)	% of 2025 Appraised Valuation	Estimated Appraised Valuation as of 3/15/2025 (c)	% of Estimated Appraised Valuation as of 3/15/2025
WID 1A	\$ 401,185,130	84.73%	\$511,187,171	81.77%	\$ 521,225,767	79.14%
WID 1D	66,583,078	14.06%	91,457,310	14.63%	114,917,669	17.45%
WID 1F	5,725,411	1.21%	22,507,951	3.60%	22,507,951	3.42%
	<u>\$ 473,493,619</u>	<u>100.00%</u>	<u>\$625,152,432</u>	<u>100.00%</u>	<u>\$ 658,651,387</u>	<u>100.00%</u>

- (a) Appraised value includes value associated with any optional exemption that a Participant may grant under Texas law and the market value deferred as a result of agricultural use.
- (b) For 2025, the Appraisal District has certified \$558,233,359 of appraised value in the boundaries of the Participants. There is also appraised value in the boundaries of the Participants that remains uncertified, subject to review and downward revision prior to certification in the amount of \$66,919,073. For purposes of this OFFICIAL STATEMENT, the 2025 Appraised Valuation represents the certified appraised valuation plus the uncertified appraised valuation. No tax will be levied on the uncertified value until it is certified. See "APPENDIX A" for each Participant's certified and uncertified value.
- (c) Increases in the Service Area appraised value that occur between January 1, 2025 and March 15, 2025 will be appraised for purposes of taxation on January 1, 2026. No tax will be levied on such amount until it is certified in the fall of 2026. See "TAXING PROCEDURES."

Historical Contract Payment Collections

Contract Payments due to the Master District are payable annually in equal amounts on March 1 and September 1. For tax year 2025, the Contract Payment due from the Participants is \$621,806. The first Contract Payment for the 2025 tax year is due March 1, 2026, and the balance is due on September 1, 2026. The Participants levied their initial Contract Tax in 2024. The 2024 Contract Payment collection rate is shown below. See "APPENDIX A" for a breakdown of each Participant's tax rate levy.

2024 Contract Payment Collection Rate..... 50.00% (a)

- (a) The remaining half of the 2024 Contract Payment is due on September 1, 2025.

Tax Rates of the Participants:

Participant	Anticipated			Participant Total Tax Rate
	2025	2025	2025	
	Debt Service Tax	Maintenance Tax	Contract Tax	
WID 1A (a)	\$ 0.630	\$ 0.050	\$ 0.110	\$ 0.790
WID 1D (b)	0.200	0.535	0.115	0.850
WID 1F (c)	-	0.730	0.120	0.850

- (a) WID 1A levied a 2024 total tax rate of \$0.79 per \$100 taxable assessed valuation, of which \$0.063 is allocated to debt service, \$0.05 is allocated to maintenance and operations and \$0.11 is allocated to contract tax. WID 1A has not authorized publication of its 2025 tax rate as of the date hereof. See “RISK FACTORS—Operational Expenses” and “APPENDIX A.”
- (b) WID 1D has authorized publication of its intent to levy a total tax rate of \$0.850 per \$100 taxable assessed valuation for 2025 and expects to adopt such rate in September 2025 with \$0.200 allocated to debt service, \$0.535 allocated to maintenance and operations and \$0.115 allocated to contract tax. See “RISK FACTORS—Operational Expenses” and “APPENDIX A.”
- (c) WID 1F has authorized publication of its intent to levy a total tax rate of \$0.85 per \$100 taxable assessed valuation for 2025 and expects to adopt such rate in September 2025 with \$0.73 allocated to maintenance and operations and \$0.12 allocated to contract tax. Such rate is subject to change prior to levy. See “RISK FACTORS—Operational Expenses” and “APPENDIX A.”

Principal Taxpayers

See “APPENDIX A” for information on the principal taxpayers of each Participant.

Tax Adequacy for Debt Service

The Contract Tax calculations set forth below are presented to indicate the tax rates per \$100 appraised value which would be required to meet average annual and maximum annual debt service requirements if no growth in the collective appraised value of the Participants’ occurred beyond the 2025 Appraised Valuation of \$652,152,435 (\$558,233,359 of certified value plus \$66,919,073 of uncertified value) and the Estimated Appraised Valuation as of March 15, 2025 of \$658,651,387. The calculations contained in the following table merely represent the tax rates required to pay principal and interest on the Outstanding Bonds and the Bonds when due, assuming no further increase or any decrease in appraised value of the Participants, collection of ninety-five percent (95%) of the Contract Tax levied, the sale of no additional Contract Revenue Bonds and no other funds available for the payment of debt service. See “FINANCIAL INFORMATION CONCERNING THE MASTER DISTRICT AND THE PARTICIPANTS (UNAUDITED)—Debt Service Requirements.”

Average Annual Debt Service Requirement (2026-2051)	\$821,036
\$0.14 Tax Rate on 2025 Appraised Valuation	\$831,453
\$0.14 Tax Rate on Estimated Appraised Valuation as of March 15, 2025	\$876,006
Maximum Annual Debt Service Requirement (2037)	\$854,044
\$0.15 Tax Rate on 2025 Appraised Valuation	\$890,842
\$0.14 Tax Rate on Estimated Appraised Valuation as of March 15, 2025	\$876,006

No representation or suggestion is made that the value comprising the uncertified portion of the 2025 Appraised Valuation will not be adjusted downward prior to certification or that Estimated Appraised Valuation as of March 15, 2025, will be certified as appraised value by the Appraisal District, and no person should rely upon such amounts or their inclusion herein as assurance of their attainment. See “TAXING PROCEDURES.”

TAXING PROCEDURES

Authority to Levy Taxes

Each Participant is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within its boundaries in an amount sufficient to pay the principal of and interest on the outstanding bonds issued by such Participant, Contract Payments on the Bonds and Outstanding Bonds, and Contract Payments on any other Contract Revenue Bonds that the Master District has issued or may hereafter issue, and to pay the expenses of assessing and collecting such taxes. Under Texas law, the board of directors of each Participant may also levy and collect an annual ad valorem tax for the operation and maintenance of such Participant. See “RISK FACTORS—Future Debt” and “THE PARTICIPANTS—Contract Tax—Direct Debt Service Tax—Maintenance and Operations Taxes.”

Property Tax Code and County-Wide Appraisal District

Title I of the Texas Property Tax Code (the "Property Tax Code") specifies the taxing procedures of all political subdivisions of the State of Texas, including the Participants. Provisions of the Property Tax Code are complex and are not fully summarized here.

The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing the values established by the appraisal district. The Appraisal District has the responsibility for appraising property for all taxing units within Comal County, including the Participants. Such appraisal values are subject to review and change by the Comal Appraisal Review Board (the "Appraisal Review Board").

Property Subject to Taxation by the Participants

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in a Participant are subject to taxation by a Participant. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually owned automobiles. In addition, a Participant may by its own action exempt residential homesteads of persons sixty-five (65) years of age or older and of certain disabled persons to the extent deemed advisable by the Board. A Participant may be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the previous election. A Participant is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair a Participant's obligation to pay tax supported debt incurred prior to adoption of the exemption by a Participant. Furthermore, a Participant must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between \$5,000 and \$12,000 of taxable valuation depending upon the disability rating of the veteran claiming the exemption, and qualifying surviving spouses of persons 65 years of age or older will be entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse. A veteran who receives a disability rating of 100% is entitled to an exemption for the full amount of the veteran's residential homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed or fatally injured in the line of duty is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the Appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1.

Freeport Goods and Goods-in-Transit Exemptions: A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, a Participant does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2011 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas.

not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption includes tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as a Participant may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods- in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District and the other Participants have taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Tax Abatement

Comal County may designate all or part of the area within the Service Area as a reinvestment zone. The City of New Braunfels also may designate property within its boundaries or its extraterritorial jurisdiction as a reinvestment zone. Thereafter, Comal County, a Participant, and the City of New Braunfels (after annexation of a Participant(s)) under certain circumstances, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including any Participant participating in the abatement agreement, for a period of up to ten (10) years, all or any part of any increase in the appraised value of property covered by the agreement over its appraised value in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions.

Generally, property in a Participant must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by a Participant in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code.

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually.

A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the Participant can collect taxes based on the new use, including taxes for the previous three (3) years for agricultural use, open space land and timberland.

The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraisal values. The plan must provide for appraisal of all real property in the Appraisal District at least once every six (6) years. It is not known what frequency of reappraisal will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis. Each Participant, however, at its expense has the right to obtain from the Appraisal District a current estimate of appraised values within the Participant or an estimate of any new property or improvements within the Participant. While such current estimate of appraised values may serve to indicate the rate and extent of growth of taxable values within the Participant, it cannot be used for establishing a tax rate within the Participant until such time as the Appraisal District chooses formally to include such values on its appraisal roll.

The Property Tax Code provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% physically damaged by a disaster and located within an area declared to be a disaster area by the governor of the State of Texas. This temporary exemption is automatic if the disaster is declared prior to a taxing unit, such as a Participant adopting its tax rate for the tax year. A taxing unit, such as a Participant, may authorize the exemption at its discretion if the disaster is declared after the taxing unit has adopted its tax rate for the tax year. The amount of the exemption is based on the percentage of damage and is prorated based on the date of the disaster. Upon receipt of an application submitted within the eligible timeframe by a person who qualifies for a temporary exemption under the Property Tax Code, the Appraisal District is required to complete a damage assessment and assign a damage assessment rating to determine the amount of the exemption. The temporary exemption amounts established in the Property Tax Code range from 15% for property less than 30% damaged to 100% for property that is a total loss. Any such temporary exemption granted for disaster-damaged property expires on January 1 of the first year in which the property is reappraised.

Valuation of Property for Taxation

Effective January 1, 2024, an appraisal district is prohibited from increasing the appraised value of real property during the 2024 tax year on certain non-homestead properties (the “Subjected Property”) whose appraised values are not more than \$5,000,000 (the “maximum property value”) to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property. After the 2024 tax year, through December 31, 2026 (unless extended by the Texas Legislature), the maximum property value may be increased or decreased by the product of the preceding state fiscal year’s increase or decrease in the consumer price index, as applicable, to the maximum property value.

Participant and Taxpayer Remedies

Under certain circumstances taxpayers and taxing units (such as the Participants) may appeal the orders of the Appraisal Review Board by filing a timely petition for review in State district court. In such event, the value of the property in question will be determined by the court or by a jury if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to compel compliance with the Property Tax Code. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

Each Participant is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Directors of each Participant, after the legally required notice has been given to owners of property within such Participant, based upon: a) the valuation of property within such Participant as of the preceding January 1, and b) the amount required to be raised for maintenance purposes, debt service on the Participant’s bonds, the Participant’s pro rata share of the annual debt service requirements (including reserve fund requirements) on contract revenue bonds issued by the Master District, and other authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed, except as set forth herein with respect to residential homesteads of persons sixty-five (65) years of age or older or disabled. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the Participant and a delinquent tax attorney. For those taxes billed at a later date and that become delinquent on or after June 1, they will also incur an additional penalty for collection costs of an amount established by the Participant and a delinquent tax attorney. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the Participants may be rejected. A Participant’s tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and interest, if the person requests an installment agreement in writing and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in equal monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) sixty-five (65) years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continues to accrue during the period of deferral.

Tax Payment Installments

Certain qualified taxpayers, including owners of residential homesteads, located within a designated disaster area or emergency area and whose property has been damaged as a direct result of the disaster or emergency, are entitled to enter into a tax payment installment agreement with a taxing jurisdiction, such as the District, if the taxpayer pays at least one-fourth of the tax bill imposed on the property by the delinquency date. The remaining taxes may be paid without penalty or interest in three equal installments within six months of the delinquency date.

Additionally, the Property Tax Code authorizes a taxing jurisdiction such as the District, solely at the jurisdiction’s discretion to adopt a similar installment payment option for taxes imposed on property that is located within a designated disaster area or emergency area and is owned or leased by certain qualified business entities, regardless of whether the property has been damaged as a direct result of the disaster or emergency.

Additional Penalties

Each Participant has contracted with a delinquent tax attorney to collect certain delinquent taxes. In connection with that contract, each Participant can establish an additional penalty of twenty percent (20%) of the tax to defray the costs of collection. This 20% penalty applies to taxes that either: (1) become delinquent on or after February 1 of a year, but not later than May 1 of that year, and that remain delinquent on April 1 (for personal property) and August 1 (for real property) of the year in which they become delinquent or (2) become delinquent on or after June 1, pursuant to the Texas Tax Code.

Rollback of Operation and Maintenance Tax Rate

Chapter 49 of the Texas Water Code, as amended, classifies districts differently based on the current operation and maintenance tax rate or on the percentage of build-out that the District has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per \$100 of taxable value are classified as "Special Taxing Units." Districts that have financed, completed, and issued bonds to pay for all improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as "Developed Districts." Districts that do not meet either of the classifications previously discussed can be classified herein as "Developing Districts." The impact each classification has on the ability of a district to increase its maintenance and operations tax rate is described for each classification below. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

Special Taxing Units: Special Taxing Units that adopt a total tax rate that would impose more than 1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Special Taxing Unit is the current year's debt service and contract tax rate plus 1.08 times the previous year's operation and maintenance tax rate.

Developed Districts: Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions for the preceding tax year, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus 1.035 times the previous year's operation and maintenance tax rate plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor of Texas or President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Special Taxing Unit and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Special Taxing Units.

Developing Districts: Districts that do not meet the classification of a Special Taxing Unit or a Developed District can be classified as Developing Districts. The qualified voters of these districts, upon the Developing District's adoption of a total tax rate that would impose more than 1.08 times the amount of the total tax rate imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are authorized to petition for an election to reduce the operation and maintenance tax rate. If an election is called and passes, the total tax rate for Developing Districts is the current year's debt service and contract tax rate plus 1.08 times the previous year's operation and maintenance tax rate.

The District: The District and each Participant have independently made determinations that the respective Participants are considered Developing Districts for the 2025 tax year. The District cannot give any assurances as to what its classification or the classification of the Participants will be at any point in time or whether the District's or Participants' future tax rates will result in a total tax rate that will reclassify the District or Participants into a new classification and new election calculation.

Participant's Rights in the Event of Tax Delinquencies

Taxes levied by each Participant are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including each Participant, having power to tax the property. The Participant's tax lien is on a parity with tax liens of such other taxing units. See "FINANCIAL INFORMATION CONCERNING THE MASTER DISTRICT AND THE PARTICIPANTS (UNAUDITED)—Estimated Overlapping Taxes." A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of a district is determined by applicable federal law. Personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, a Participant may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both, subject to the limitations set forth under “Levy and Collection of Taxes”. In filing a suit to foreclose a tax lien on real property, a Participant must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, and by taxpayer redemption rights. A taxpayer may redeem commercial property within six months and all other types of property within two (2) years after the purchaser's deed issued at the foreclosure sale is filed in the county records. The Participant's ability to foreclose its tax lien or collection penalties or interest on delinquent taxes may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. See “RISK FACTORS—General—Tax Collection Limitations and Foreclosure Remedies.”

RISK FACTORS

General

The Bonds are special obligations solely of the Master District and are not obligations of the State of Texas; Comal County, Texas; the City of New Braunfels, Texas; any of the Participants; or any entity other than the Master District. The Contract Revenue Bonds, including the Bonds, are payable solely from and to the extent of certain contract payments received by the Master District from the Participants pursuant to the Master District Contract, with each Participant's annual contract payment being equal to its pro rata share of annual debt service on the Contract Revenue Bonds, including the Bonds, plus all charges and expenses of paying agents, registrars and trustees, and all amounts required to establish and maintain funds, including the Contract Revenue Reserve Fund, established under the Bond Resolution or the Indenture, based upon the Certified Appraised Valuation of each such Participant as a percentage of the total Certified Appraised Valuation of all Participants (the “Contract Payment(s)”). The obligations of the Participants to make Contract Payments are several, not joint, obligations pro-rated among the Participants based upon the proportion of the Certified Appraised Valuation of property within their respective boundaries to the total Certified Appraised Valuation of property within all of the Participants as described herein. No Participant is obligated to pay the Contract Payments allocated to any other Participant; however, lack of payment by any Participant could result in an increase in the Contract Payment amount paid by each of the other Participants during the time that such Participant's payment is delinquent. The security for payment of the principal of and interest on the Bonds by the Master District therefore depends on the ability of each Participant to collect annual ad valorem taxes (without legal limit as to rate or amount) levied on all taxable property within its boundaries sufficient to make its Contract Payments. See “Registered Owners' Remedies and Bankruptcy Limitation to Registered Owner's Rights” below and “THE BONDS—Source and Security of Payment.”

Pursuant to an Indenture of Trust executed on or before the date of sale of the Bonds (the “Indenture”), by and between the Master District and The Bank of New York Mellon Trust Company, N.A., the Master District is issuing, and is expected to issue, contract revenue bonds for the purpose of purchasing or acquiring regional water, sanitary sewer and drainage facilities. The Master District Contract obligates each Participant to pay a pro rata share of the debt service on the Contract Revenue Bonds based upon the Certified Appraised Value of each Participant as a percentage of the Certified Appraised Value of all Participants, calculated annually. Each Participant is obligated to make such payments (“Contract Payments”) from the proceeds of an annual ad valorem tax, without legal limit as to rate or amount, levied by such Participant for such purpose on all taxable property within its boundaries (“Contract Tax”), or from any other lawful source of such Participant's income.

Operational Expenses

Under the terms of the Master District Contract, the Master District may charge the Participants a monthly operational fee based on the Participants' best estimate of residential and commercial connections for applicable services thereunder. On the basis of estimates from its consultants, past operating experience, and related data, the Master District shall establish a budget no later than 45 days prior to the end of its fiscal year, June 30, for the operation of all the Master District Facilities for each fiscal year. Such budgets shall include all operation and maintenance expenses and reserve requirements, if any. Such budgets may include capital costs reasonably expected to be incurred to meet regulatory requirements and may include other capital costs upon written consent of all Participants. The Master District charged its initial monthly operational fee in 2025. The Developer has made advances for operational expenses in prior years, and if funds from the monthly operational fee are not sufficient to offset the operational expenses of the District, continued maintenance of a positive general fund balance may depend on additional cash subsidies from the Developer and/or continued development and increased amounts of monthly operational charge revenue.

Economic Factors and Interest Rates

A substantial percentage of the taxable value of the Service Area results from the current market value of single-family residences, multi-family residential development, commercial development and developed lots which are currently being marketed by the Developer for sale to homebuilders for the construction of primary residences. The market value of such homes and lots, multi-family apartments and commercial development is related to general economic conditions in the San Antonio/New Braunfels, Texas region and the national economy and those conditions can affect the demand for all types of development. All development can be significantly affected by factors such as interest rates, credit availability, construction costs and the prosperity and demographic characteristics of the urban center toward which the marketing of lots is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could impact such values. See “Credit Markets and Liquidity in the Financial Markets” below.

Credit Markets and Liquidity in the Financial Markets

Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates at which developers are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the Service Area. Because of the numerous and changing factors affecting the availability of funds, particularly the liquidity in the national credit markets, the Master District is unable to assess the future availability of such funds for continued construction within the Service Area. In addition, since the Service Area is located approximately 33 miles from the central downtown business district of the City of San Antonio and approximately 2 miles from downtown New Braunfels, the success of development within the Service Area and growth of Service Area taxable property values are, to a great extent, a function of the San Antonio/New Braunfels metropolitan and regional economies and national credit and financial markets. A downturn in the economic conditions of San Antonio/New Braunfels and decline in the nation's real estate and financial markets could adversely affect development and home-building plans in the Service Area and restrain the growth or reduce the value of the Service Area's property tax base.

Competition

The demand for and construction of single-family homes, multi-family tracts and commercial tracts in the Service Area, which is 33 miles from downtown San Antonio and two miles from downtown New Braunfels, could be affected by competition from other developments, including other developments located in Comal County and the New Braunfels/San Antonio, Texas metropolitan areas. In addition to competition for new home sales from other developments, there are numerous previously owned homes in the area of the Service Area and in more established neighborhoods. Such homes could represent additional competition for new homes proposed to be sold within the Service Area.

The competitive position of the Developer in the sale of developed lots and of prospective builders in the construction of single-family residential houses within the Service Area and marketing of commercial tracts within the Service Area is affected by most of the factors discussed in this section. Such a competitive position directly affects the growth and maintenance of taxable values in the Service Area. The District can give no assurance that building and marketing programs in the Service Area by the Developer will be implemented or, if implemented, will be successful. Failure of the Developer to develop the developable land or of builders to construct taxable improvements on the developed lots could restrict the rate of growth of the taxable value in the Service Area.

Increase in Costs of Building Materials and Labor Shortages

As a result of supply issues, shipping constraints, and ongoing trade disputes (including tariffs), there have been recent substantial increases in the cost of lumber and other building materials, causing many homebuilders and general contractors to experience budget overruns. Further, the unpredictable nature of current trade policy (including the threatened imposition of tariffs) may impact the ability of the Developer or homebuilders in the District to estimate costs. Additionally, immigration policies may affect the State's workforce, and any labor shortages that could occur may impact the rate of construction within the District. Uncertainty surrounding availability and cost of materials may result in decreased levels of construction activity, and may restrict the growth of property values in the District. The District makes no representations regarding the probability of development or homebuilding continuing in a timely manner or the effects that current or future economic or governmental circumstances may have on any plans of the Developer or homebuilder.

Undeveloped Acreage and Vacant Lots

There are approximately 1,389 developable acres of land in the Service Area that have not been provided with water, wastewater, storm sewer, road and other facilities necessary for the construction of taxable improvements (including approximately 132 acres under construction for the development of 408 single-family residential lots). In addition, as of August 1, 2025, there were a total of 166 vacant developed single-family residential lots in the Service Area (36 lots in WID 1A, 1 lot in WID 1D and 129 lots in WID 1F). The District makes no representation as to when or if development of the undeveloped acreage will occur or that the lot sales and building program will be successful. Failure of the Developer to develop the developable land or of builders to build taxable improvements on developed lots could affect the rate of growth of taxable values in the Service Area. See "THE DISTRICT AND THE SERVICE AREA—Land Use."

Developer Obligation to the District

There are no commitments from or obligations of the Developer or any other landowner to the Service Area to proceed at any particular rate or according to any specified plan with the development of land or construction of improvements in the Service Area, and there is no restriction on any landowner's right to sell its land. Failure of the Developer to develop the developable land or of builders to construct taxable improvements on developed tracts of land or developed lots could restrict the rate of growth of taxable values in the Service Area. The Master District cannot and does not make any representations that over the life of the Bonds that the Participants will increase or maintain their taxable property. See "THE DEVELOPER."

Possible Impact on Contract Tax Rate

Assuming no further development, the value of the land and improvements currently within the Service Area will be the major determinant of the ability or willingness of owners of property within the Participants to pay their taxes. The 2025 Appraised Valuation of the Participants is \$625,152,432. After issuance of the Bonds, the maximum debt service requirement on the Bonds and the Outstanding Bonds will be \$854,044 (2037), and the average annual debt service requirement will be \$821,036 (2026-2051, inclusive). Assuming no increase or decrease from the 2025 Appraised Valuation, the issuance of no additional debt, and no other funds available for the payment of debt service, contract tax rates of \$0.15 and \$0.14 per \$100 of appraised value at a ninety-five percent (95%) collection rate would be necessary to pay the maximum debt service requirement and the average annual debt service requirement, respectively. The Estimated Appraised Valuation of the Participants as of March 15, 2025, is \$658,651,387. Assuming no increase or decrease from the Estimated Appraised Valuation as of March 15, 2025, the issuance of no additional debt, and no other funds available for the payment of debt service, a contract tax rate of \$0.14 per \$100 of appraised value at a ninety-five percent (95%) collection rate would be necessary to pay the maximum debt service requirement and the average annual debt service payment. See “FINANCIAL INFORMATION CONCERNING THE MASTER DISTRICT AND THE PARTICIPANTS (UNAUDITED)—Debt Service Requirements.”

No representation or suggestion is made that the value comprising the uncertified portion (\$66,919,073) of the 2025 Appraised Valuation will not be adjusted downward prior to certification or that the Estimated Appraised Valuation as of March 15, 2025, provided by the Appraisal District will be certified by the Appraisal District, and no person should rely upon such amounts or their inclusion herein as assurance of their attainment. See “TAXING PROCEDURES.”

Debt Burden on Property within the Participants

The Master District expects that each Participant will derive funds to make its Contract Payments to the Master District from the collection of ad valorem taxes, without legal limit as to rate or amount, levied on all taxable property within its boundaries. In addition to the annual levy of a Contract Tax to make its annual Contract Payments, each Participant is authorized, and expected, to levy a tax on taxable property within its boundaries (without legal limit as to rate or amount) to pay annual principal and interest on bonds issued by the Participant and to pay its operations and maintenance expenses. In accordance with the development plan of the Developer, it is expected that each Participant will also issue bonds to finance the internal water, wastewater and storm drainage facilities, and roads within its boundaries at the earliest time permitted by the rules of the TCEQ.

The Master District can make no representation that the taxable property values in the Participants will maintain a value sufficient to support the aforementioned Contract Tax or to justify continued payment of taxes by property owners. See “FINANCIAL INFORMATION CONCERNING THE MASTER DISTRICT AND THE PARTICIPANTS (UNAUDITED),” “TAX DATA—Tax Adequacy for Debt Service,” and “APPENDIX A.”

The current TCEQ rules regarding the feasibility of a bond issue for utility districts in Comal County limit the projected combined total tax rate of entities levying a tax for water, sewer, drainage, and roads to \$1.20 per \$100 of taxable appraised value. In the case of the Participants the total combined tax rate under current TCEQ rules includes the Contract Tax in combination with the direct tax rates of a Participant for debt service and maintenance. If the current combined tax rate a Participant should ever exceed \$1.20 per \$100 of taxable appraised value, such Participant or the Master District could be prohibited under rules of the TCEQ from selling additional bonds which require the prior approval of TCEQ. See “Possible Impact on District Tax Rates” above and “FINANCIAL INFORMATION CONCERNING THE MASTER DISTRICT AND THE PARTICIPANTS (Unaudited)—Estimated Overlapping Debt” and “—Estimated Overlapping Taxes.”

The total composite tax rate, which includes or will include the Contract Tax and direct taxes for debt service and maintenance and operations, to which property in each of the Participants may be higher than the composite tax rate of property within other competing subdivisions. To the extent that such composite tax rate is not competitive, the growth of property tax values in each Participant and the investment quality or security of the Bonds could be adversely affected. The Master District has no control over such composite tax rate. See “Competition” in this section and “FINANCIAL INFORMATION CONCERNING THE MASTER DISTRICT AND THE PARTICIPANTS (UNAUDITED)—Estimated Overlapping Taxes.”

Specific Flood Type Risks

The District is subject to certain flood risks:

Ponding (or Pluvial) Flood: Ponding, or pluvial, flooding occurs when heavy rainfall creates a flood event independent of an overflowing water body, typically in relatively flat areas. Intense rainfall can exceed the drainage capacity of a drainage system, which may result in water within the drainage system becoming trapped and diverted onto streets and nearby property until it is able to reach a natural outlet. Ponding can also occur in a flood pool upstream or behind a dam, levee or reservoir.

Riverine (or Fluvial) Flood: Riverine, or fluvial, flooding occurs when water levels rise over the top of river, bayou or channel banks due to excessive rain from tropical systems making landfall and/or persistent thunderstorms over the same area for extended periods of time. The damage from a riverine flood can be widespread. The overflow can affect smaller rivers and streams downstream, or may sheet-flow over land. Flash flooding is a type of riverine flood that is characterized by an intense, high velocity torrent of water that occurs in an existing river channel with little to no notice. Flash flooding can also

occur even if no rain has fallen, for instance, after a levee, dam or reservoir has failed or experienced an uncontrolled release, or after a sudden release of water by a debris or ice jam. In addition, planned or unplanned controlled releases from a dam, levee or reservoir also may result in flooding in areas adjacent to rivers, bayous or man-made drainage systems (canals or channels) downstream. No flooding occurred in the Service Area during the flooding events in Texas on July 4, 2025.

Registered Owners' Remedies and Bankruptcy Limitation to Registered Owner's Rights

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created or confirmed in the Bond Resolution, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Resolution, the registered owners of the Bonds ("Registered Owners") have the statutory right of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Resolution. Except for mandamus, the Bond Resolution does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, the Indenture provides certain limitations on the right of Registered Owners of the Bonds to institute suits, actions or proceedings at law or in equity upon the occurrence of an event of default. See "THE BONDS—Remedies in Event of Default" and "THE INDENTURE OF TRUST." Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Resolution may not be reduced to a judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by direct levy and execution against the property of the Master District or property within the Service Area. Further, the Registered Owners cannot themselves foreclose on property within the Service Area or sell property within the Service Area to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District.

Subject to the requirements of Texas law discussed below, a political subdivision such as the District (or another Participant) may voluntarily file a petition for relief from creditors under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Sections 901-946. The filing of such petition would automatically stay the enforcement of Registered Owners' remedies, including mandamus. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismisses the petition, enters an order granting relief from the stay or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision such as the District may qualify as a debtor eligible to proceed in a Chapter 9 case only if it (1) is authorized to file for federal bankruptcy protection by applicable state law, (2) is insolvent or unable to meet its debts as they mature, (3) desires to effect a plan to adjust such debts, and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Special districts such as the District must obtain the approval of the TCEQ as a condition to seeking relief under the federal Bankruptcy Code. The TCEQ is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under federal bankruptcy law only if such district has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

Notwithstanding noncompliance by a district with Texas law requirements, the District could file a voluntary bankruptcy petition under Chapter 9, thereby invoking the protection of the automatic stay until the bankruptcy court, after a hearing, dismisses the petition. A federal bankruptcy court is a court of equity and federal bankruptcy judges have considerable discretion in the conduct of bankruptcy proceedings and in making the decision of whether to grant the petitioning district relief from its creditors. While such a decision might be appealable, the concomitant delay and loss of remedies to the Registered Owner could potentially and adversely impair the value of the Registered Owner's claim.

If a petitioning district were allowed to proceed voluntarily under Chapter 9 of the federal Bankruptcy Code, it could file a plan for an adjustment of its debts. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect Registered Owners by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating the collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of the Registered Owners' claims against a district.

A district may not be forced into bankruptcy involuntarily.

Future Debt

Pursuant to the Master District Contract, the Master District may issue Contract Revenue Bonds in a principal amount not to exceed \$85,000,000 to provide the Master District Facilities and for refunding such bonds. After the issuance of the Bonds, the Master District will have \$72,250,000 principal amount of Contract Revenue Bonds authorized but unissued. Any future Contract Revenue Bonds will be on a parity with the Bonds. The Master District anticipates that it will issue additional Contract Revenue Bonds. Future issues of Contract Revenue Bonds are intended to be sold at the earliest practicable date consistent with the maintenance of a reasonable tax rate in the Service Area. The Master District does not employ any formula with respect to appraised values, tax collections or otherwise to limit the amount of Contract Revenue Bonds which it may issue. The issuance of additional bonds may be subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds.

To date, the Developer has advanced certain funds for construction of water, sewer and drainage facilities and related improvements for which it has not been reimbursed. After the reimbursements are made with Bond proceeds, the Master District will owe approximately \$16,000,000 (excluding land costs and interest) to the Developer for water, wastewater and drainage facilities constructed in the Service Area. See “Possible Impact on the Contract Tax Rate” in this section.

Marketability of the Bonds

The District has no understanding with the Underwriter regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked price may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional issuers as such bonds are more generally bought, sold or traded in the secondary market.

2025 Legislative Session

The 89th Regular Legislative Session convened on January 14, 2025, and concluded on June 2, 2025. The Texas Legislature meets in regular session in odd numbered years for 140 days. When the Texas Legislature is not in session, the Governor of Texas (the “Governor”) may call one or more special sessions, at the Governor's discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. During this time, the Texas Legislature may enact laws that materially change current law as it relates to the District. On August 15, 2025, the Governor called the Second Special Session which concluded on September 3, 2025. The District can make no representation regarding any actions the Texas Legislature may take or the effect of such actions.

Environmental Regulations

Wastewater treatment, water supply, storm sewer facilities and construction activities within the District are subject to complex environmental laws and regulations at the federal, state and local levels that may require or prohibit certain activities that affect the environment, such as:

- Requiring permits for construction and operation of water wells, wastewater treatment and other facilities;
- Restricting the manner in which wastes are treated and released into the air, water and soils;
- Restricting or regulating the use of wetlands or other properties; or
- Requiring remedial action to prevent or mitigate pollution.

Sanctions against a municipal utility district or other type of special purpose district for failure to comply with environmental laws and regulations may include a variety of civil and criminal enforcement measures, including assessment of monetary penalties, imposition of remedial requirements and issuance of injunctions to ensure future compliance. Environmental laws and compliance with environmental laws and regulations can increase the cost of planning, designing, constructing and operating water production and wastewater treatment facilities. Environmental laws can also inhibit growth and development within the District. Further, changes in regulations occur frequently, and any changes that result in more stringent and costly requirements could materially impact the District.

Air Quality Issues. Air quality control measures required by the United States Environmental Protection Agency (the “EPA”) and the Texas Commission on Environmental Quality (the “TCEQ”) may impact new industrial, commercial and residential development in the San Antonio area. Under the Clean Air Act (“CAA”) Amendments of 1990, the four-county San Antonio area (“San Antonio Area”)—Bexar, Comal, Guadalupe, and Wilson Counties—has been designated an attainment/unclassifiable area under the eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 (the “2008 Ozone Standard”).

However, the San Antonio Area is currently designated as a “serious” nonattainment area under the eight-hour ozone standard of 70 ppb promulgated by the EPA in 2015 (the “2015 Ozone Standard”), with an attainment deadline of September 24, 2027. For purposes of the 2015 Ozone Standard, the San Antonio Area consists of Bexar County only.

A designation of nonattainment for ozone or any other pollutant could negatively impact business due to the additional permitting/regulatory constraints that accompany this designation and because of the community stigma associated with a nonattainment designation. In the past, the San Antonio Area has entered into agreements with the TCEQ to undertake voluntary actions to help avoid nonattainment designation. Since 2004, the San Antonio Area has been party to a curtailment agreement with the TCEQ, and the San Antonio Area is currently part of an EPA Ozone Advance Program.

In order to comply with the EPA’s ozone standards, the TCEQ has established a state implementation plan (“SIP”) setting emission control requirements, some of which regulate the inspection and use of automobiles. These types of measures could impact how people travel, what distances people are willing to travel, where people choose to live and work, and what jobs are available in the San Antonio Area. It is possible that additional controls will be necessary to allow the San Antonio Area to maintain and/or achieve attainment with the ozone standards. Such additional controls could have a negative impact on the San Antonio Area’s economic growth and development.

Water Supply & Discharge Issues. Water supply and discharge regulations that municipal utility districts, including the District, may be required to comply with involve: (1) groundwater well permitting and surface water appropriation; (2) public water supply systems; (3) wastewater discharges from treatment facilities; (4) storm water discharges; and (5) wetlands dredge and fill activities. Each of these is addressed below:

Certain governmental entities regulate groundwater usage in the San Antonio Area. A municipal utility district or other type of special purpose district that (i) is located within the boundaries of such an entity that regulates groundwater usage, and (ii) relies on local groundwater as a source of water supply, may be subject to requirements and restrictions on the drilling of water wells and/or the production of groundwater that could affect both the engineering and economic feasibility of district water supply projects.

Pursuant to the federal Safe Drinking Water Act (“SDWA”) and the EPA’s National Primary Drinking Water Regulations (“NPDWRs”), which are implemented by the TCEQ’s Water Supply Division, a municipal utility district’s provision of water for human consumption is subject to extensive regulation as a public water system. Municipal utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency’s rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future. Further, the EPA has established a NPDWR for six (6) Per- and Polyfluoroalkyl Substances (“PFAS”), which requires public water systems to perform certain monitoring and remediation measures. Public water systems may be subject to additional PFAS regulation in the future, which could increase the cost of constructing, operating, and maintaining water production and distribution facilities.

Texas Pollutant Discharge Elimination System (“TPDES”) permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000) (“CGP”), with an effective date of March 5, 2023, which is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain non-stormwater discharges into surface water in the state. The CGP has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act (“CWA”) and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district’s ability to obtain and maintain compliance with TPDES permits.

Operations of utility districts, including the District, are also potentially subject to requirements and restrictions under the CWA regarding the use and alteration of wetland areas that are within the “waters of the United States.” The District must obtain a permit from the United States Army Corps of Engineers (“USACE”) if operations of the District require that wetlands be filled, dredged, or otherwise altered.

In 2023, the Supreme Court of the United States issued its decision in *Sackett v. EPA*, which clarified the definition of “waters of the United States” and significantly restricted the reach of federal jurisdiction under the CWA. Under the *Sackett* decision, “waters of the United States” includes only geographical features that are described in ordinary parlance as “streams, oceans, rivers, and lakes” and to adjacent wetlands that are indistinguishable from such bodies of water due to a continuous surface connection. Subsequently, the EPA and USACE issued a final rule amending the definition of “waters of the United States” under the CWA to conform with the Supreme Court’s decision.

While the *Sackett* decision and subsequent regulatory action removed a great deal of uncertainty regarding the ultimate scope of “waters of the United States” and the extent of EPA and USACE jurisdiction, operations of municipal utility districts, including the District, could potentially be subject to additional restrictions and requirements, including additional permitting requirements, in the future.

Changes in Tax Legislation

Certain tax legislation, whether currently proposed or proposed in the future, may directly or indirectly reduce or eliminate the benefit of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, may also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed, pending or future legislation.

Tax Collections Limitations and Foreclosure Remedies

The Master District's ability to make debt service payments may be adversely affected by one or more Participant’s inability to collect ad valorem taxes necessary to make its Contract Payments. Under Texas law, the levy of ad valorem taxes by each Participant constitutes a lien in favor of the Participant on a parity with the liens of all other local taxing authorities on the property against which taxes are levied, and such lien may be enforced by judicial foreclosure. Each Participant’s ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time- consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer, or (c) market conditions affecting the marketability of taxable property within the Participant and limiting the proceeds from a foreclosure sale of such property. Moreover, the proceeds of any sale of property within the Participant will be allocated pro rata among the Participant’s tax obligations (including Contract Payments, maintenance and operation expenses, and debt service for any unlimited tax bonds issued by the Participant). The proceeds of any such sale of property may be limited by the existence of other tax liens on the property (see “FINANCIAL INFORMATION CONCERNING THE MASTER DISTRICT AND THE

PARTICIPANTS (UNAUDITED)—Estimated Overlapping Taxes”), by the current aggregate tax rate being levied against the property, and by other factors (including the taxpayers' right to redeem property within two years of foreclosure for residential and agricultural use property and six months for other property). Finally, any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within a Participant pursuant to the Federal Bankruptcy Code could stay any attempt by the Participant to collect delinquent ad valorem taxes Appraised against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes Appraised against the debtor, including taxes that have already been paid. See “TAXING PROCEDURES—Participant's Rights in the Event of Tax Delinquencies.”

Risk Factors Related to the Purchase of Municipal Bond Insurance

The District has applied for a bond insurance policy (the “Policy”) to guarantee the scheduled payment of principal and interest on the Bonds. If the Policy is issued, investors should be aware of the following investment considerations:

The long-term ratings on the Bonds are dependent in part on the financial strength of the bond insurer (the “Insurer”) and its claim paying ability. The Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Insurer and of the ratings on the Bonds insured by the Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See description of “MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE.”

The obligations of the Insurer are contractual obligations and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the District nor the Underwriter have made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of the Insurer, particularly over the life of the investment. See “MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE” for further information provided by the Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Insurer.

Continuing Compliance with Certain Covenants

Failure of the District to comply with certain covenants contained in the Bond Resolution on a continuing basis prior to the maturity of the Bonds could result in interest on the Bonds becoming taxable retroactive to the date of original issuance. See “TAX MATTERS.”

LEGAL MATTERS

Legal Proceedings

Delivery of the Bonds will be accompanied by the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the Master District under the Constitution and laws of the State of Texas, payable from the Pledged Revenues (see “THE INDENTURE OF TRUST”), and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the approving legal opinion of Bond Counsel, to a like effect and to the effect that, under existing law interest on the Bonds is excludable from gross income for federal tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations for the purpose of determining the alternative minimum tax imposed on corporations.

Bond Counsel has reviewed the information appearing in this OFFICIAL STATEMENT under “THE BONDS,” “THE INDENTURE OF TRUST,” “THE PARTICIPANTS,” “MASTER DISTRICT CONTRACT,” “TAXING PROCEDURES,” “LEGAL MATTERS,” “TAX MATTERS” and “CONTINUING DISCLOSURE OF INFORMATION” solely to determine if such information, insofar as it relates to matters of law, is true and correct, and whether such information fairly summarizes the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this OFFICIAL STATEMENT nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this OFFICIAL STATEMENT. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

Allen Boone Humphries Robinson LLP also serves as general counsel to the District on matters other than the issuance of bonds. The legal fees paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the bonds actually issued, sold, and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds. Certain legal matters will be passed upon for the Master District by McCall, Parkhurst & Horton L.L.P., Houston, Texas, as Disclosure Counsel.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

No Material Adverse Change

The obligations of the Underwriter to take and pay for the Bonds, and of the Master District to deliver the Bonds, are subject to the condition that, up to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the financial condition of the Master District from that set forth or contemplated in the PRELIMINARY OFFICIAL STATEMENT, as amended or supplemented through the date of sale.

No-Litigation Certificate

The District will furnish the Underwriter a certificate, executed by both the President or Vice President and Secretary or Assistant Secretary of the Board, and dated as of the Date of Delivery of the Bonds, to the effect that no litigation of any nature is pending or to its knowledge threatened, either in state or federal courts, contesting or attacking the Bonds, the Master District Contract, restraining or enjoining the levy, collection and pledge of the funds from which the Bonds are payable; in any manner questioning the authority or proceedings for the issuance, execution or delivery of the Bonds or the title of the present officers of the District.

TAX MATTERS

The following discussion of certain federal income tax considerations is for general information only and is not tax advice. Each prospective purchaser of the Bonds should consult its own tax advisor as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

Tax Exemption

In the opinion of Allen Boone Humphries Robinson LLP, Bond Counsel, under existing law, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals.

The Code imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of bond proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The District has covenanted in the Bond Resolution that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Bond Resolution pertaining to those sections of the Code that affect the excludability of interest on the Bonds from gross income for federal income tax purposes and, in addition, will rely on representations by the District and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the District and such parties, which Bond Counsel has not independently verified. If the District fails to comply with the covenants in the Bond Resolution or if the foregoing representations are determined to be inaccurate or incomplete, interest on the Bonds could become includable in gross income from the date of delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Bond Counsel will express no opinion as to the amount or timing of interest on the Bonds or, except as stated above, any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Bonds. Certain actions may be taken or omitted subject to the terms and conditions set forth in the Bond Resolution upon the advice or with the approving opinion of Bond Counsel. Bond Counsel will express no opinion with respect to Bond Counsel's ability to render an opinion that such actions, if taken or omitted, will not adversely affect the excludability of interest of the Bonds from gross income for federal income tax purposes.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the District as the taxpayer, and the Owners of the Bonds may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds, regardless of the ultimate outcome of the audit.

Qualified Tax-Exempt Obligations

The Code requires a pro rata reduction in the interest expense deduction of a financial institution to reflect such financial institution's investment in tax-exempt obligations acquired after August 7, 1986. An exception to the foregoing provision is provided in the Code for “qualified tax-exempt obligations,” which include tax-exempt obligations, such as the Bonds, (a) designated by the issuer as “qualified tax-exempt obligations” and (b) issued by or on behalf of a political subdivision for which the aggregate amount of tax-exempt obligations (not including private activity bonds other than qualified 501(c)(3) bonds) to be issued during the calendar year is not expected to exceed \$10,000,000.

The District will designate the Bonds as “qualified tax-exempt obligations” and has represented that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the Master District and entities aggregated with the Master District under the Code during calendar year 2025 is not expected to exceed \$10,000,000 and that the Master District and entities aggregated with the Master District under the Code have not designated more than \$10,000,000 in “qualified tax-exempt obligations” (including the Bonds) during calendar year 2025.

Notwithstanding these exceptions, financial institutions acquiring the Bonds will be subject to a 20 percent disallowance of allocable interest expense

Collateral Tax Consequences

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences, including but not limited to those noted below. Therefore, prospective purchasers of the Bonds should consult their own tax advisors as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

An “applicable corporation” (as defined in section 59(k) of the Code) may be subject to a 15 percent alternative minimum tax imposed under section 55 of the Code on its “adjusted financial statement income” (as defined in section 56A of the Code) for such taxable year. Because interest on tax-exempt obligations, such as the Bonds, is included in a corporation’s “adjusted financial statement income,” ownership of the Bonds could subject certain corporations to alternative minimum tax consequences.

Ownership of tax-exempt obligations also may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the “branch profits tax” on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Bonds.

Prospective purchasers of the Bonds should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year.

Tax Accounting Treatment of Original Issue Premium

If the issue price of any maturity of the Bonds exceeds the stated redemption price payable at maturity of such Bonds, such Bonds (the “Premium Bonds”) are considered for federal income tax purposes to have “bond premium” equal to the amount of such excess. The basis of a Premium Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Bond in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Premium Bond.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Premium Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond premium upon the redemption, sale or other disposition of a Premium Bond and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Bonds.

Tax Accounting Treatment of Original Issue Discount

If the issue price of any maturity of the Bonds is less than the stated redemption price payable at maturity of such Bonds (the “OID Bonds”), the difference between (i) the amount payable at the maturity of each OID Bond, and (ii) the initial offering price to the public of such OID Bond constitutes original issue discount with respect to such OID Bond in the hands of any owner who has purchased such OID Bond in the initial public offering of the Bonds. Generally, such initial owner is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such OID Bond equal to that portion of the amount of such original issue discount allocable to the period that such OID Bond continues to be owned

by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Bonds under the captions “—Tax Exemption” and “—Additional Federal Income Tax Considerations—Collateral Tax Consequences” and “—Tax Legislative Changes” generally apply and should be considered in connection with the discussion in this portion of the OFFICIAL STATEMENT.

In the event of the redemption, sale or other taxable disposition of such OID Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such OID Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such OID Bond was held by such initial owner) is includable in gross income.

The foregoing discussion assumes that (i) the Underwriter has purchased the Bonds for contemporaneous sale to the public and (ii) all of the OID Bonds have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm’s-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the cover page of this OFFICIAL STATEMENT. Neither the District nor Bond Counsel has made any investigation or offers any assurance that the OID Bonds will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each OID Bond accrues daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner’s basis for such OID Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (i) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (ii) the amounts payable as current interest during such accrual period on such Bond.

The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of OID Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of OID Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of interest accrued upon redemption, sale or other disposition of such OID Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such OID Bonds.

Tax Legislative Changes

Current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any recently enacted, proposed, pending or future legislation.

MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE

The District has not applied for an underlying rating nor is it expected that the District would have received an investment graded rating had such application been made.

Applications have been made for the qualification of the Bonds for municipal bond insurance. If qualified, such insurance will be available at the option of the Underwriter and at the Underwriter’s expense. See “RISK FACTORS—Risk Factors Related to the Purchase of Municipal Bond Insurance.”

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

The financial data and other information contained in this OFFICIAL STATEMENT has been obtained primarily from the District’s records, the Developer, the Engineer, the Tax Assessor/Collector, the Appraisal District and information from other sources. All of these sources are believed to be reliable, but no guarantee is made by the District as to the accuracy or completeness of the information derived from such sources, and its inclusion herein is not to be construed as a representation on the part of the District to such effect except as specified below under “Certification of Official Statement.” Furthermore, there is no guarantee that any of the assumptions or estimates contained herein will be realized. The summaries of the agreements, reports, statutes, resolutions, indentures, engineering and other related information set forth in this OFFICIAL STATEMENT are included herein subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents for further information.

Financial Advisor

Masterson Advisors LLC is employed as the Financial Advisor to the District to render certain professional services, including advising the District on a plan of financing and preparing the OFFICIAL STATEMENT, including the OFFICIAL NOTICE OF SALE and the OFFICIAL BID FORM for the sale of the Bonds. In its capacity as Financial Advisor, Masterson Advisors LLC has compiled and edited this OFFICIAL STATEMENT. The Financial Advisor has reviewed the information in this OFFICIAL STATEMENT in accordance with, and as a part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

Consultants

In approving this OFFICIAL STATEMENT the District has relied upon the following consultants. Each consultant has agreed to the use of information provided by such firms.

Engineer: The information contained in this OFFICIAL STATEMENT relating to engineering and to the description of the Master District's water and wastewater system and, certain information included in the sections entitled "THE DISTRICT AND SERVICE AREA—Description and Location—Status of Development," and "THE SYSTEM" has been provided by LJA Engineering, Inc., and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

Appraisal District: The information contained in this OFFICIAL STATEMENT relating to the historical certified taxable Appraised Valuations has been provided by the Comal Appraisal District and has been included herein in reliance upon the authority of such entity as experts in assessing the values of property in Comal County, including within the boundaries of the Participants.

Tax/Assessor/Collector: The information contained in this OFFICIAL STATEMENT relating to the historical breakdown of the Participants' Appraised Valuations and certain other historical data concerning tax rates and tax collections has been provided by Utility Tax Service, LLC and is included herein in reliance upon the authority of such firm as an expert in assessing property values and collecting taxes.

Independent Auditor: The financial statements of the Master District, WID 1A, and WID 1D as of June 30, 2024, and the financial statements of WID 1F as of June 30, 2025 have been audited by McCall Gibson Swedlund Barfoot Ellis PLLC, independent auditors, as stated in their reports appearing herein. See "APPENDIX B" and "APPENDIX C."

Bookkeeper: The information related to the unaudited summary of the District's General Operating Fund as it appears in "THE SYSTEM" has been provided from records of Municipal Accounts & Consulting, L.P. and is included herein in reliance upon the authority of such firm as experts in the tracking and managing the various funds of municipal districts.

Updating the Official Statement

If subsequent to the date of the OFFICIAL STATEMENT, the Master District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Underwriter, of any adverse event which causes the OFFICIAL STATEMENT to be materially misleading, and unless the Underwriter elects to terminate its obligation to purchase the Bonds, the Master District will promptly prepare and supply to the Underwriter an appropriate amendment or supplement to the OFFICIAL STATEMENT satisfactory to the Underwriter, provided, however, that the obligation of the Master District to the Underwriter to so amend or supplement the OFFICIAL STATEMENT will terminate when the Master District delivers the Bonds to the Underwriter, unless the Underwriter notifies the Master District on or before such date that less than all of the Bonds have been sold to ultimate customers, in which case the Master District's obligations hereunder will extend for an additional period of time as required by law (but not more than 90 days after the date the Master District delivers the Bonds).

Certification of Official Statement

The Master District, acting through its Board in its official capacity, hereby certifies, as of the date hereof, that the information, statements, and descriptions or any addenda, supplement and amendment thereto pertaining to the Master District and its affairs contained herein, to the best of its knowledge and belief, contain no untrue statement of a material fact and do not omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading. With respect to information included in this OFFICIAL STATEMENT other than that relating to the Master District, the Master District has no reason to believe that such information contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading; however, the Board has made no independent investigation as to the accuracy or completeness of the information derived from sources other than the Master District. In rendering such certificate, the official executing this certificate may state that he has relied in part on his examination of records of the Master District relating to matters within his own area of responsibility, and his discussions with, or certificates or correspondence signed by, certain other officials, employees, consultants and representatives of the Master District.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Resolution, the District has the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data about the District and all other obligated persons annually, and timely notice of specified events about the District and all other obligated persons, to the Municipal Securities Rulemaking Board (“MSRB”) through the Electronic Municipal Market Access (“EMMA”) system.

Pursuant to separate resolutions, each Participant, as an obligated person, has agreed annually to furnish the Master District with a copy of its audited financial statements, an update to certain financial information and operating data, and such other information the Master District may require to comply with Rule 15c2-12 (the “Rule”) of the United States Securities and Exchange Commission (“SEC”). Each Participant also is required to provide the Master District with timely notice of specified events.

Annual Reports

The District will provide certain updated financial information and operating data annually to the MSRB through its EMMA system. The information to be updated includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings “FINANCIAL INFORMATION CONCERNING THE MASTER DISTRICT AND THE PARTICIPANTS (UNAUDITED),” except under the subheadings “Estimated Overlapping Debt” and “Estimated Overlapping Taxes”; “TAX DATA,” “APPENDIX A” (Certain Financial Information Regarding the Participants); “APPENDIX B” (Financial Statements of the Master District); and “APPENDIX C” (Financial Statements of Participants). The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2025. The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by Rule 15c2-12 (“Rule”) of the United States Securities and Exchange Commission (“SEC”). The updated information will include audited financial statements if the District commissions an audit and the audit is completed by the required time. If the audit of such financial statements is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six month period, and audited financial statements when the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Resolution or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

The District's current fiscal year end is June 30. Accordingly, it must provide updated information by December 31 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of Beneficial Owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person within the meaning of the Rule, any of which reflect financial difficulties. The terms “obligated person” and “financial obligation” when used in this paragraph shall have the meanings ascribed to them under the Rule. The term “material” when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under “Annual Reports.”

Availability of Information from MSRB

The Master District has agreed to provide the foregoing updated information only to the MSRB. The MSRB makes the information available to the public without charge through its Electronic Municipal Market Access (“EMMA”) internet portal at www.emma.msrb.org.

Limitations and Amendments

The Master District has agreed to update information and to provide notices of certain events only as described above. The Master District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The Master District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The Master District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although Registered Owners or Beneficial Owners of Bonds may seek a writ of mandamus to compel the Master District to comply with its agreement.

The Master District may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Master District or the Participants, if but only if (1) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Registered Owners of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the Master District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the Registered Owners and Beneficial Owners of the Bonds. The Master District may amend or repeal the agreement in the Bond Resolution if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid or unenforceable, but only to the extent that its right to do so would not prevent the Underwriter from lawfully purchasing the Bonds in the initial offering. If the Master District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under “Annual Reports” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating so provided.

Compliance with Prior Undertakings

Since its first issuance of Bonds in 2024, the District has complied in all material respects with its previous continuing disclosure agreements in accordance with SEC Rule 15c2-12.

MISCELLANEOUS

All estimates, statements and assumptions in this OFFICIAL STATEMENT and the APPENDICES hereto have been made on the basis of the best information available and are believed to be reliable and accurate. Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact, and no representation is made that any such statements will be realized.

This OFFICIAL STATEMENT was approved by the Board of Directors of Comal County Master Water Improvement District, as of the date shown on the cover page.

ATTEST:

/s/ _____
Secretary, Board of Directors

/s/ _____
President, Board of Directors

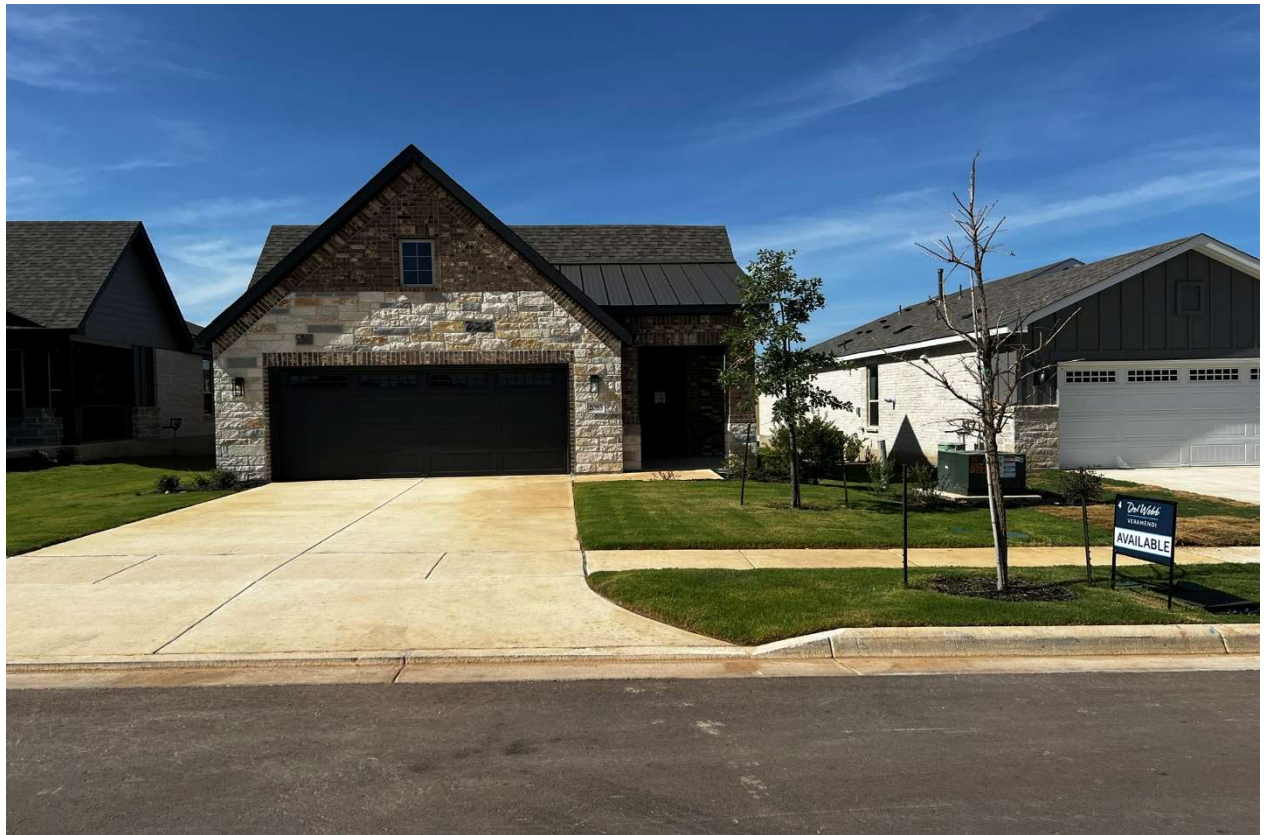
AERIAL LOCATION MAP
(Approximate boundaries of the Service Area as of July 2025)

COMAL COUNTY MASTER
WATER IMPROVMENT DISTRICT



PHOTOGRAPHS OF THE DISTRICT
(Taken July 2025)











APPENDIX A

Certain Financial Information Regarding the Participants

Selected information concerning the Participants is included in this APPENDIX in addition to certain general information concerning the Participants and their obligation under the Master District Contract contained in the body of the OFFICIAL STATEMENT. See “THE PARTICIPANTS” and “MASTER DISTRICT CONTRACT” therein.

Certain Calculations

The information concerning the debt burden of the Participants makes reference to the principal amount of each Participant's pro rata share of debt service on the Bonds, each Participant's outstanding unlimited tax bonds, if any, and certain annual tax rate calculations. In each case, this information has been computed as follows:

Contract Debt: The principal amount of each Participant's Master District Contract debt has been calculated for purposes of the OFFICIAL STATEMENT by allocating the debt service on the Bonds and the Outstanding Bonds among the Participants in proportion to their appraised values. The appraised values are based on the 2025 Appraised Valuation, for the Participants. The Participants' share of annual debt service requirements on the Bonds and the Outstanding Bonds will be determined annually by reference to their relative appraised values established by the Comal Appraisal District on January 1 of each year. See “MASTER DISTRICT CONTRACT” in the OFFICIAL STATEMENT.

Tax Rate Calculations: Tax rate calculations herein assume that each Participant's appraised value does not change from its 2025 Appraised Valuation, for WID 1A, WID 1D and WID 1F and that each Participant collects ninety-five percent (95%) of the taxes it levies, that it issues no additional bonds, and that the Master District does not issue any additional Contract Revenue Bonds.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A

Voter Authorized Unlimited Tax Bonds	\$142,500,000
Voter Authorized Unlimited Tax Road Bonds	\$61,500,000
Voter Authorized Unlimited Tax Refunding Bonds.....	\$213,750,000
Voter Authorized Unlimited Tax Road Refunding Bonds	\$92,250,000
Total Principal Amount of Unlimited Tax Bonds Issued to Date	\$55,350,000
Debt Service Tax Limitation	Unlimited
Maintenance Tax Limitation	\$1.20
Contract Tax Limitation	Unlimited
Gross Outstanding Direct Debt	\$53,190,000
2025 Taxable Appraised Valuation	\$511,173,279 (a)
2025 Appraised Valuation.....	\$511,187,171
Estimated Taxable Appraised Valuation as of March 15, 2025	\$521,211,875 (b)
Estimated Appraised Valuation as of March 15, 2025	\$521,225,767 (b)
Estimated Appraised Valuation as of March 15, 2025 as a Percentage of Service Area's	
Estimated Appraised Valuation as of March 15, 2025	79.14%
Contract Payment Funds Available as of July 15, 2025	\$214,114 (c)
Average Annual Debt Service:	
Pro Rata Share of Contract Revenue Debt Service (2026-2051), Based upon the	
Estimated Appraised Valuation as of March 15, 2025	\$ 649,768
Direct Debt Service (2026-2049)	\$3,337,225
Maximum Annual Debt Service:	
Pro Rata Share of Contract Revenue Debt Service (2027), Based upon the	
Estimated Appraised Valuation as of March 15, 2025	\$ 675,890
Direct Debt Service (2027)	\$3,583,869
Tax Rate Based Upon the	
Estimated Appraised	
Valuation	
<u>as of March 15, 2025</u>	
Contract Tax and Direct Debt Service Tax Required to Pay	
Pro-Rata Share of Debt Service:	
Average Annual Debt Service:	
Contract Revenue Debt Service (2026-2051)	\$0.14
Direct Debt Service (2026-2049)	\$0.68
Maximum Annual Debt Service:	
Contract Revenue Debt Service (2027)	\$0.14
Direct Debt Service (2027)	\$0.73

Status of Development as of August 1, 2025:

Acreage.....	488
Total Developed Lots	1,007
Total Complete and Occupied Homes	864
Total Homes Under Construction or in a Builder's Name.....	107
Vacant Developed Lots	36
Lots Under Construction	39
Estimated Population.....	3,024 (d)
Commercial Acreage	78

- (a) The Appraisal District has certified \$448,852,448 of taxable assessed value. An additional \$62,320,831 of taxable value remains uncertified and subject to review and downward revision prior to certification.
- (b) Provided by the Appraisal District as an estimate of the taxable and appraised value as of March 15, 2025.
- (c) Represents the balance after payment of the March 1, 2025 Contract Payment to the Master District.
- (d) Based upon 3.5 persons per occupied single family residence.

Principal Taxpayers

The following table represents the ten principal taxpayers, the taxable appraised value of such property as a percentage of the certified portion (\$448,852,448) of the 2025 Taxable Appraised Valuation of \$511,173,279. Principal taxpayer lists related to the uncertified portion of the 2025 Taxable Assessed Valuation and the Estimated Taxable Appraised Valuation as of March 15, 2025, of \$521,225,767 are not currently available.

Taxpayer	2025 Taxable Certified	
	Assessed Value	Assessed Value (%)
Abbey-Veramendi LLC	\$ 57,250,013	12.75%
Veramendi PE-Cairns LLC (b)	10,107,230	2.25%
Veramendi PE-Brisbane LLC (b)	5,431,747	1.21%
Perry Homes (a)	5,229,310	1.17%
Veramendi Property Fund Two Series LLC	3,386,920	0.75%
Veramendi PE-Emerald LLC (b)	3,382,671	0.75%
Veramendi PE-Darwin LLC (b)	3,288,503	0.73%
Scott Felder Homes LLC (a)	3,133,726	0.70%
Gehan Homes Ltd (a)	3,070,340	0.68%
Highland Homes - Austin LLC (a)	2,869,870	0.64%
Total	\$ 97,150,330	21.64%

(a) See "THE DEVELOPER—Homebuilding."

(b) See "THE DEVELOPER."

Tax Rate Distribution

	2024	2023	2022	2021	2020
Debt Service	\$ 0.630	\$ 0.730	\$ 0.640	\$ 0.450	\$ 0.510
Maintenance & Operations	0.050	0.064	0.154	0.344	0.284
Contract	0.110	-	-	-	-
Total	\$ 0.790	\$ 0.794	\$ 0.794	\$ 0.794	\$ 0.794

Historical Tax Collections

Tax Year	Taxable Value (a)	Tax Rate	Total Tax Levy	Tax Collections as of June 30, 2025 (b)	
				Amount	Percent
2021	\$ 88,189,684	\$ 0.794	\$ 700,226	\$ 699,763	99.93%
2022	193,619,144	0.794	1,537,336	1,533,158	99.73%
2023	305,874,803	0.794	2,428,646	2,421,888	99.72%
2024	401,171,307	0.790	3,169,253	2,983,921	94.15%
2025	511,173,279	0.790	4,038,269	(c)	(c)

(a) As certified by the Appraisal District less any exemptions granted.

(b) Unaudited.

(c) WID 1A has authorized the publication of a total 2025 tax rate of \$0.79 and expects to adopt such rate in September 2025. Taxes for the 2025 tax year are due on January 31, 2026.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D

Voter Authorized Unlimited Tax Bonds	\$133,000,000	
Voter Authorized Unlimited Tax Road Bonds.....	\$53,500,000	
Voter Authorized Unlimited Tax Refunding Bonds.....	\$199,500,000	
Voter Authorized Unlimited Tax Road Refunding Bonds	\$80,250,000	
Total Principal Amount of Unlimited Tax Bonds Issued to Date	\$6,320,000	(a)
Debt Service Tax Limitation	Unlimited	
Maintenance Tax Limitation	\$1.20	
Contract Tax Limitation	Unlimited	
Gross Outstanding Direct Debt	\$6,255,000	(a)
2025 Taxable Appraised Valuation.....	\$77,122,649	(b)
2025 Appraised Valuation.....	\$91,457,310	
Estimated Taxable Appraised Valuation as of March 15, 2025	\$114,917,669	(c)
Estimated Appraised Valuation as of March 15, 2025	\$114,917,669	(c)
Estimated Appraised Valuation as of March 15, 2025 as a Percentage of Service Area's		
Estimated Appraised Valuation as of March 15, 2025	17.45%	
Contract Payment Funds Available as of August 12, 2025	\$35,723	(d)
Average Annual Debt Service:		
Pro Rata Share of Contract Revenue Debt Service (2026-2051), Based upon the		
Estimated Appraised Valuation as of March 15, 2025	\$143,271	
Direct Debt Service (2026-2051)	\$423,027	(e)
Maximum Annual Debt Service:		
Pro Rata Share of Contract Revenue Debt Service (2027), Based upon the		
Estimated Appraised Valuation as of March 15, 2025	\$149,031	
Direct Debt Service (2049).....	\$445,738	(e)

Tax Rate Based Upon the
Estimated Appraised
Valuation
as of March 15, 2025

Contract Tax and Direct Debt Service Tax Required to Pay Pro-Rata Share of Debt Service:

Average Annual Debt Service:	
Contract Revenue Debt Service (2026-2051)	\$0.14
Direct Debt Service (2026-2051)	\$0.39
Maximum Annual Debt Service:	
Contract Revenue Debt Service (2027)	\$0.14
Direct Debt Service (2049)	\$0.41

Status of Development as of August 1, 2025:

Acreage.....	398
Total Developed Lots	107
Total Complete and Occupied Homes	93
Total Homes Under Construction or in a Builder's Name.....	13
Lots Under Construction	277
Vacant Developed Lots Available for Home Construction	1
Estimated Population.....	326 (f)

- (a) Includes the \$3,020,000 unlimited tax bonds that sold on August 26, 2025 and are expected to be issued on September 25, 2025.
- (b) The Appraisal District has certified \$72,524,407 of taxable assessed value. An additional \$4,598,242 of taxable value remains uncertified and subject to review and downward revision prior to certification.
- (c) Provided by the Appraisal District as an estimate of the taxable and appraised value as of March 15, 2025.
- (d) Represents the balance after payment of the March 1, 2025 Contract Payment to the Master District.
- (e) Includes debt service on the \$3,020,000 unlimited tax bonds that are expected to be issued in the third quarter of 2025.
- (f) Based upon 3.5 persons per occupied single family residence.

Principal Taxpayers

The following table represents the principal taxpayers, the taxable appraised value of such property as a percentage of the certified portion (\$72,524,407) of the 2025 Taxable Appraised Valuation of \$77,122,649. Principal taxpayer lists related to the uncertified portion of the 2025 Taxable Assessed Valuation and the Estimated Taxable Appraised Valuation as of March 15, 2025, of \$114,917,669 are not currently available.

Taxpayer	2025 Taxable Certified	
	Assessed Value	Assessed Value (%)
Veramendi PE-Emerald LLC (a)	\$ 29,635,732	40.86%
Veramendi PE-Fremantle LLC (a)	7,777,000	10.72%
Veramendi PE-Darwin LLC (a)	1,957,791	2.70%
Individual	595,690	0.82%
Individual	588,550	0.81%
Individual	581,370	0.80%
Individual	549,870	0.76%
Individual	533,130	0.74%
Individual	531,600	0.73%
Individual	529,080	0.73%
Total	\$ 43,279,813	59.68%

Tax Rate Distribution

	2025 (a)	2024	2023	2022	2021
Debt Service	\$ 0.200	\$ 0.300	\$ 0.350	\$ -	\$ -
Maintenance & Operations	0.535	0.430	0.500	0.850	0.794
Contract	0.115	0.120	-	-	-
Total	\$ 0.850	\$ 0.850	\$ 0.850	\$ 0.850	\$ 0.794

- (a) WID 1D has authorized publication of its intent to levy a total tax rate of \$0.850 per \$100 taxable assessed valuation for 2025 and expects to adopt such rate in September 2025 with \$0.200 allocated to debt service, \$0.535 allocated to maintenance and operations and \$0.115 allocated to contract tax. See “RISK FACTORS—Operational Expenses” and “APPENDIX A.”

Historical Tax Collections

Tax Year	Taxable Value (a)	Tax Rate	Total Tax Levy	Tax Collections as of July 31, 2025 (b)	
				Amount	Percent
2021	\$ 47,314	\$ 0.794	\$ 376	\$ 376	100.00%
2022	10,078,410	0.850	85,666	85,666	100.00%
2023	22,076,214	0.850	187,648	186,772	99.53%
2024	62,315,338	0.850	529,680	517,467	97.69%
2025	77,122,649	0.850	655,543	(c)	(c)

- (a) As certified by the Appraisal District less any exemptions granted.

- (b) Unaudited.

- (c) WID 1D has authorized the publication of a total 2025 tax rate of \$0.85 and expects to adopt such rate in September 2025. Taxes for the 2025 tax year are due on January 31, 2026.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1F

Voter Authorized Unlimited Tax Bonds	\$82,000,000	
Voter Authorized Unlimited Tax Road Bonds	\$20,000,000	
Voter Authorized Unlimited Tax Refunding Bonds	\$123,000,000	
Voter Authorized Unlimited Tax Road Refunding Bonds	\$30,000,000	
Total Principal Amount of Unlimited Tax Bonds Issued to Date	\$3,800,000	(a)
Debt Service Tax Limitation	Unlimited	
Maintenance Tax Limitation	\$1.20	
Contract Tax Limitation	Unlimited	
Gross Outstanding Direct Debt	\$3,800,000	(a)
2025 Certified Taxable Appraised Valuation	\$21,917,813	(b)
2025 Appraised Valuation	\$22,507,951	
Estimated Taxable Appraised Valuation as of March 15, 2025	\$21,917,813	(c)
Estimated Appraised Valuation as of March 15, 2025	\$22,507,951	(c)
Estimated Appraised Valuation as of March 15, 2025 as a Percentage of Service Area's		
Estimated Appraised Valuation as of March 15, 2025	3.42%	
Contract Payment Funds Available as of August 12, 2025	\$3,316	(d)
Average Annual Debt Service:		
Pro Rata Share of Contract Revenue Debt Service (2026-2051), Based upon the		
Estimated Appraised Valuation as of March 15, 2025	\$ 28,079	
Direct Debt Service (2026-2051)	\$272,958	(e)
Maximum Annual Debt Service:		
Pro Rata Share of Contract Revenue Debt Service (2027), Based upon the		
Estimated Appraised Valuation as of March 15, 2025	\$ 29,208	
Direct Debt Service (2051)	\$278,913	(e)

Tax Rate Based Upon the
Estimated Appraised
Valuation
as of March 15, 2025

Contract Tax and Direct Debt Service Tax Required to Pay Pro-Rata Share of Debt Service:

Average Annual Debt Service:	
Contract Revenue Debt Service (2026-2051)	\$0.14
Direct Debt Service (2027-2051)	\$1.28
Maximum Annual Debt Service:	
Contract Revenue Debt Service (2027)	\$0.14
Direct Debt Service (2051)	\$1.31

Status of Development as of August 1, 2025:

Acreage	219
Total Developed Lots	176
Total Complete and Occupied Homes	3
Homes Under Construction or in a Builder's Name	44
Vacant Developed Lots Available for Home Construction	129
Lots Under Construction	92
Estimated Population	10 (f)

- (a) Includes the \$3,020,000 unlimited tax road bonds that are expected to be issued in the fourth quarter of 2025.
- (b) As certified by the Appraisal District.
- (c) Provided by the Appraisal District as an estimate of the taxable and appraised value as of March 15, 2025.
- (d) Represents the balance after payment of the March 1, 2025 Contract Payment to the Master District.
- (e) Includes estimated debt service on the \$3,800,000 unlimited tax road bonds that are expected to be issued in the fourth quarter of 2025.
- (f) Based upon 3.5 persons per occupied single family residence.

Principal Taxpayers

The following table represents the principal taxpayers, the taxable appraised value of such property as a percentage of the 2025 Certified Taxable Appraised Valuation of \$21,917,813. A principal taxpayer list related to the Estimated Taxable Appraised Valuation as of March 15, 2025, of \$22,507,951 is not currently available.

Taxpayer	2025 Taxable Certified	
	Assessed Value	Assessed Value (%)
Pulte Homes of Texas LP	\$ 19,018,390	86.77%
Veramendi PE-Fremantle LLC (a)	2,896,480	13.22%
Word-Borchers Ranch Real Estate Lmt'd. Partnership	1,783	0.01%
Individual	1,160	0.01%
Total	\$ 21,917,813	100.00%

Tax Rate Distribution

	2025 (a)	2024	2023	2022	2021 (b)
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -
Maintenance & Operations	0.730	0.730	0.850	0.850	0.794
Contract	0.120	0.120	-	-	-
Total	\$ 0.850	\$ 0.850	\$ 0.850	\$ 0.850	\$ 0.794

- (a) WID 1F has authorized publication of its intent to levy a total tax rate of \$0.85 per \$100 taxable assessed valuation for 2025 and expects to adopt such rate in September 2025 with \$0.73 allocated to maintenance and operations and \$0.12 allocated to contract tax. See “RISK FACTORS—Operational Expenses” and “APPENDIX A.”
- (b) Initial year of taxation.

Historical Tax Collections

Tax Year	Taxable Value (a)	Tax Rate	Total Tax Levy	Tax Collections as of July 31, 2025 (b)	
				Amount	Percent
2021	\$ 18,471	\$ 0.85	\$ 157	\$ 157	100.00%
2022	19,571	0.85	166	166	100.00%
2023	19,798	0.85	168	168	100.00%
2024	2,473,016	0.85	43,653	43,653	100.00%
2025	21,917,813	0.85	180,063	(c)	(c)

- (a) As certified by the Appraisal District less any exemptions granted.
- (b) Unaudited.
- (c) WID 1F has authorized the publication of a total 2025 tax rate of \$0.85 and expects to adopt such rate in September 2025. Taxes for the 2025 tax year are due on January 31, 2026.

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE MASTER DISTRICT FOR THE YEAR ENDED JUNE 30, 2024

COMAL COUNTY MASTER WATER IMPROVEMENT DISTRICT
COMAL COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
JUNE 30, 2024

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Comal County Master Water Improvement District
Comal County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Comal County Master Water Improvement District (the "District") as of and for the year ended June 30, 2024, 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 each major fund of the District as of June 30, 2024, 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.

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
Comal County Master Water Improvement District

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 an 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.

A handwritten signature in black ink that reads "McCall Gibson Swedlund Barfoot PLLC". The script is cursive and fluid.

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

October 15, 2024

COMAL COUNTY MASTER WATER IMPROVEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2024

Management's discussion and analysis of the financial performance of Comal County Master Water Improvement District (the "District") provides an overview of the District's financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

This annual 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 Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide portion of these statements provides 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 and liabilities 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 government-wide portion of the Statement of Activities reports how the District's net position changed during the current fiscal 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 three governmental fund types. The General Fund accounts for resources not accounted for in another fund, developer advances, professional fees, and administrative costs. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

**COMAL COUNTY MASTER WATER IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

FUND FINANCIAL STATEMENTS (Continued)

The 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 adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explains the differences between the two presentations and assists 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 assets may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets by \$3,687,246 as of June 30, 2024. A portion of the District's net position reflects its net investment in capital assets which include intangible assets, representing the right to receive water and wastewater services, less any debt used to acquire those assets that is still outstanding.

**COMAL COUNTY MASTER WATER IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

A comparative analysis of government-wide changes in net position is presented below.

	Summary of Changes in the Statement of Net Position		
	2024	2023	Change Positive (Negative)
Current and Other Assets	\$ 979,472	\$ 2,518	\$ 976,954
Intangible Assets (Net of Accumulated Amortization)	17,916,845	10,955,893	6,960,952
Total Assets	\$ 18,896,317	\$ 10,958,411	\$ 7,937,906
Bonds Payable	\$ 6,546,348	\$	\$ (6,546,348)
Due to Developer	15,986,987	11,586,363	(4,400,624)
Other Liabilities	50,228	3,136	(47,092)
Total Liabilities	\$ 22,583,563	\$ 11,589,499	\$ (10,994,064)
Net Position:			
Net Investment in Capital Assets	\$ (4,107,145)	\$ (592,470)	\$ (3,514,675)
Restricted	545,621		545,621
Unrestricted	(125,722)	(38,618)	(87,104)
Total Net Position	\$ (3,687,246)	\$ (631,088)	\$ (3,056,158)

The following table provides a summary of the District's operations for the years ending June 30, 2024, and June 30, 2023.

	Summary of Changes in the Statement of Activities		
	2024	2023	Change Positive (Negative)
Revenues -			
Other Revenues	\$ 2,295	\$	\$ 2,295
Total Expenses	3,058,453	612,328	(2,446,125)
Change in Net Position	\$ (3,056,158)	\$ (612,328)	\$ (2,443,830)
Net Position, Beginning of Year	(631,088)	(18,760)	(612,328)
Net Position, End of Year	\$ (3,687,246)	\$ (631,088)	\$ (3,056,158)

**COMAL COUNTY MASTER WATER IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of June 30, 2024, totaled \$959,811, an increase of \$960,429 from the prior year.

The General Fund fund balance increased by \$19,896, primarily due to developer advances exceeding professional fees and administrative costs.

The Debt Service Fund fund balance increased by \$576,188, primarily due to capitalized interest received from the issuance of the Series 2024 bonds.

The Capital Projects Fund fund balance increased by \$364,345, primarily due to the proceeds from the Series 2024 bond issuance exceeding capital outlay, developer interest, bond issuance costs and professional fees.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors annually adopts a budget for the General Fund. Actual revenues, including developer advances, were \$85,624 more than budgeted revenues and developer advances, and actual expenditures were \$65,728 more than budgeted expenditures, which resulted in a positive variance compared to budget of \$19,896. See the budget to actual comparison for more information.

INTANGIBLE ASSETS

Intangible assets as of June 30, 2024, totaled \$17,916,845 (net of accumulated amortization) and included the water and wastewater infrastructure conveyed to the City of New Braunfels (the "City"). More detailed information about the District's intangible assets is presented in the Notes to the Financial Statements.

LONG-TERM DEBT ACTIVITY

The Series 2024 Bonds do not have an underling rating. The Series 2024 Bonds carry an insured rating of "AA" by virtue of bond insurance issued by Build America Mutual Assurance Company. Credit enhanced ratings provide through bond insurance policies are subject to change based on changes to the ratings of the insurers. The District has total bond debt payable of \$6,500,000. The changes in the debt position of the District for the current fiscal year are summarized in the following table:

Bond Debt Payable, July 1, 2023	\$ - 0 -
Add: Bond Sale	<u>6,500,000</u>
Bond Debt Payable, June 30, 2024	<u><u>\$ 6,500,000</u></u>

**COMAL COUNTY MASTER WATER IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The adopted budget for fiscal year 2025 projects no change in the General Fund fund balance. Revenues are budgeted to be \$128,860 while expenditures are also budgeted to be \$128,860.

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 Comal County Master Water Improvement District, c/o Allen Boone Humphries Robinson LLP, 919 Congress Avenue, Suite 1500, Austin, TX 78701.

COMAL COUNTY MASTER WATER IMPROVEMENT DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2024

	<u>General Fund</u>	<u>Debt Service Fund</u>
ASSETS		
Cash	\$ 38,514	\$
Investments		576,188
Intangible Assets (Net of Accumulated Amortization)		
TOTAL ASSETS	<u>\$ 38,514</u>	<u>\$ 576,188</u>
LIABILITIES		
Accounts Payable	\$ 19,236	\$
Accrued Interest Payable		
Due to Developer		
Long-Term Liabilities - Bonds Payable, Due After One Year		
TOTAL LIABILITIES	<u>\$ 19,236</u>	<u>\$ -0-</u>
FUND BALANCES		
Restricted for Authorized Construction	\$	\$
Restricted for Debt Service		576,188
Unassigned	19,278	
TOTAL FUND BALANCES	<u>\$ 19,278</u>	<u>\$ 576,188</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 38,514</u>	<u>\$ 576,188</u>
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 495	\$ 39,009	\$	\$ 39,009
364,275	940,463		940,463
		17,916,845	17,916,845
<u>\$ 364,770</u>	<u>\$ 979,472</u>	<u>\$ 17,916,845</u>	<u>\$ 18,896,317</u>
\$ 425	\$ 19,661	\$	\$ 19,661
		30,567	30,567
		15,986,987	15,986,987
		6,546,348	6,546,348
<u>\$ 425</u>	<u>\$ 19,661</u>	<u>\$ 22,563,902</u>	<u>\$ 22,583,563</u>
\$ 364,345	\$ 364,345	\$ (364,345)	\$
	576,188	(576,188)	
	19,278	(19,278)	
<u>\$ 364,345</u>	<u>\$ 959,811</u>	<u>\$ (959,811)</u>	<u>\$ - 0 -</u>
<u>\$ 364,770</u>	<u>\$ 979,472</u>		
		\$ (4,107,145)	\$ (4,107,145)
		545,621	545,621
		(125,722)	(125,722)
		<u>\$ (3,687,246)</u>	<u>\$ (3,687,246)</u>

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

COMAL COUNTY MASTER WATER IMPROVEMENT DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

Total Fund Balances - Governmental Funds	\$	959,811
--	----	---------

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

Intangible assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		17,916,845
---	--	------------

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	\$ (15,986,987)	
Accrued Interest Payable	(30,567)	
Bonds Payable	<u>(6,546,348)</u>	<u>(22,563,902)</u>
Total Net Position - Governmental Activities		<u>\$ (3,687,246)</u>

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

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**COMAL COUNTY MASTER WATER IMPROVEMENT DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>General Fund</u>	<u>Debt Service Fund</u>
REVENUES		
Investment Revenues	\$ - 0 -	\$ - 0 -
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 38,455	\$
Contracted Services	29,545	
Amortization		
Other	19,104	
Capital Outlay		
Developer Interest		
Debt Service:		
Bond Interest		
Bond Issuance Costs		
TOTAL EXPENDITURES/EXPENSES	<u>\$ 87,104</u>	<u>\$ -0-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES/EXPENSES	<u>\$ (87,104)</u>	<u>\$ -0-</u>
OTHER FINANCING SOURCES		
Proceeds from Issuance of Long-Term Debt	\$	\$ 576,188
Bond Premium		
Developer Advances	107,000	
TOTAL OTHER FINANCING SOURCES	<u>\$ 107,000</u>	<u>\$ 576,188</u>
NET CHANGE IN FUND BALANCES	\$ 19,896	\$ 576,188
CHANGE IN NET POSITION		
FUND BALANCES (DEFICIT)		
NET POSITION - JULY 1, 2023	<u>(618)</u>	
FUND BALANCES/NET POSITION - JUNE 30, 2024	<u>\$ 19,278</u>	<u>\$ 576,188</u>

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$ 2,295	\$ 2,295	\$ - 0 -	\$ 2,295
\$ 12,298	\$ 50,753	\$	\$ 50,753
	29,545		29,545
		1,726,956	1,726,956
4	19,108		19,108
4,394,284	4,394,284	(4,394,284)	
555,147	555,147		555,147
		30,380	30,380
646,564	646,564		646,564
\$ 5,608,297	\$ 5,695,401	\$ (2,636,948)	\$ 3,058,453
\$ (5,606,002)	\$ (5,693,106)	\$ 2,636,948	\$ (3,056,158)
\$ 5,923,812	\$ 6,500,000	\$ (6,500,000)	\$
46,535	46,535	(46,535)	
	107,000	(107,000)	
\$ 5,970,347	\$ 6,653,535	\$ (6,653,535)	\$ - 0 -
\$ 364,345	\$ 960,429	\$ (960,429)	\$
		(3,056,158)	(3,056,158)
	(618)	(630,470)	(631,088)
\$ 364,345	\$ 959,811	\$ (4,647,057)	\$ (3,687,246)

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

**COMAL COUNTY MASTER WATER IMPROVEMENT DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

Net Change in Fund Balances - Governmental Funds	\$ 960,429
--	------------

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

Governmental funds do not account for amortization. However, in the Statement of Net Position, intangible assets are amortized and amortization expense is recorded in the Statement of Activities.	(1,726,956)
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Governmental funds report capital outlay as expenditures in the period purchased. However, in the Statement of Net Position, intangible assets are increased by new purchases.	4,394,284
--	-----------

In the Statement of Net Position, bond premiums are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.	(46,348)
---	----------

Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	(30,567)
---	----------

Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.	(6,500,000)
---	-------------

Governmental funds report developer advances as other financing sources while advances are recorded as a liability in the Statement of Net Position.	(107,000)
--	-----------

Change in Net Position - Governmental Activities	<u>\$ (3,056,158)</u>
--	-----------------------

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

COMAL COUNTY MASTER WATER IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1. CREATION OF DISTRICT

Comal County Water Improvement District No. 1 was created on June 19, 2009 pursuant to Senate Bill 2464, 81st Texas Legislature, Regular Session, codified at Chapter 9038, Texas Special District Local Laws Code. Comal County Master Water Improvement District (the “District”) was created on August 11, 2017, pursuant to an Order Dividing Comal County Water Improvement District No. 1 (the “Original District”), into three distinct districts consisting of the District, Comal County Water Improvement District No. 1A and Comal County Water Improvement District No. 1B. The District, a conservation and reclamation district, was created under and essential to accomplish the purpose of Section 52, Article III, and Section 59, Article XVI, of the Texas Constitution and operates in accordance with Texas Water Code Chapters 49 and 51. The Board of Directors held its first meeting on February 14, 2020.

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 “Commission”).

The District is a political subdivision of the State of Texas governed by an elected 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 elected 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”).

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.

COMAL COUNTY MASTER WATER IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position consists of capital and intangible assets, including restricted capital assets, net of accumulated depreciation and amortization 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.
- 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 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.

COMAL COUNTY MASTER WATER IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements and Governmental Funds

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 Balances.

The District has three governmental funds and considers each to be a major fund.

General Fund - To account for resources not required to be accounted for in another fund, developer advances, professional fees, and administrative costs.

Debt Service Fund - To account for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

Capital Projects Fund - To account for financial resources restricted, committed or assigned for acquisition or construction of facilities and related 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.

COMAL COUNTY MASTER WATER IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that fees of office received by Directors are considered to be wages subject to federal income tax withholding for payroll 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.

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.

COMAL COUNTY MASTER WATER IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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.

Budgeting

An annual 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 budgeted amounts compared to the actual amounts of revenues and expenditures for the current year.

Intangible Assets

Intangible assets are reported in the government-wide column in the Statement of Net Position and are valued at the cost of water and wastewater infrastructure conveyed to the City of New Braunfels net of related amortization. The intangible assets are amortized over a maximum of 30 years, the original 15-year term from the effective date of the Utility Construction Cost Sharing Agreement for the Veramendi Development plus an additional, extended 15-year term per the contract. See also Notes 7 and 11.

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.

COMAL COUNTY MASTER WATER IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3. LONG-TERM DEBT

	Contract Revenue Bonds Series 2024
Amount Outstanding - June 30, 2024	\$6,500,000
Interest Rates	4.00% - 6.50%
Maturity Dates -Serially Beginning/Ending	December 1, 2025/2050
Interest Payment Dates	December 1/ June 1
Callable Dates	December 1, 2030*

* Or on any date thereafter, at a price of par, plus accrued interest to the date of redemption. Series 2024 term bonds maturing on December 1, 2039 and December 1, 2050 are subject to mandatory redemption on December 1, 2038 and December 1, 2048, respectively.

Changes in bonds payable for the current fiscal year are summarized in the following table:

	July 1, 2023	Additions	Retirements	June 30, 2024
Bonds Payable	\$	\$ 6,500,000	\$	\$ 6,500,000
Unamortized Premiums		46,535	187	46,348
Bonds Payable, Net	\$ -0-	\$ 6,546,535	\$ 187	\$ 6,546,348
		Amount Due Within One Year		\$
		Amount Due After One Year		6,546,348
		Bonds Payable, Net		\$ 6,546,348

On May 22, 2024, the District issued \$6,500,000 of Contract Revenue Bonds, Series 2024, with interest rates ranging from 4.00 to 6.50%. The net proceeds of \$5,965,982 (after payment of the underwriter fees and other bond related costs) were deposited with the District's investment accounts to finance developer funded construction costs, fund future interest payments on the bonds and pay subsequent bond issue costs.

The bonds are payable from payments received from the participant districts pursuant to requirements of the Master District Contract discussed in Note 10.

COMAL COUNTY MASTER WATER IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3. LONG-TERM DEBT (Continued)

As of June 30, 2024, the debt service requirements on the bonds outstanding were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$	\$ 295,296	\$ 295,296
2026	115,000	284,356	399,356
2027	120,000	276,718	396,718
2028	125,000	268,756	393,756
2029	135,000	260,306	395,306
2030-2034	800,000	1,174,719	1,974,719
2035-2039	1,060,000	981,945	2,041,945
2040-2044	1,400,000	737,150	2,137,150
2045-2049	1,850,000	402,943	2,252,943
2050-2051	895,000	39,704	934,704
	<u>\$ 6,500,000</u>	<u>\$ 4,721,893</u>	<u>\$ 11,221,893</u>

The District has \$78,500,000 of contract revenue bonds authorized but unissued for the purpose of acquiring or constructing water, sewer and drainage facilities and \$127,500,000 authorized but unissued for refunding purposes.

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

The bond order states that the District is required to provide to certain information repositories continuing disclosure of annual financial information and operating data with respect to the District. The information, along with the audited annual financial statements, is of the general type included in the annual audit report, and must be filed within six months after the end of each fiscal year of the District.

The Series 2024 bond order required bond proceeds of \$576,188 to be deposited into the Debt Service Fund and restricted for payment of bond interest.

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the Bonds, within the meaning of Section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on each five-year anniversary of the bonds.

COMAL COUNTY MASTER WATER IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5. 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 \$39,009, and the bank balance was \$39,249. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits at year end are summarized in the following table:

	<u>Cash</u>
GENERAL FUND	\$ 38,514
CAPITAL PROJECTS FUND	<u>495</u>
TOTAL DEPOSITS	<u><u>\$ 39,009</u></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 which is reviewed annually and may be more restrictive than the Public Funds Investment Act.

COMAL COUNTY MASTER WATER IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The District invests in Texas Cooperative Liquid Assets Securities System Trust (“Texas CLASS”), an external public funds investment pool that is not SEC-registered. Public Trust Advisors, LLC serves as the pool’s administrator and investment advisor. The pool is subject to the general supervision of the Board of Trustees and its Advisory Board. UMB Bank, N.A. serves as custodian for the pool. Investments held by Texas CLASS are priced to market on a weekly basis. The investments are considered to be Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District’s position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from Texas CLASS.

Money market mutual funds are classified in Level I of the fair value hierarchy which are valued using prices quoted in active markets for those securities.

As of June 30, 2024, the District had the following investments and maturities:

Funds and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>DEBT SERVICE FUND</u>		
Money Market Mutual Funds	\$ 576,188	\$ 576,188
<u>CAPITAL PROJECTS FUND</u>		
Texas CLASS	<u>364,275</u>	<u>364,275</u>
TOTAL INVESTMENTS	<u>\$ 940,463</u>	<u>\$ 940,463</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. As of June 30, 2024, the District’s investments in Texas CLASS were rated “AAAm” by Standard and Poor’s. The District’s investments in money market mutual funds are constant net asset value government/treasury type money market funds. The portfolios are all governmental type securities and repurchase agreement collateralized by such securities.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in Texas CLASS to have a maturity of less than one year due to the fact the share positions can usually be redeemed each day at the discretion of the District, unless there has been a significant change of value. The District considers the investments in money market mutual funds to have a maturity of less than one year due to the fact the investments are short term in nature.

COMAL COUNTY MASTER WATER IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Restrictions

All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes. All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

NOTE 6. MAINTENANCE AND CONTRACT TAXES

On May 2, 2020, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$1.00 per \$100 of assessed valuation of taxable property within the District. This maintenance tax is to be used to pay expenditures of operating the District. To date, the District has not levied a maintenance tax.

Also on May 2, 2020, the voters of the District approved the levy and collection of a contract tax in an unlimited amount sufficient to make payments required under the Master District Contract for operation and maintenance of the regional water, wastewater and drainage systems (see further discussion in Note 10). To date, the District has not levied a contract tax.

All property values and exempt status, if any, are determined by the appraisal district. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

NOTE 7. INTANGIBLE ASSETS

Intangible asset activity for the current fiscal year is summarized in the following table. See also Note 11 for more information on intangible assets.

	July 1, 2023	Increases	Decreases	June 30, 2024
Intangible Assets Subject to Amortization				
Right to Receive Service - Water and Wastewater Infrastructure	\$ 11,548,363	\$ 8,687,908	\$	\$ 20,236,271
Accumulated Amortization				
Right to Receive Service - Water and Wastewater Infrastructure	592,470	1,726,956		2,319,426
Total Intangible Assets, Net of Accumulated Amortization	<u>\$ 10,955,893</u>	<u>\$ 6,960,952</u>	<u>\$ - 0 -</u>	<u>\$ 17,916,845</u>

COMAL COUNTY MASTER WATER IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8. COMMITMENTS AND CONTINGENCIES

The Developer of the land within the District has incurred costs related to the construction of facilities, as well as costs pertaining to the creation and operation of the District. Claims for reimbursement of construction costs and operational advances will be evaluated upon receipt of adequate supporting documentation and proof of contractual obligation. Such costs may be reimbursable to the Developer by the District from proceeds of future District bond issues or from operations, subject to approval by the Texas Commission on Environmental Quality.

The District issued \$6,500,000 of bonds to reimburse a portion of the costs owed to the Developer during the current fiscal year. The following table summarizes current year activity related to amounts owed to the developer:

Due to Developer, July 1, 2023	\$ 11,586,363
Add: Current Year Additions	8,687,908
Less: Current Year Reimbursements	<u>(4,394,284)</u>
Due to Developer, June 30, 2024	<u>\$ 15,986,987</u>

NOTE 9. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 10. MASTER DISTRICT CONTRACT AND REGIONAL FACILITIES

The District is part of the master-planned community of “Veramendi”. Veramendi is comprised of the District, Comal County Water Improvement District No. 1A (“District No. 1A”), Comal County Water Improvement District No. 1B (“District No. 1B”), Comal County Water Improvement District No. 1C (“District No. 1C”), Comal County Water Improvement District No. 1D (“District No. 1D”), Comal County Water Improvement District No. 1E (“District No. 1E”), and Comal County Water Improvement District No. 1F (“District No. 1F”) (collectively, the “Districts”). On August 11, 2017, a Contract for Financing, Operation and Maintenance of Regional Water, Sanitary Sewer and Drainage Facilities and Other Facilities between District No. 1A, District No. 1B and the District (the “Master District Contract”) was entered into in order to encourage regionalization and to avoid duplication of lines and facilities within the master-planned community. The Master District Contract was subsequently partially assigned from District No. 1B to District No. 1C, District No. 1D, District No. 1E and District No. 1F.

COMAL COUNTY MASTER WATER IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 10. MASTER DISTRICT CONTRACT (Continued)

Subsequently, the Districts entered into a First Amendment to the Master District Contract to allow the District to designate a district as a Participant for the purposes of triggering the payment obligations arising under the Master District Contract including but not limited to the obligation to levy an ad valorem tax to satisfy each Participant's pro rata share of debt service requirements and the obligation to pay out of available revenues each Participant's monthly charges. Currently, District No. 1A, District No. 1D and District No. 1F have been designated as Participants by the District, based on active development within their boundaries, receipt of services provided by the Master District Facilities and in accordance with the terms of the Master District Contract. District No. 1B, District No. 1C and District No. 1E are expected to be designated by the District as Participants at a future time. Pursuant to the Master District Contract, the District will operate and maintain certain regional water, sanitary sewer, drainage and road facilities and capacities (the "Regional Facilities"), and each Participant will pay its pro rata share of such costs. The Participants will fund an Operation and Maintenance reserve and will be billed monthly for their pro rata share of operation and maintenance costs. The Participants' share of the monthly charges will be determined by multiplying the total number of actual Equivalent Single Family Residential Connections ("ESFCs") within each Participant by the monthly unit costs per ESFC in the District's budget. The District did not incur any expenditures or bill the Participants for the current fiscal year.

NOTE 11. UTILITY AGREEMENT WITH THE CITY OF NEW BRAUNFELS

Customers of the District receive water and wastewater service from New Braunfels Utilities ("NBU"), a municipally owned utility with exclusive management and control of the water and sewer systems serving the City of New Braunfels, as standard NBU customers pursuant to a Utility Agreement, dated February 25, 2013, between the District and NBU (the "Utility Agreement"). As a condition of such service, the Utility Agreement obligates the District to acquire, construct, and extend water and sanitary sewer facilities (the "System") to serve land within the District and, when completed in accordance with approved plans and specifications, to convey title to the System to NBU. NBU then operates and maintains the System and is responsible for establishing water and sewer rates and billing and collecting for such services. The components of the System which serve only the District (the "Internal Facilities") are acquired, constructed and extended by the District and the components of the System that serve the Service Area, are acquired, constructed and extended by the Master District.

NOTE 12. SUBSEQUENT EVENT – BOND SALE

During the fourth quarter of 2024, subsequent to the report date, the District anticipates issuing its Contract Revenue Bonds, Series 2024A in the amount of \$3,500,000. The net proceeds will be used to finance developer funded construction costs, fund future interest payments on the bonds and pay subsequent bond issue costs.

COMAL COUNTY MASTER WATER IMPROVEMENT DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2024

**COMAL COUNTY MASTER WATER IMPROVEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	Original and Final Budget	Actual	Variance Positive (Negative)
TOTAL REVENUES	\$ -0-	\$ -0-	\$ -0-
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 8,000	\$ 38,455	\$ (30,455)
Contracted Services	3,600	29,545	(25,945)
Other	<u>9,776</u>	<u>19,104</u>	<u>(9,328)</u>
TOTAL EXPENDITURES	\$ 21,376	\$ 87,104	\$ (65,728)
DEFICIENCY OF REVENUES UNDER EXPENDITURES	\$ (21,376)	\$ (87,104)	\$ (65,728)
OTHER FINANCING SOURCES			
Developer Advances	\$ 21,376	\$ 107,000	\$ 85,624
NET CHANGE IN FUND BALANCE	\$ -0-	\$ 19,896	\$ 19,896
FUND BALANCE (DEFICIT) - JULY 1, 2023	<u>(618)</u>	<u>(618)</u>	<u></u>
FUND BALANCE (DEFICIT) - JUNE 30, 2024	<u>\$ (618)</u>	<u>\$ 19,278</u>	<u>\$ 19,896</u>

See accompanying independent auditor's report.

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COMAL COUNTY MASTER WATER IMPROVEMENT DISTRICT
SUPPLEMENTARY INFORMATION – REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

JUNE 30, 2024

**COMAL COUNTY MASTER WATER IMPROVEMENT DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED JUNE 30, 2024**

1. SERVICES PROVIDED BY THE DISTRICT:

☐	Retail Water	☐	Wholesale Water	☐	Drainage
☐	Retail Sewer	☐	Wholesale Wastewater	☐	Irrigation
☐	Parks/Recreation	☐	Fire Protection	☐	Security
☐	Solid Waste/Garbage	☐	Flood Control	☒	Roads
☒	Participates in joint venture or regional system				
☒	Other: <u>The District does not provide water and wastewater services. Retail water and wastewater service is provided by the City of New Braunfels.</u>				

2. RETAIL SERVICE PROVIDERS: New Braunfels Utilities

3. TOTAL WATER CONSUMPTION: Not applicable

4. STANDBY FEES: Not applicable

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes ☒ No ☐

County in which District is located:

Comal County, Texas

Is the District located within a city?

Entirely ☐ Partly ☐ Not at all ☒

Is the District located within a city's extraterritorial jurisdiction (ETJ)?

Entirely ☒ Partly ☐ Not at all ☐

ETJ in which District is located.

City of New Braunfels, Texas

Are Board Members appointed by an office outside the District?

Yes ☐ No ☒

See accompanying independent auditor's report.

**COMAL COUNTY MASTER WATER IMPROVEMENT DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2024**

PROFESSIONAL FEES:

Legal	\$ 12,690
Engineering	17,765
Auditing	8,000
TOTAL PROFESSIONAL FEES	<u>\$ 38,455</u>

CONTRACTED SERVICES:

Tax Assessor	\$ 2,500
Bookkeeping	23,906
Operations and Billing	3,139
TOTAL CONTRACTED SERVICES	<u>\$ 29,545</u>

ADMINISTRATIVE EXPENDITURES:

Director Fees	\$ 12,195
Insurance	4,741
Office Supplies and Postage	464
Travel and Meetings	1,108
Website, Bank Fees, and Administration	596
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 19,104</u>
TOTAL EXPENDITURES	<u>\$ 87,104</u>

See accompanying independent auditor's report.

COMAL COUNTY MASTER WATER IMPROVEMENT DISTRICT
INVESTMENTS
JUNE 30, 2024

<u>Funds</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>DEBT SERVICE FUND</u>					
Money Market Mutual Fund	XXXX8854	Varies	Daily	\$ 336,125	\$
Money Market Mutual Fund	XXXX8855	Varies	Daily	240,063	
TOTAL DEBT SERVICE FUND				<u>\$ 576,188</u>	<u>\$ - 0 -</u>
<u>CAPITAL PROJECTS FUND</u>					
Texas CLASS	XXXX0001	Varies	Daily	<u>\$ 364,275</u>	<u>\$ - 0 -</u>
TOTAL - ALL FUNDS				<u><u>\$ 940,463</u></u>	<u><u>\$ - 0 -</u></u>

See accompanying independent auditor's report.

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COMAL COUNTY MASTER WATER IMPROVEMENT DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2024

S E R I E S - 2 0 2 4
C O N T R A C T R E V E N U E B O N D S

Due During Fiscal Years Ending June 30	Principal Due December 1	Interest Due December 1/ June 1	Total
2025	\$	\$ 295,296	\$ 295,296
2026	115,000	284,356	399,356
2027	120,000	276,718	396,718
2028	125,000	268,756	393,756
2029	135,000	260,306	395,306
2030	140,000	251,368	391,368
2031	150,000	241,944	391,944
2032	160,000	233,869	393,869
2033	170,000	227,269	397,269
2034	180,000	220,269	400,269
2035	190,000	212,869	402,869
2036	200,000	205,069	405,069
2037	210,000	196,869	406,869
2038	225,000	188,169	413,169
2039	235,000	178,969	413,969
2040	250,000	169,269	419,269
2041	265,000	158,969	423,969
2042	280,000	148,069	428,069
2043	295,000	136,568	431,568
2044	310,000	124,275	434,275
2045	330,000	111,075	441,075
2046	350,000	96,831	446,831
2047	370,000	81,531	451,531
2048	390,000	65,381	455,381
2049	410,000	48,125	458,125
2050	435,000	29,641	464,641
2051	460,000	10,063	470,063
	<u>\$ 6,500,000</u>	<u>\$ 4,721,893</u>	<u>\$ 11,221,893</u>

See accompanying independent auditor's report.

COMAL COUNTY MASTER WATER IMPROVEMENT DISTRICT
CHANGES IN LONG-TERM BOND DEBT
JUNE 30, 2024

Description	Original Bonds Issued	Bonds Outstanding July 1, 2023
Comal County Master Water Improvement District Contract Revenue Bonds - Series 2024	\$ 6,500,000	\$ - 0 -

Contract Revenue Bond Authority:	Water, Sewer and Drainage Tax Bonds	Water, Sewer and Drainage Refunding Bonds
Amount Authorized by Voters	\$ 85,000,000	\$ 127,500,000
Amount Issued	6,500,000	
Remaining to be Issued	\$ 78,500,000	\$ 127,500,000

Debt Service Fund cash and investment balances as of June 30, 2024: \$ 576,188

Average annual debt service payment for remaining term of all debt: \$ 415,626

See Note 3 for interest rate, interest payment dates and maturity dates.

See accompanying independent auditor's report.

Current Year Transactions				Bonds Outstanding June 30, 2024	Paying Agent
Bonds Sold	Retirements				
	Principal	Interest			
<u>\$ 6,500,000</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 6,500,000</u>		The Bank of New York Mellon Trust Company, N.A. Houston, TX

See accompanying independent auditor's report.

COMAL COUNTY MASTER WATER IMPROVEMENT DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2024	2023	2022*
TOTAL REVENUES	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
EXPENDITURES			
Professional Fees	\$ 38,455	\$ 5,967	\$
Contracted Services	29,545	3,219	1,287
Other	<u>19,104</u>	<u>10,672</u>	<u>5,380</u>
TOTAL EXPENDITURES	<u>\$ 87,104</u>	<u>\$ 19,858</u>	<u>\$ 6,667</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>\$ (87,104)</u>	<u>\$ (19,858)</u>	<u>\$ (6,667)</u>
OTHER FINANCING SOURCES			
Developer Advances	<u>\$ 107,000</u>	<u>\$ 16,000</u>	<u>\$ 7,500</u>
NET CHANGE IN FUND BALANCE	\$ 19,896	\$ (3,858)	\$ 833
BEGINNING FUND BALANCE (DEFICIT)	<u>(618)</u>	<u>3,240</u>	<u>2,407</u>
ENDING FUND BALANCE (DEFICIT)	<u>\$ 19,278</u>	<u>\$ (618)</u>	<u>\$ 3,240</u>

* - Unaudited

See accompanying independent auditor's report.

		Percentage of Total Revenues					
2021*	2020*	2024	2023	2022*	2021*	2020*	
\$ - 0 -	\$ - 0 -	N/A %	N/A %	N/A %	N/A %	N/A %	
\$ 525	\$ 105						
1,595							
3,899	5,969						
\$ 6,019	\$ 6,074	N/A %	N/A %	N/A %	N/A %	N/A %	
\$ (6,019)	\$ (6,074)	N/A %	N/A %	N/A %	N/A %	N/A %	
\$ 7,500	\$ 7,000						
\$ 1,481	\$ 926						
926							
\$ 2,407	\$ 926						

See accompanying independent auditor's report.

**COMAL COUNTY MASTER WATER IMPROVEMENT DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS**

	Amounts		
	2024	2023	2022*
TOTAL REVENUES	\$ - 0 -	\$ - 0 -	\$ - 0 -
TOTAL EXPENDITURES	\$ - 0 -	\$ - 0 -	\$ - 0 -
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ - 0 -	\$ - 0 -	\$ - 0 -
OTHER FINANCING SOURCES			
Proceeds from Bonds Issued	\$ 576,188	\$ - 0 -	\$ - 0 -
NET CHANGE IN FUND BALANCE	\$ 576,188	\$ - 0 -	\$ - 0 -
BEGINNING FUND BALANCE	_____	_____	_____
ENDING FUND BALANCE	<u>\$ 576,188</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

* - Unaudited

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2021*	2020*	2024	2023	2022*	2021*	2020*
\$ - 0 -	\$ - 0 -	N/A %	N/A %	N/A %	N/A %	N/A %
\$ - 0 -	\$ - 0 -	N/A %	N/A %	N/A %	N/A %	N/A %
\$ - 0 -	\$ - 0 -	N/A %	N/A %	N/A %	N/A %	N/A %
\$ - 0 -	\$ - 0 -					
\$ - 0 -	\$ - 0 -					
\$ - 0 -	\$ - 0 -					

See accompanying independent auditor's report.

COMAL COUNTY MASTER WATER IMPROVEMENT DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2024

District Mailing Address - Comal County Master Water Improvement District
c/o Allen Boone Humphries Robinson LLP
919 Congress Avenue, Suite 1500
Austin, Texas 78701

District Telephone Number - (512) 518-2424

Board Members:	Term of Office (Elected or Appointed)	Fees of Office for the year ended <u>June 30, 2024</u>	Expense Reimbursements for the year ended <u>June 30, 2024</u>	<u>Title</u>
Jerry Britt Etheredge	05/22 05/26 (Elected)	\$ 2,431	\$ -0-	President
Douglas R. Miller II	05/22 05/26 (Elected)	\$ 1,768	\$ -0-	Vice President
Darrin W. Toney	05/24 05/28 (Elected)	\$ 2,210	\$ -0-	Secretary
Glenn H. Griffin, Jr.	05/22 05/26 (Elected)	\$ 2,431	\$ -0-	Assistant Secretary
Jeffrey M. Jenkins	05/24 05/28 (Elected)	\$ 2,210	\$ -0-	Assistant Secretary

Note: 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 developer or with any of the District's consultants.

Submission Date of most recent District Registration Form: May 21, 2024

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution. Fees of Office are the amounts paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

**COMAL COUNTY MASTER WATER IMPROVEMENT DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2024**

	<u>Date Hired</u>	<u>Fees for the year ended June 30, 2024</u>	<u>Title</u>
Consultants:			
Allen Boone Humphries Robinson LLP	11/02/22	\$ 25,272 \$ 176,753	General Counsel Bond Related
McCall Gibson Swedlund Barfoot PLLC	06/20/23	\$ 8,000 \$ 17,500	Auditor Bond Related
Municipal Accounts & Consulting, L.P.	01/16/24	\$ 19,654 \$ 5,000	Bookkeeper Bond Related
L&S District Services, LLC	02/14/20	\$ 4,877	Former Bookkeeper
LJA Engineering, Inc.	02/14/20	\$ 17,765	Engineer
Jones-Heroy & Associates, Inc.	05/16/23	\$ 43,511	Bond Engineer
Masterson Advisors LLC	02/14/20	\$ 130,929	Financial Advisor
Mark Burton and Ghia Lewis	01/16/24	\$ -0-	Investment Officers

See accompanying independent auditor's report.

APPENDIX C

AUDITED FINANCIAL STATEMENTS OF WID 1A FOR THE YEAR ENDED JUNE 30, 2024
AUDITED FINANCIAL STATEMENTS OF WID 1D FOR THE YEAR ENDED JUNE 30, 2024
AUDITED FINANCIAL STATEMENTS OF WID 1F FOR THE YEAR ENDED JUNE 30, 2025

The information contained in this appendix includes the Independent Auditor's Reports and Financial Statements of WID 1A and WID 1D for the fiscal year ended June 30, 2024 and the Independent Auditor's Report and Financial Statements of WID 1F for the fiscal year ended June 30, 2025.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A

COMAL COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JUNE 30, 2024

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

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McCALL GIBSON SWEDLUND BARFOOT PLLC

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Comal County Water Improvement District No. 1A
Comal County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Comal County Water Improvement District No. 1A (the "District") as of and for the year ended June 30, 2024, 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 each major fund of the District as of June 30, 2024, 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 Errors

As described in Note 13 to the financial statements, the District's government-wide financial statements as of and for the year ended June 30, 2023 have been restated to correct certain misstatements. Our opinions are not modified with respect to these matters.

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
Comal County Water Improvement District No. 1A

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.

A handwritten signature in black ink that reads "McCall Gibson Swedlund Barfoot PLLC". The script is cursive and fluid.

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

October 15, 2024

**COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

Management's discussion and analysis of the financial performance of Comal County Water Improvement District No. 1A (the "District") provides an overview of the District's financial activities for the year ended June 30, 2024. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

This annual 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 Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual 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 and liabilities 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 three governmental fund types. The General Fund accounts for resources not accounted for in another fund, maintenance taxes, professional fees, and administrative expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

**COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

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 current 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 adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in the Fund Balances 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 \$28,868,615 as of June 30, 2024. A portion of the District's net position reflects its net investment in capital assets, including intangible asset for the right to receive water and wastewater services less any debt used to acquire those conveyed assets that is still outstanding.

A comparative analysis of government-wide changes in net position is presented on the following page.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2024	2023 *	Change Positive (Negative)
Current and Other Assets	\$ 8,151,911	\$ 6,514,224	\$ 1,637,687
Intangible Assets (Net of Accumulated Amortization)	13,688,791	13,672,153	16,638
Capital Assets (Net of Accumulated Depreciation)	6,755,689	5,783,798	971,891
Total Assets	\$ 28,596,391	\$ 25,970,175	\$ 2,626,216
Long-Term Liabilities	\$ 51,230,790	\$ 48,315,851	\$ (2,914,939)
Other Liabilities	6,234,216	3,217,383	(3,016,833)
Total Liabilities	\$ 57,465,006	\$ 51,533,234	\$ (5,931,772)
Net Position:			
Net Investment in Capital Assets	\$ (31,515,446)	\$ (28,230,918)	\$ (3,284,528)
Restricted	2,142,966	2,199,014	(56,048)
Unrestricted	503,865	468,845	35,020
Total Net Position	\$ (28,868,615)	\$ (25,563,059)	\$ (3,305,556)

* As restated

The following table provides a summary of the District's operations for the years ended June 30, 2024, and June 30, 2023. The District's net position decreased by \$3,305,556.

	Summary of Changes in the Statement of Activities		
	2024	2023 *	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 2,453,800	\$ 1,556,972	\$ 896,828
Other Revenues	107,374	47,000	60,374
Total Revenues	\$ 2,561,174	\$ 1,603,972	\$ 957,202
Expenses for Services	5,866,730	11,528,457	5,661,727
Change in Net Position	\$ (3,305,556)	\$ (9,924,485)	\$ 6,618,929
Net Position, Beginning of Year	(25,563,059)	(15,638,574)	(9,924,485)
Net Position, End of Year	\$ (28,868,615)	\$ (25,563,059)	\$ (3,305,556)

* As restated

**COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of and for the year ended June 30, 2024, were \$3,359,520, a decrease of \$83,732.

The General Fund fund balance increased by \$49,682, primarily due to property tax revenues exceeding operating costs.

The Debt Service Fund fund balance increased by \$184,704, primarily due to the structure of the District's debt service and the funding of capitalized interest from the Series 2024 Road Bonds issuance.

The Capital Projects Fund fund balance decreased by \$318,118, primarily due to the use of surplus funds from the Series 2021 and Series 2022 bond issues to reimburse the developer for water, wastewater and drainage facilities offset by surplus funds remaining from the issuance of the Series 2024 Road Bonds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors annually adopts a General Fund budget and did not amend the budget during the current year. Actual revenues were \$381,904 less than budget primarily due to less than expected property tax revenues. Actual expenditures were \$109,034 more than budget due to higher than budgeted professional fees and contracted services. Overall, the District finished the year behind budget by \$490,938. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets as of June 30, 2024, total \$6,755,689 and include detention facilities, drainage facilities, and impact fees paid to the City of New Braunfels. Additional information on the District's capital assets can be found in Note 6 of this report.

Capital Assets At Year-End			
	2024	2023 *	Change Positive (Negative)
Capital Assets Subject to Depreciation:			
Drainage and Detention Facilities	\$ 7,035,226	\$ 5,876,790	\$ 1,158,436
Impact Fees	368,624	368,624	
Less Accumulated Depreciation	(648,161)	(461,616)	(186,545)
Total Net Capital Assets	<u>\$ 6,755,689</u>	<u>\$ 5,783,798</u>	<u>\$ 971,891</u>

* As restated

**COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

INTANGIBLE ASSETS

In accordance with the Utility Agreement with the City of New Braunfels (the "City"), water and wastewater facilities are conveyed to New Braunfels Utilities ("NBU") once constructed and placed in service. NBU operates the facilities and is responsible for the maintenance. The District has recognized intangible assets for the cost of the facilities conveyed to NBU at June 30, 2024 of \$13,688,791 (net of accumulated amortization). Current year amortization expense of \$747,670 was recorded in relation to the intangible asset.

LONG-TERM DEBT ACTIVITY

As of June 30, 2024, the District had total bond debt payable of \$41,005,000. The changes in the debt position of the for the current fiscal year are summarized in the following table:

Bond Debt Payable, July 1, 2023	\$ 36,530,000
Add: Bond Sale	5,450,000
Less: Bond Principal Paid	<u>(975,000)</u>
Bond Debt Payable, June 30, 2024	<u>\$ 41,005,000</u>

In addition to bonded debt, the District also has liabilities outstanding to the developers of the District for construction costs and operating advances funded on behalf of the District. At June 30, 2024, the District owed developers \$16,844,126, of which \$4,635,189 is due to the developers from proceeds of the Series 2024 Road bond issue.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The adopted budget for fiscal year ending June 30, 2025 projects a decrease in the General Fund fund balance of \$64,837. Revenues are expected to be \$207,980 and expenditures are expected to be \$272,817.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances for anyone with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Comal County Water Improvement District No. 1A, c/o Allen Boone Humphries Robinson LLP, 919 Congress Avenue, Suite 1500, Austin, Texas 78701.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2024

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 9,578	\$ 84,310
Investments	691,204	2,479,514
Receivables:		
Property Taxes	6,470	55,006
Other	27	
Due from Other Funds	12,563	
Prepaid Costs	3,685	
Intangible Assets (Net of Accumulated Amortization)		
Capital Assets (Net of Accumulated Depreciation):		
Drainage and Detention Facilities		
Impact Fees		
TOTAL ASSETS	<u><u>\$ 723,527</u></u>	<u><u>\$ 2,618,830</u></u>

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 5,495	\$ 99,383	\$	\$ 99,383
4,816,622	7,987,340		7,987,340
	61,476		61,476
	27		27
	12,563	(12,563)	
	3,685		3,685
		13,688,791	13,688,791
		6,408,992	6,408,992
		346,697	346,697
<u>\$ 4,822,117</u>	<u>\$ 8,164,474</u>	<u>\$ 20,431,917</u>	<u>\$ 28,596,391</u>

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

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2024

	<u>General Fund</u>	<u>Debt Service Fund</u>
LIABILITIES		
Accounts Payable	\$ 79,426	\$
Accrued Interest Payable		
Due to Developers		
Due to Other Funds		12,563
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	<u>\$ 79,426</u>	<u>\$ 12,563</u>
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	<u>\$ 6,470</u>	<u>\$ 55,006</u>
FUND BALANCES		
Nonspendable -		
Prepaid Costs	\$ 3,685	\$
Restricted:		
For Authorized Construction		
For Debt Service		2,551,261
Assigned for 2025 Budget Deficit	64,837	
Unassigned	<u>569,109</u>	
TOTAL FUND BALANCES	<u>\$ 637,631</u>	<u>\$ 2,551,261</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 723,527</u>	<u>\$ 2,618,830</u>
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 16,300	\$ 95,726	\$	\$ 95,726
		463,301	463,301
4,635,189	4,635,189	12,208,937	16,844,126
	12,563	(12,563)	
		1,040,000	1,040,000
		39,021,853	39,021,853
<u>\$ 4,651,489</u>	<u>\$ 4,743,478</u>	<u>\$ 52,721,528</u>	<u>\$ 57,465,006</u>
<u>\$ -0-</u>	<u>\$ 61,476</u>	<u>\$ (61,476)</u>	<u>\$ -0-</u>
\$	\$ 3,685	\$ (3,685)	\$
170,628	170,628	(170,628)	
	2,551,261	(2,551,261)	
	64,837	(64,837)	
	569,109	(569,109)	
<u>\$ 170,628</u>	<u>\$ 3,359,520</u>	<u>\$ (3,359,520)</u>	<u>\$ - 0 -</u>
<u>\$ 4,822,117</u>	<u>\$ 8,164,474</u>		
		\$ (31,515,446)	\$ (31,515,446)
		2,142,966	2,142,966
		503,865	503,865
		<u>\$ (28,868,615)</u>	<u>\$ (28,868,615)</u>

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

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

Total Fund Balances - Governmental Funds	\$ 3,359,520
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets and intangible assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.	20,444,480
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Deferred inflows of resources related to property tax revenues for the 2023 and prior tax levies became part of recognized revenue in the governmental activities of the District.	61,476
--	--------

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:

Accrued Interest Payable	\$ (463,301)	
Due to Developer	(12,208,937)	
Bonds Payable	<u>(40,061,853)</u>	<u>(52,734,091)</u>

Total Net Position - Governmental Activities	<u>\$ (28,868,615)</u>
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The accompanying notes to the financial
statements are an integral part of this report.

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COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 220,329	\$ 2,249,491
Penalties and Interest	3,519	14,570
Investment and Other Revenues	<u>19,748</u>	<u>54,822</u>
TOTAL REVENUES	<u>\$ 243,596</u>	<u>\$ 2,318,883</u>
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 117,884	\$ 5,569
Contracted Services	51,829	10,510
Repairs and Maintenance	6,665	
Depreciation and Amortization		
Other	17,536	240
Conveyance of Road Improvements		
Capital Outlay		
Developer Interest		
Debt Service:		
Bond Issuance Costs		
Bond Principal		975,000
Bond Interest		<u>1,365,179</u>
TOTAL EXPENDITURES/EXPENSES	<u>\$ 193,914</u>	<u>\$ 2,356,498</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES/EXPENSES	<u>\$ 49,682</u>	<u>\$ (37,615)</u>
OTHER FINANCING SOURCES (USES)		
Proceeds from Issuance of Long-Term Debt	\$	\$ 222,319
Bond Discount		
TOTAL OTHER FINANCING SOURCES, NET	<u>\$ -0-</u>	<u>\$ 222,319</u>
NET CHANGE IN FUND BALANCES	\$ 49,682	\$ 184,704
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JULY 1, 2023 (AS RESTATED)	<u>587,949</u>	<u>2,366,557</u>
FUND BALANCES/NET POSITION - JUNE 30, 2024	<u><u>\$ 637,631</u></u>	<u><u>\$ 2,551,261</u></u>

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 2,469,820	\$ (16,020)	\$ 2,453,800
	18,089		18,089
<u>14,715</u>	<u>89,285</u>	<u></u>	<u>89,285</u>
\$ 14,715	\$ 2,577,194	\$ (16,020)	\$ 2,561,174
\$ 1,881	\$ 125,334	\$	\$ 125,334
	62,339		62,339
	6,665		6,665
		934,215	934,215
120	17,896		17,896
		2,240,676	2,240,676
4,657,508	4,657,508	(4,657,508)	
404,093	404,093		404,093
447,669	447,669		447,669
	975,000	(975,000)	
	<u>1,365,179</u>	<u>262,664</u>	<u>1,627,843</u>
\$ 5,511,271	\$ 8,061,683	\$ (2,194,953)	\$ 5,866,730
\$ (5,496,556)	\$ (5,484,489)	\$ 2,178,933	\$ (3,305,556)
\$ 5,227,681	\$ 5,450,000	\$ (5,450,000)	\$
<u>(49,243)</u>	<u>(49,243)</u>	<u>49,243</u>	<u></u>
\$ 5,178,438	\$ 5,400,757	\$ (5,400,757)	\$ -0-
\$ (318,118)	\$ (83,732)	\$ 83,732	\$
		(3,305,556)	(3,305,556)
<u>488,746</u>	<u>3,443,252</u>	<u>(29,006,311)</u>	<u>(25,563,059)</u>
<u>\$ 170,628</u>	<u>\$ 3,359,520</u>	<u>\$ (32,228,135)</u>	<u>\$ (28,868,615)</u>

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

**COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

Net Change in Fund Balances - Governmental Funds	\$	(83,732)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.		(16,020)
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Governmental funds do not account for depreciation and amortization. However, in the Statement of Net Position, capital assets and intangible assets are depreciated and amortized and the depreciation and amortization expense is recorded in the Statement of Activities.		(934,215)
--	--	-----------

Capital outlay increases capital assets and intangible assets in the Statement of Net Position. Also, the conveyance of assets is recorded as an expense in the Statement Activities.		2,416,832
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Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.		975,000
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Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.		(239,394)
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In the Statement of Net Position, bond discounts, premiums, insurance and deferred charges on refunding bonds are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.		(23,270)
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Governmental funds report bond proceeds, bond premiums and bond discounts as other financing sources or uses. However, bonds payable, net of unamortized bond premiums and bond discounts, are recorded as liabilities in the Statement of Net Position.		(5,400,757)
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Change in Net Position - Governmental Activities	\$	<u>(3,305,556)</u>
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The accompanying notes to the financial
statements are an integral part of this report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1. CREATION OF DISTRICT

Comal County Water Improvement District No. 1A (the “District”) was created on August 11, 2017, as Comal County Water Improvement District No. 1 (the “Original District”) and was subsequently divided pursuant to an Order Dividing Comal County Water Improvement District No. 1 into three districts: (a) Comal County Water Improvement District No. 1A; (b) Comal County Water Improvement District No. 1B; and (c) Comal County Master Water Improvement District. The Original District was created by Act of the 81st Texas Legislature, Regular Session, as a conservation and reclamation district and is essential to accomplish the purpose of Section 52, Article III, and Section 59, Article XVI, of the Texas Constitution and operates in accordance with Texas Water Code Chapters 49 and 51. The Board of Directors held its first meeting on August 11, 2017.

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 “Commission”).

The District is a political subdivision of the State of Texas governed by an elected 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 elected 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”). 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.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets and intangible assets, including restricted capital assets, net of accumulated depreciation and amortization 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.
- 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 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.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements and Governmental Funds

The District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Governmental Funds Balance Sheet and a Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. The District has three governmental funds and considers each to be a major fund.

General Fund – To account for resources not accounted for in another fund, maintenance taxes, professional fees, and administrative expenditures.

Debt Service Fund – To account for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

Capital Projects Fund – To account for financial resources restricted, committed or assigned for acquisition or construction of facilities and related 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. At June 30, 2024, the Debt Service Fund owed the General Fund \$12,563 for maintenance tax collections.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting

An annual 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 budgeted amounts compared to the actual amounts of revenues and expenditures for the current year.

Intangible Assets

Intangible assets are reported in the government-wide column in the Statement of Net Position and are valued at the cost of water and wastewater facilities conveyed to New Braunfels Utilities net of related amortization. The intangible assets are amortized over a maximum of 30 years, the original 15-year term from the effective date of the Utility Construction Cost Sharing Agreement for the Veramendi Development plus an additional, extended 15-year term per the contract. See also Notes 6 and 11.

Capital Assets

Capital assets, which include detention and drainage facilities and impact fees, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their acquisition value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation over 45 years.

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that fees of office received by Directors are considered to be wages subject to federal income tax withholding for payroll purposes only.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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. At June 30, 2024, the District has \$64,837 of assigned fund balance pertaining to the budgeted deficit for the General Fund for fiscal year 2025.

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.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Reclassifications

Certain amounts in the prior year have been reclassified to conform to the presentation adopted in the current year. There was no impact on net position or fund balance.

NOTE 3. LONG-TERM DEBT

	<u>Series 2020 Road</u>	<u>Series 2021</u>	<u>Series 2022 Road</u>
Amount Outstanding – June 30, 2024	\$2,930,000	\$5,760,000	\$6,620,000
Interest Rates	3.00% - 3.75%	2.00% - 5.00%	2.00% - 4.00%
Maturity Date	September 1, 2024/2045	September 1, 2024/2047	September 1, 2024/2047
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2025*	September 1, 2027*	September 1, 2027*

* Or any date thereafter at a price of par plus unpaid accrued interest in whole or in part, at the option of the District. Series 2020 Road term bonds maturing on September 1, 2030, 2035, 2040 and 2045 are subject to mandatory sinking fund redemption beginning September 1, 2029, 2031, 2036 and 2041, respectively. Series 2021 term bonds maturing on September 1, 2035, 2037, 2039 and 2047 are subject to mandatory sinking fund redemption beginning September 1, 2034, 2036, 2038 and 2040, respectively. Series 2022 Road term bonds maturing on September 1, 2038, 2042 and 2047 are subject to mandatory sinking fund redemption beginning September 1, 2037, 2041 and 2043, respectively.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2022A Road	Series 2022	Series 2023 Road	Series 2024 Road
Amount Outstanding – June 30, 2024	\$4,975,000	\$12,270,000	\$3,000,000	\$5,450,000
Interest Rates	4.00% - 6.00%	4.375% - 6.875%	4.00% - 6.50%	4.00% - 5.00%
Maturity Date	September 1, 2024/2049	March 1, 2025/2049	March 1, 2027/2049	March 1, 2026/2049
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2028**	March 1, 2029**	March 1, 2030**	March 1, 2030**

** Or any date thereafter at a price of par plus unpaid accrued interest in whole or in part, at the option of the District. Series 2022A Road term bonds maturing on September 1, 2036, 2039, 2043 and 2049 are subject to mandatory sinking fund redemption beginning September 1, 2033, 2037, 2040 and 2044, respectively. Series 2022 term bonds maturing on March 1, 2038, 2041, 2043, 2045, 2047 and 2049 are subject to mandatory sinking fund redemption beginning March 1, 2036, 2039, 2042, 2044, 2046 and 2048, respectively. Series 2023 Road term bonds maturing on March 1, 2031, 2033, 2037, 2043 and 2045 are subject to mandatory sinking fund redemption beginning March 1, 2030, 2032, 2034, 2042 and 2044, respectively. Series 2024 Road term bonds maturing on March 1, 2039 are subject to mandatory sinking fund redemption beginning March 1, 2038.

Changes in bonds payable for the current fiscal year are summarized in the following table:

	July 1, 2023	Additions	Retirements	June 30, 2024
Bonds Payable	\$ 36,530,000	\$ 5,450,000	\$ 975,000	\$ 41,005,000
Unamortized Discounts	(917,174)	(49,243)	(23,270)	(943,147)
Bonds Payable, Net	<u>\$ 35,612,826</u>	<u>\$ 5,400,757</u>	<u>\$ 951,730</u>	<u>\$ 40,061,853</u>
		Amount Due Within One Year		\$ 1,040,000
		Amount Due After One Year		<u>39,021,853</u>
		Bonds Payable, Net		<u>\$ 40,061,853</u>

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3. LONG-TERM DEBT (Continued)

On June 20, 2024, the District issued \$5,450,000 of Unlimited Tax Road Bonds, Series 2024, with interest rates ranging from 4.00 to 5.00%. The net proceeds of \$4,989,806 (after payment of the original issue discount, underwriter fees and other bond related costs) were deposited with the District's investment accounts to finance developer funded road improvement and construction costs, fund future interest payments on the bonds and pay subsequent bond issue costs.

The District has authorized but unissued bonds in the amount of \$124,000,000 for utility facilities and \$37,875,000 for roads and road improvements. The District also has authorized but unissued bonds in the amount of \$213,750,000 for refunding utility bonds and \$92,250,000 for refunding road bonds.

As of June 30, 2024, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ 1,040,000	\$ 1,508,663	\$ 2,548,663
2026	1,115,000	1,524,158	2,639,158
2027	1,220,000	1,467,299	2,687,299
2028	1,245,000	1,402,763	2,647,763
2029	1,275,000	1,343,069	2,618,069
2030-2034	7,150,000	5,936,839	13,086,839
2035-2039	8,120,000	4,634,403	12,754,403
2040-2044	9,335,000	3,079,839	12,414,839
2045-2049	10,315,000	1,195,340	11,510,340
2050	190,000	3,919	193,919
	<u>\$ 41,005,000</u>	<u>\$ 22,096,292</u>	<u>\$ 63,101,292</u>

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount.

During the year ended June 30, 2024, the District levied a total ad valorem debt service tax rate of \$0.73 per \$100 of assessed valuation, allocated \$0.45 to fund utility debt service requirements and \$0.28 to fund road debt service requirements. This resulted in a tax levy of \$2,239,592 on the adjusted taxable valuation of \$307,147,206 for the 2023 tax year. The bond resolutions require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3. LONG-TERM DEBT (Continued)

All property values and exempt status, if any, are determined by the appraisal district. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS

The bond orders state that the District is required to provide to certain information repositories continuing disclosure of annual financial information and operating data with respect to the District. The information, along with the audited annual financial statements, is of the general type included in the annual audit report, and must be filed within six months after the end of each fiscal year of the District.

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the Bonds, within the meaning of Section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on each five-year anniversary of the bonds.

The District deposited into the Debt Service Fund \$222,319 of Series 2024 Road Bonds and restricted these funds for the payment of bond interest.

NOTE 5. 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. As of June 30, 2024, the carrying amount of the District's deposits and the bank balance was \$99,383. The District was not exposed to custodial credit risk at year end.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

The carrying values of the deposits at year end are summarized in the following table:

	<u>Cash</u>
GENERAL FUND	\$ 9,578
DEBT SERVICE FUND	84,310
CAPITAL PROJECTS FUND	<u>5,495</u>
TOTAL DEPOSITS	<u>\$ 99,383</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 which is reviewed annually and which may be more restrictive than the Public Funds Investment Act.

The District invests in Texas Cooperative Liquid Assets Securities System Trust ("Texas CLASS"), an external public funds investment pool that is not SEC-registered. Public Trust Advisors, LLC serves as the pool's administrator and investment advisor. The pool is subject to the general supervision of the Board of Trustees and its Advisory Board. UMB Bank, N.A. serves as custodian for the pool. Investments held by Texas CLASS are priced to market on a weekly basis. The investments are considered to be Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District's position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from Texas CLASS.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of June 30, 2024, the District had the following investments and maturities:

Funds and Investment Type	Fair Value	<u>Maturities in Years</u> Less Than 1
<u>GENERAL FUND</u>		
Texas CLASS	\$ 691,204	\$ 691,204
<u>DEBT SERVICE FUND</u>		
Texas CLASS	2,479,514	2,479,514
<u>CAPITAL PROJECTS FUND</u>		
Texas CLASS	4,816,622	4,816,622
TOTAL INVESTMENTS	<u>\$ 7,987,340</u>	<u>\$ 7,987,340</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. The District's investments in Texas CLASS were rated "AAAm" by Standard and Poor's.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in Texas CLASS to have a maturity of less than one year due to the fact the share positions can usually be redeemed each day at the discretion of the District, unless there has been a significant change of value.

Restrictions

All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes.

All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6. CAPITAL ASSETS AND INTANGIBLE ASSETS

Capital asset activity for the current fiscal year is summarized in the following table:

	July 1, 2023	Increases	Decreases	June 30, 2024
Capital Assets Subject to Depreciation				
Drainage and Detention Facilities	\$ 5,876,790	\$ 1,158,436	\$	\$ 7,035,226
Impact Fees	<u>368,624</u>	<u></u>	<u></u>	<u>368,624</u>
Total Capital Assets Subject to Depreciation	<u>\$ 6,245,414</u>	<u>\$ 1,158,436</u>	<u>\$ - 0 -</u>	<u>\$ 7,403,850</u>
Less Accumulated Depreciation				
Drainage and Detention Facilities	\$ 447,903	\$ 178,331	\$	\$ 626,234
Impact Fees	<u>13,713</u>	<u>8,214</u>	<u></u>	<u>21,927</u>
Total Accumulated Depreciation	<u>\$ 461,616</u>	<u>\$ 186,545</u>	<u>\$ - 0 -</u>	<u>\$ 648,161</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 5,783,798</u>	<u>\$ 971,891</u>	<u>\$ - 0 -</u>	<u>\$ 6,755,689</u>

In accordance with the Utility Agreement with the City discussed in Note 11, the District has constructed water and wastewater facilities needed to serve the land within its boundaries. New Braunfels Utilities (“NBU”) has accepted conveyance of the water and wastewater facilities constructed within the District and provides water and sanitary sewer service to residents of the District. The District remains responsible for continued maintenance of completed detention and drainage facilities within residential subdivisions. The District has recognized intangible assets for the cost of water and wastewater assets conveyed to NBU.

Intangible asset activity for the current fiscal year is summarized in the following table:

	July 1, 2023	Increases	Decreases	June 30, 2024
Intangible Assets Subject to Amortization				
Water and Wastewater Systems	\$ 15,142,699	\$ 764,308	\$	\$ 15,907,007
Less Accumulated Amortization				
Water and Wastewater Systems	<u>1,470,546</u>	<u>747,670</u>	<u></u>	<u>2,218,216</u>
Intangible Assets, Net of Accumulated Amortization	<u>\$ 13,672,153</u>	<u>\$ 16,638</u>	<u>\$ -0-</u>	<u>\$ 13,688,791</u>

Roads are conveyed to Comal County for ownership and maintenance. Since inception of the District, the cost of roads conveyed to the County totaled \$21,800,492.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7. MAINTENANCE TAX

On November 7, 2017, 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. During the year ended June 30, 2024, the District levied an ad valorem maintenance tax rate of \$0.064 per \$100 of assessed valuation, which resulted in a tax levy of \$196,348 on the adjusted taxable valuation of \$307,147,206 for the 2023 tax year. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District.

On November 7, 2017, the voters of the District approved the levy and collection of a contract tax in an unlimited amount sufficient to make payments required under the Master District Contract for operation and maintenance of the regional water, wastewater and drainage systems (see further discussion in Note 10). To date, the District has not levied a contract tax.

NOTE 8. COMMITMENTS AND CONTINGENCIES

Developers of the land within the District have incurred costs related to the construction of facilities, as well as costs pertaining to the creation and operation of the District. Claims for reimbursement of construction costs and operational advances will be evaluated upon receipt of adequate supporting documentation and proof of contractual obligation. Such costs may be reimbursable to developers by the District from proceeds of future District bond issues or from operations, subject to approval by the Texas Commission on Environmental Quality.

On November 7, 2017, a bond election held within the District approved authorization to issue \$142,500,000 of bonds to fund costs of proposed water, sewer and drainage facilities. Additionally, voters of the District approved \$61,500,000 of bonds to fund costs of road and road improvements. As of June 30, 2024, the District issued \$18,500,000 of bonds to fund costs water, sewer and drainage facilities and \$23,625,000 of bonds to fund costs of road and road improvements. The following is a summary of the due to developer activity for the fiscal year ended June 30, 2024:

Due to Developers, beginning of year (as restated)	\$ 12,703,025
Additions	4,525,636
Reimbursements	<u>(384,535)</u>
Due to Developers, end of year	<u>\$ 16,844,126</u>
Reimbursed Subsequent to Year End from Series 2024	
Road Bond Proceeds	\$ 4,635,189
Amount Due After One Year	<u>12,208,937</u>
Due to Developers, end of year	<u>\$ 16,844,126</u>

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 10. MASTER DISTRICT CONTRACT AND REGIONAL FACILITIES

The District is part of the master-planned community of “Veramendi”. Veramendi is comprised of the District, Comal County Master Water Improvement District (the “Master District”), Comal County Water Improvement District No. 1B (“District No. 1B”), Comal County Water Improvement District No. 1C (“District No. 1C”), Comal County Water Improvement District No. 1D (“District No. 1D”), Comal County Water Improvement District No. 1E (“District No. 1E”), and Comal County Water Improvement District No. 1F (“District No. 1F”) (collectively, the “Districts”). On August 11, 2017, the District entered into a Contract for Financing, Operation and Maintenance of Regional Water, Sanitary Sewer and Drainage Facilities and Other Facilities between the Master District, District No. 1B and the District (the “Master District Contract”) in order to encourage regionalization and to avoid duplication of lines and facilities within the master-planned community. The Master District Contract was subsequently partially assigned from District No. 1B to District No. 1C, District No. 1D, District No. 1E and District No. 1F. Subsequently, the Master District Contract was amended to allow the Master District to designate Districts as “Participants” under the Master District Contract, obligating the designated Participants to levy a contract tax and to pay obligations under the Master District Contract. Currently, the District, District No. 1D and District No. 1F have been designated as Participants by the Master District, based on active development within their boundaries, receipt of services provided by the Regional Facilities and in accordance with the terms of the Master District Contract. District No. 1B, District No. 1C and District No. 1E are expected to be designated by the Master District as Participants at a future time depending on development in each district.

Pursuant to the Master District Contract, the Master District will operate and maintain certain regional water, sanitary sewer, drainage and road facilities and capacities (the “Regional Facilities”), and each Participant will pay its pro rata share of such costs.

The Master District will establish an Operation and Maintenance reserve, funded by the Participants, and will bill the Participants monthly for their pro rata share of operation and maintenance costs. The District’s share of the monthly charges will be determined by multiplying the total number of actual Equivalent Single Family Residential Connections (“ESFCs”) within the District by the monthly unit costs per ESFC in the Master District budget. The Master District did not incur any expenditures or bill the Participants during the current year.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 11. UTILITY AGREEMENT WITH THE CITY OF NEW BRAUNFELS

Customers of the District receive water and wastewater service from New Braunfels Utilities (“NBU”), a municipally owned utility with exclusive management and control of the water and sewer systems serving the City of New Braunfels, as standard NBU customers pursuant to a Utility Agreement, dated February 25, 2013, between the District, the City and NBU (the “Utility Agreement”). As a condition of such service, the Utility Agreement obligates the District to acquire, construct, and extend water and sanitary sewer facilities (the “System”) to serve land within the District and, when completed in accordance with approved plans and specifications, to convey title to the System to NBU. NBU then operates and maintains the System and is responsible for establishing water and sewer rates and billing and collecting for such services. The components of the System which serve only the District (the “Internal Facilities”) are acquired, constructed and extended by the District and the components of the System that serve the Service Area, are acquired, constructed and extended by the Master District.

NOTE 12. SURPLUS FUNDS REIMBURSEMENT

On April 16, 2024, the Board of Directors approved the use of \$426,411 of surplus Series 2021 and Series 2022 bond funds to reimburse developer for water, wastewater and drainage facilities, which included developer interest of \$41,876.

NOTE 13. PRIOR PERIOD ADJUSTMENTS

Pursuant to a Utility Agreement, dated February 25, 2013, the District conveys water and sanitary sewer facilities to NBU for future operation and maintenance of the System. In return for conveyance, NBU provides water and sanitary sewer service to the District. This agreement results in an intangible asset for the right to receive service. The intangible asset is to be amortized over a maximum of 30 years, the original 15-year term from the effective date of the Utility Agreement plus an additional, extended 15-year term per the Agreement with the City and NBU. In prior years, the District failed to recognize intangible assets for water and sanitary sewer system assets conveyed to NBU.

Though the District conveys water and wastewater assets to NBU for ownership and maintenance, the District remains responsible for continued maintenance of completed detention and drainage facilities serving the District. As a result, the District should recognize capital assets for these detention and drainage assets acquired from developers and depreciate those assets over their estimated useful lives.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 13. PRIOR PERIOD ADJUSTMENTS (Continued)

Developer liabilities occur when a construction project is completed, final pay application is paid, and the project is conveyed to the District or, if applicable, conveyed to NBU (as is the case for water and sanitary sewer system assets) or Comal County (as is the case for road and road improvements). Amounts shown as developer liabilities are generally based on final construction costs plus estimated engineering and other fees. Developer liabilities do not include unpaid impact fees, developer interest or costs associated with incomplete projects.

In prior years, the District recognized developer liabilities for both incomplete and completed projects and also recognized estimated developer interest and unpaid impact fees as part of developer liabilities. The District recognized construction in progress as an offsetting capital asset in the same amount as developer liabilities; capital assets were not being depreciated.

The effects of the errors above are summarized in the following table:

Net Position - July 1, 2023	\$ (32,521,639)
Effect of Adjustment to Intangible Assets	13,672,153
Effect of Adjustment to Capital Assets	(14,864,513)
Effect of Adjustment to Developer Liabilities	<u>8,150,940</u>
Net Position - July 1, 2023, As Restated	<u><u>\$ (25,563,059)</u></u>

NOTE 14. SUBSEQUENT EVENT – BOND SALE

During the fourth quarter of 2024, subsequent to the report date, the District anticipates issuing its Unlimited Tax Bonds, Series 2024 in the amount of \$12,000,000. The net proceeds of the bonds will be used to finance developer funded utility system improvement and construction costs, fund future interest payments on the bonds and pay subsequent bond issue costs.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2024

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 621,500	\$ 220,329	\$ (401,171)
Penalty and Interest		3,519	3,519
Investment Revenues	<u>4,000</u>	<u>19,748</u>	<u>15,748</u>
TOTAL REVENUES	<u>\$ 625,500</u>	<u>\$ 243,596</u>	<u>\$ (381,904)</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 45,000	\$ 117,884	\$ (72,884)
Contracted Services	9,000	51,829	(42,829)
Repairs and Maintenance	8,860	6,665	2,195
Other	<u>22,020</u>	<u>17,536</u>	<u>4,484</u>
TOTAL EXPENDITURES	<u>\$ 84,880</u>	<u>\$ 193,914</u>	<u>\$ (109,034)</u>
NET CHANGE IN FUND BALANCE	\$ 540,620	\$ 49,682	\$ (490,938)
FUND BALANCE - JULY 1, 2023	<u>587,949</u>	<u>587,949</u>	
FUND BALANCE - JUNE 30, 2024	<u><u>\$ 1,128,569</u></u>	<u><u>\$ 637,631</u></u>	<u><u>\$ (490,938)</u></u>

See accompanying independent auditor's report.

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COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

JUNE 30, 2024

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
SERVICES AND RATES
FOR THE YEAR ENDED JUNE 30, 2024

1. SERVICES PROVIDED BY THE DISTRICT:

<u> </u>	Retail Water	<u> </u>	Wholesale Water	<u> </u>	Drainage
<u> </u>	Retail Sewer	<u> </u>	Wholesale Wastewater	<u> </u>	Irrigation
<u> </u>	Parks/Recreation	<u> </u>	Fire Protection	<u> </u>	Security
<u> </u>	Solid Waste/Garbage	<u> </u>	Flood Control	<u> X </u>	Roads
<u> X </u>	Participates in joint venture or regional system				
<u> X </u>	Other: <u>The District does not provide water and wastewater services. Retail water and wastewater service is provided by the City of New Braunfels.</u>				

2. RETAIL SERVICE PROVIDERS: New Braunfels Utilities

3. TOTAL WATER CONSUMPTION: Not applicable

4. STANDBY FEES: Not applicable

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes X No

County in which District is located:

Comal County, Texas

Is the District located within a city?

Entirely Partly Not at all X

Is the District located within a city's extraterritorial jurisdiction (ETJ)?

Entirely X Partly Not at all

ETJ in which District is located.

City of New Braunfels, Texas

Are Board Members appointed by an office outside the District?

Yes No X

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2024

PROFESSIONAL FEES:	
Auditing	\$ 8,000
Engineering	17,720
Legal	<u>92,164</u>
TOTAL PROFESSIONAL FEES	<u>\$ 117,884</u>
CONTRACTED SERVICES:	
Appraisal District	\$ 19,202
Bookkeeping	29,577
Tax Collector	<u>3,050</u>
TOTAL CONTRACTED SERVICES	<u>\$ 51,829</u>
REPAIRS AND MAINTENANCE	<u>\$ 6,665</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 11,492
Legal Notices	392
Office Supplies and Postage	1,940
Payroll Taxes	879
Travel and Meetings	1,283
Other	<u>1,550</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 17,536</u>
TOTAL EXPENDITURES	<u><u>\$ 193,914</u></u>

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
INVESTMENTS
JUNE 30, 2024

<u>Funds</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
Texas CLASS	XXXX0001	Varies	Daily	\$ 691,204	\$ - 0 -
<u>DEBT SERVICE FUND</u>					
Texas CLASS	XXXX0005	Varies	Daily	\$ 1,441,486	\$
Texas CLASS	XXXX0006	Varies	Daily	1,038,028	
TOTAL DEBT SERVICE FUND				\$ 2,479,514	\$ - 0 -
<u>CAPITAL PROJECTS FUND</u>					
Texas CLASS	XXXX0004	Varies	Daily	\$ 18,693	\$
Texas CLASS	XXXX0002	Varies	Daily	29,324	
Texas CLASS	XXXX0007	Varies	Daily	4,768,605	
TOTAL CAPITAL PROJECTS FUND				\$ 4,816,622	\$ - 0 -
TOTAL - ALL FUNDS				\$ 7,987,340	\$ - 0 -

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Maintenance Taxes</u>		<u>Debt Service Taxes</u>	
TAXES RECEIVABLE -				
JULY 1, 2023	\$	21,132	\$	56,364
Adjustments to Beginning				
Balance		<u>9,319</u>		<u>8,541</u>
	\$	30,451	\$	64,905
Original 2023 Tax Levy	\$	174,054	\$	1,985,299
Adjustment to 2023 Tax Levy		<u>22,294</u>		<u>254,293</u>
		196,348		2,239,592
TOTAL TO BE				
ACCOUNTED FOR		\$ 226,799		\$ 2,304,497
TAX COLLECTIONS:				
Prior Years	\$	28,270	\$	58,821
Current Year		<u>192,059</u>		<u>2,190,670</u>
		220,329		2,249,491
TAXES RECEIVABLE -				
JUNE 30, 2024		<u>\$ 6,470</u>		<u>\$ 55,006</u>
TAXES RECEIVABLE BY				
YEAR:				
2023	\$	4,289	\$	48,922
2022		1,135		4,714
2021		1,043		1,365
2020		<u>3</u>		<u>5</u>
TOTAL	\$	<u>6,470</u>	\$	<u>55,006</u>

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2024

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
PROPERTY VALUATIONS:				
Land	\$ 146,220,559	\$ 102,522,526	\$ 65,036,507	\$ 42,578,920
Improvements	223,793,573	122,690,414	52,912,966	13,347,748
Personal Property	591,880	314,100	299,497	280,380
Exemptions	<u>(63,458,806)</u>	<u>(31,722,721)</u>	<u>(30,550,906)</u>	<u>(18,125,546)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 307,147,206</u>	<u>\$ 193,804,319</u>	<u>\$ 87,698,064</u>	<u>\$ 38,081,502</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.730	\$ 0.640	\$ 0.450	\$ 0.510
Maintenance	<u>0.064</u>	<u>0.154</u>	<u>0.344</u>	<u>0.284</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.794</u>	<u>\$ 0.794</u>	<u>\$ 0.794</u>	<u>\$ 0.794</u>
ADJUSTED TAX LEVY*	<u>\$ 2,435,940</u>	<u>\$ 1,538,807</u>	<u>\$ 701,683</u>	<u>\$ 302,215</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>97.82 %</u>	<u>99.62 %</u>	<u>99.66 %</u>	<u>99.99 %</u>

* Based upon the adjusted tax levy at the time of the audit for the fiscal year in which the tax was levied.

Maintenance Tax – Maximum tax rate of \$1.20 per \$100 of assessed valuation approved by voters on November 7, 2017.

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2024

S E R I E S - 2 0 2 0 R O A D				
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total	
2025	\$ 80,000	\$ 98,962	\$	178,962
2026	85,000	96,488		181,488
2027	90,000	93,862		183,862
2028	90,000	91,162		181,162
2029	95,000	88,388		183,388
2030	100,000	85,462		185,462
2031	105,000	82,387		187,387
2032	110,000	79,025		189,025
2033	115,000	75,369		190,369
2034	120,000	71,550		191,550
2035	125,000	67,569		192,569
2036	130,000	63,425		193,425
2037	135,000	58,950		193,950
2038	145,000	54,050		199,050
2039	150,000	48,887		198,887
2040	155,000	43,550		198,550
2041	165,000	37,950		202,950
2042	170,000	31,875		201,875
2043	180,000	25,313		205,313
2044	185,000	18,469		203,469
2045	195,000	11,344		206,344
2046	205,000	3,844		208,844
2047				
2048				
2049				
2050				
	<u>\$ 2,930,000</u>	<u>\$ 1,327,881</u>	<u>\$</u>	<u>4,257,881</u>

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2024

S E R I E S - 2 0 2 1			
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2025	\$ 240,000	\$ 152,100	\$ 392,100
2026	240,000	142,500	382,500
2027	240,000	131,700	371,700
2028	240,000	119,700	359,700
2029	240,000	111,300	351,300
2030	240,000	106,500	346,500
2031	240,000	101,700	341,700
2032	240,000	96,900	336,900
2033	240,000	92,100	332,100
2034	240,000	87,150	327,150
2035	240,000	81,900	321,900
2036	240,000	76,500	316,500
2037	240,000	70,950	310,950
2038	240,000	65,250	305,250
2039	240,000	59,400	299,400
2040	240,000	53,400	293,400
2041	240,000	47,250	287,250
2042	240,000	40,950	280,950
2043	240,000	34,650	274,650
2044	240,000	28,350	268,350
2045	240,000	22,050	262,050
2046	240,000	15,750	255,750
2047	240,000	9,450	249,450
2048	240,000	3,150	243,150
2049			
2050			
	<u>\$ 5,760,000</u>	<u>\$ 1,750,650</u>	<u>\$ 7,510,650</u>

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2024

S E R I E S - 2 0 2 2 R O A D				
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total	
2025	\$ 280,000	\$ 166,388	\$	446,388
2026	280,000	155,188		435,188
2027	280,000	143,987		423,987
2028	280,000	132,788		412,788
2029	275,000	124,438		399,438
2030	275,000	118,938		393,938
2031	275,000	113,437		388,437
2032	275,000	107,938		382,938
2033	275,000	102,438		377,438
2034	275,000	96,938		371,938
2035	275,000	91,438		366,438
2036	275,000	85,766		360,766
2037	275,000	79,750		354,750
2038	275,000	73,390		348,390
2039	275,000	66,859		341,859
2040	275,000	60,156		335,156
2041	275,000	53,281		328,281
2042	275,000	46,406		321,406
2043	275,000	39,531		314,531
2044	275,000	32,484		307,484
2045	275,000	25,265		300,265
2046	275,000	18,047		293,047
2047	275,000	10,828		285,828
2048	275,000	3,609		278,609
2049				
2050				
	<u>\$ 6,620,000</u>	<u>\$ 1,949,288</u>	<u>\$</u>	<u>8,569,288</u>

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2024

S E R I E S - 2 0 2 2 A R O A D				
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total	
2025	\$ 195,000	\$ 215,025	\$	410,025
2026	195,000	203,325		398,325
2027	195,000	191,625		386,625
2028	195,000	179,925		374,925
2029	195,000	168,225		363,225
2030	195,000	158,475		353,475
2031	195,000	150,675		345,675
2032	190,000	142,975		332,975
2033	190,000	135,375		325,375
2034	190,000	127,775		317,775
2035	190,000	120,175		310,175
2036	190,000	112,575		302,575
2037	190,000	104,975		294,975
2038	190,000	97,375		287,375
2039	190,000	89,775		279,775
2040	190,000	82,175		272,175
2041	190,000	74,456		264,456
2042	190,000	66,619		256,619
2043	190,000	58,781		248,781
2044	190,000	50,944		240,944
2045	190,000	43,106		233,106
2046	190,000	35,269		225,269
2047	190,000	27,431		217,431
2048	190,000	19,594		209,594
2049	190,000	11,756		201,756
2050	190,000	3,919		193,919
	<u>\$ 4,975,000</u>	<u>\$ 2,672,325</u>	<u>\$</u>	<u>7,647,325</u>

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2024

S E R I E S - 2 0 2 2			
Due During Fiscal Years Ending June 30	Principal Due March 1	Interest Due September 1/ March 1	Total
2025	\$ 245,000	\$ 592,882	\$ 837,882
2026	255,000	576,038	831,038
2027	270,000	558,506	828,506
2028	285,000	539,944	824,944
2029	300,000	520,350	820,350
2030	315,000	499,725	814,725
2031	335,000	478,068	813,068
2032	350,000	456,294	806,294
2033	370,000	440,982	810,982
2034	390,000	424,794	814,794
2035	410,000	407,732	817,732
2036	435,000	389,794	824,794
2037	460,000	370,762	830,762
2038	480,000	350,638	830,638
2039	510,000	329,638	839,638
2040	535,000	307,325	842,325
2041	565,000	283,918	848,918
2042	595,000	259,200	854,200
2043	625,000	232,424	857,424
2044	660,000	204,300	864,300
2045	695,000	174,600	869,600
2046	735,000	143,324	878,324
2047	775,000	110,250	885,250
2048	815,000	75,374	890,374
2049	860,000	38,700	898,700
2050			
	<u>\$ 12,270,000</u>	<u>\$ 8,765,562</u>	<u>\$ 21,035,562</u>

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2024

S E R I E S - 2 0 2 3 R O A D			
Due During Fiscal Years Ending June 30	Principal Due March 1	Interest Due September 1/ March 1	Total
2025	\$	\$ 128,300	\$ 128,300
2026		128,300	128,300
2027	75,000	128,300	203,300
2028	75,000	123,425	198,425
2029	80,000	118,550	198,550
2030	85,000	113,350	198,350
2031	90,000	109,312	199,312
2032	95,000	105,038	200,038
2033	100,000	101,237	201,237
2034	105,000	97,238	202,238
2035	105,000	93,037	198,037
2036	110,000	88,838	198,838
2037	120,000	84,437	204,437
2038	125,000	79,638	204,638
2039	130,000	74,637	204,637
2040	135,000	69,438	204,438
2041	145,000	64,038	209,038
2042	150,000	58,237	208,237
2043	155,000	52,238	207,238
2044	165,000	46,038	211,038
2045	175,000	39,438	214,438
2046	180,000	32,438	212,438
2047	190,000	25,012	215,012
2048	200,000	17,174	217,174
2049	210,000	8,924	218,924
2050			
	<u>\$ 3,000,000</u>	<u>\$ 1,986,612</u>	<u>\$ 4,986,612</u>

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2024

S E R I E S - 2 0 2 4 R O A D			
Due During Fiscal Years Ending June 30	Principal Due March 1	Interest Due September 1/ March 1	Total
2025	\$	\$ 155,006	\$ 155,006
2026	60,000	222,319	282,319
2027	70,000	219,319	289,319
2028	80,000	215,819	295,819
2029	90,000	211,818	301,818
2030	150,000	208,219	358,219
2031	160,000	202,218	362,218
2032	165,000	195,819	360,819
2033	175,000	189,219	364,219
2034	180,000	182,219	362,219
2035	190,000	175,018	365,018
2036	195,000	167,419	362,419
2037	205,000	159,618	364,618
2038	215,000	151,419	366,419
2039	220,000	142,819	362,819
2040	225,000	134,019	359,019
2041	235,000	125,018	360,018
2042	245,000	115,619	360,619
2043	255,000	105,818	360,818
2044	265,000	95,619	360,619
2045	295,000	85,018	380,018
2046	425,000	73,219	498,219
2047	450,000	55,688	505,688
2048	450,000	37,125	487,125
2049	450,000	18,563	468,563
2050			
	<u>\$ 5,450,000</u>	<u>\$ 3,643,974</u>	<u>\$ 9,093,974</u>

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2024

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending June 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2025	\$ 1,040,000	\$ 1,508,663	\$ 2,548,663
2026	1,115,000	1,524,158	2,639,158
2027	1,220,000	1,467,299	2,687,299
2028	1,245,000	1,402,763	2,647,763
2029	1,275,000	1,343,069	2,618,069
2030	1,360,000	1,290,669	2,650,669
2031	1,400,000	1,237,797	2,637,797
2032	1,425,000	1,183,989	2,608,989
2033	1,465,000	1,136,720	2,601,720
2034	1,500,000	1,087,664	2,587,664
2035	1,535,000	1,036,869	2,571,869
2036	1,575,000	984,317	2,559,317
2037	1,625,000	929,442	2,554,442
2038	1,670,000	871,760	2,541,760
2039	1,715,000	812,015	2,527,015
2040	1,755,000	750,063	2,505,063
2041	1,815,000	685,911	2,500,911
2042	1,865,000	618,906	2,483,906
2043	1,920,000	548,755	2,468,755
2044	1,980,000	476,204	2,456,204
2045	2,065,000	400,821	2,465,821
2046	2,250,000	321,891	2,571,891
2047	2,120,000	238,659	2,358,659
2048	2,170,000	156,026	2,326,026
2049	1,710,000	77,943	1,787,943
2050	190,000	3,919	193,919
	<u>\$ 41,005,000</u>	<u>\$ 22,096,292</u>	<u>\$ 63,101,292</u>

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED JUNE 30, 2024

Description	Original Bonds Issued	Bonds Outstanding July 1, 2023
Comal County Water Improvement District No. 1A Unlimited Tax Road Bonds - Series 2020	\$ 3,150,000	\$ 3,005,000
Comal County Water Improvement District No. 1A Unlimited Tax Bonds - Series 2021	6,000,000	6,000,000
Comal County Water Improvement District No. 1A Unlimited Tax Road Bonds - Series 2022	6,900,000	6,900,000
Comal County Water Improvement District No. 1A Unlimited Tax Road Bonds - Series 2022A	5,125,000	5,125,000
Comal County Water Improvement District No. 1A Unlimited Tax Bonds - Series 2022	12,500,000	12,500,000
Comal County Water Improvement District No. 1A Unlimited Tax Road Bonds - Series 2023	3,000,000	3,000,000
Comal County Water Improvement District No. 1A Unlimited Tax Road Bonds - Series 2024	<u>5,450,000</u>	<u> </u>
TOTAL	<u>\$ 42,125,000</u>	<u>\$ 36,530,000</u>

See accompanying independent auditor's report.

Current Year Transactions					
Bonds Sold	Retirements		Bonds Outstanding June 30, 2024	Paying Agent	
	Principal	Interest			
\$	\$ 75,000	\$ 101,287	\$ 2,930,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	240,000	161,700	5,760,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	280,000	176,887	6,620,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	150,000	225,375	4,975,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	230,000	608,694	12,270,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
		91,236	3,000,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
<u>5,450,000</u>			<u>5,450,000</u>	The Bank of New York Mellon Trust Company, N.A. Houston, TX	
<u>\$ 5,450,000</u>	<u>\$ 975,000</u>	<u>\$ 1,365,179</u>	<u>\$ 41,005,000</u>		

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED JUNE 30, 2024

Bond Authority:	<u>Tax Bonds*</u>	<u>Road Bonds*</u>
Amount Authorized by Voters	\$ 142,500,000	\$ 61,500,000
Amount Issued	<u>18,500,000</u>	<u>23,625,000</u>
Remaining to be Issued	<u>\$ 124,000,000</u>	<u>\$ 37,875,000</u>
Debt Service Fund cash and investment balances as of June 30, 2024:		<u>\$ 2,563,824</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:		<u>\$ 2,426,973</u>

See Note 3 for interest rate, interest payment dates and maturity dates.

* The District also has \$213,750,000 and \$92,250,000 of authorized but unissued bonds for the purposes of refunding previously issued utility and road bonds, respectively.

See accompanying independent auditor's report.

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COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2024	2023	2022
REVENUES			
Property Taxes	\$ 220,329	\$ 302,471	\$ 314,470
Penalty and Interest	3,519		
Investment and Other Revenues	<u>19,748</u>	<u>5,645</u>	<u>52</u>
TOTAL REVENUES	<u>\$ 243,596</u>	<u>\$ 308,116</u>	<u>\$ 314,522</u>
EXPENDITURES			
Professional Fees	\$ 117,884	\$ 101,810	\$ 61,649
Contracted Services	51,829	10,451	10,157
Repairs and Maintenance	6,665	6,645	
Other	<u>17,536</u>	<u>13,759</u>	<u>14,796</u>
TOTAL EXPENDITURES	<u>\$ 193,914</u>	<u>\$ 132,665</u>	<u>\$ 86,602</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 49,682</u>	<u>\$ 175,451</u>	<u>\$ 227,920</u>
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	\$	\$ 8,170	\$
Developer Advances	<u></u>	<u></u>	<u>36,116</u>
TOTAL OTHER FINANCING SOURCES, NET	<u>\$ - 0 -</u>	<u>\$ 8,170</u>	<u>\$ 36,116</u>
NET CHANGE IN FUND BALANCE	\$ 49,682	\$ 183,621	\$ 264,036
BEGINNING FUND BALANCE (DEFICIT)	<u>587,949</u>	<u>404,328</u>	<u>140,292</u>
ENDING FUND BALANCE	<u><u>\$ 637,631</u></u>	<u><u>\$ 587,949</u></u>	<u><u>\$ 404,328</u></u>

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2021	2020	2024	2023	2022	2021	2020
\$ 112,867	\$ 73,668	90.5 %	98.2 %	100.0 %	97.3 %	99.2 %
	559	1.4				0.8
<u>3,150</u>		<u>8.1</u>	<u>1.8</u>		<u>2.7</u>	
<u>\$ 116,017</u>	<u>\$ 74,227</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 52,658	\$ 77,917	48.4 %	33.0 %	19.6 %	45.4 %	104.9 %
11,151	5,120	21.3	3.4	3.2	9.6	6.9
		2.7	2.2			
<u>12,427</u>	<u>10,582</u>	<u>7.2</u>	<u>4.5</u>	<u>4.7</u>	<u>10.7</u>	<u>14.3</u>
<u>\$ 76,236</u>	<u>\$ 93,619</u>	<u>79.6 %</u>	<u>43.1 %</u>	<u>27.5 %</u>	<u>65.7 %</u>	<u>126.1 %</u>
<u>\$ 39,781</u>	<u>\$ (19,392)</u>	<u>20.4 %</u>	<u>56.9 %</u>	<u>72.5 %</u>	<u>34.3 %</u>	<u>(26.1) %</u>
\$ (3,150)	\$					
<u>36,155</u>	<u>94,279</u>					
<u>\$ 33,005</u>	<u>\$ 94,279</u>					
\$ 72,786	\$ 74,887					
<u>67,506</u>	<u>(7,381)</u>					
<u>\$ 140,292</u>	<u>\$ 67,506</u>					

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2024	2023	2022
REVENUES			
Property Taxes	\$ 2,249,491	\$ 1,213,661	\$ 377,001
Penalty and Interest	14,570	19,022	14,462
Investment and Other Revenues	<u>54,822</u>	<u>18,791</u>	<u>586</u>
TOTAL REVENUES	<u>\$ 2,318,883</u>	<u>\$ 1,251,474</u>	<u>\$ 392,049</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 12,494	\$ 19,059	\$ 11,211
Debt Service Principal	975,000	75,000	70,000
Debt Service Interest and Fees	<u>1,369,004</u>	<u>736,215</u>	<u>163,350</u>
TOTAL EXPENDITURES	<u>\$ 2,356,498</u>	<u>\$ 830,274</u>	<u>\$ 244,561</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (37,615)</u>	<u>\$ 421,200</u>	<u>\$ 147,488</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from Issuance of Long-Term Debt	<u>\$ 222,319</u>	<u>\$ 966,869</u>	<u>\$ 514,788</u>
NET CHANGE IN FUND BALANCE	\$ 184,704	\$ 1,388,069	\$ 662,276
BEGINNING FUND BALANCE	<u>2,366,557</u>	<u>978,488</u>	<u>316,212</u>
ENDING FUND BALANCE	<u>\$ 2,551,261</u>	<u>\$ 2,366,557</u>	<u>\$ 978,488</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>**</u>	<u>**</u>	<u>**</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>**</u>	<u>**</u>	<u>**</u>

** Utility services are provided by New Braunfels Utilities; see Note 11.

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2021	2020	2024	2023	2022	2021	2020
\$ 194,118	\$	97.0 %	97.0 %	96.2 %	97.6 %	%
4,515		0.6	1.5	3.7	2.3	
150	6,597	2.4	1.5	0.1	0.1	100.0
\$ 198,783	\$ 6,597	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
\$ 3,327	\$	0.5 %	1.5 %	2.8 %	1.7 %	%
		42.1	6.0	17.9		
98,616		59.0	58.8	41.7	49.6	
\$ 101,943	\$ - 0 -	101.6 %	66.3 %	62.4 %	51.3 %	0.0 %
\$ 96,840	\$ 6,597	(1.6) %	33.7 %	37.6 %	48.7 %	100.0 %
\$ - 0 -	\$ 212,775					
\$ 96,840	\$ 219,372					
219,372						
\$ 316,212	\$ 219,372					
**	**					
**	**					

See accompanying independent auditor's report.

**COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2024**

District Mailing Address - Comal County Water Improvement District No. 1A
c/o Allen Boone Humphries Robinson LLP
919 Congress Avenue, Suite 1500
Austin, TX 78701

District Telephone Number - (512) 518-2424

Board Members:	Term of Office (Elected or Appointed)	Fees of office for the year ended June 30, 2024	Expense reimbursements for the year ended June 30, 2024	Title
Donnie Shaw	05/2024 05/2028 (Elected)	\$ 2,652	\$ 80	President
Elizabeth Preston	05/2022 05/2026 (Elected)	\$ 1,768	\$ -0-	Vice President
George R. Nevitt	05/2024 05/2028 (Elected)	\$ 2,652	\$ 24	Secretary
Robert E. Whitley	05/2022 05/2026 (Elected)	\$ 1,989	\$ 12	Assistant Secretary
Tracy Byrne	05/2024 05/2028 (Appointed)	\$ 1,326	\$ 27	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.

Submission date of most recent District Registration Form: May 21, 2024

The limit on Fees of Office that a Director may receive during a fiscal year is the maximum amount allowed by law as set by Board Resolution (TWC Section 49.060). Fees of Office are the amounts actually paid to a Director during the District's current year.

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2024

Consultants:	Date Hired	Fees / Compensation for the year ended June 30, 2024	Title
Allen Boone Humphries Robinson LLP	11/02/22	\$ 95,231 \$ 154,939	General Counsel Bond Related
McCall Gibson Swedlund Barfoot PLLC	07/16/24	\$ -0- \$ 9,000	Auditor Bond Related
Municipal Accounts & Consulting, L.P.	01/16/24	\$ 24,324 \$ 5,000	Bookkeeper Bond Related
LJA Engineering, Inc.	08/11/17	\$ 18,005 \$ 21,268	Engineer Bond Related
Jones-Heroy & Associates, Inc.	02/28/23	\$ -0-	Bond Engineer
Masterson Advisors, LLC	06/08/18	\$ 112,253	Financial Advisor
Mark Burton and Ghia Lewis	01/16/24	\$ -0-	Investment Officer
Comal County Appraisal District	09/20/18	\$ 26,244	Central Appraisal District
Mark C. Eyring, CPA, PLLC	06/28/19	\$ 8,000 \$ 1,450	Prior Auditor Bond Related
L & S District Services, LLC	05/1/20	\$ 6,673	Prior Bookkeeper

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D

COMAL COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JUNE 30, 2024

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Comal County Water Improvement District No. 1D
Comal County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Comal County Water Improvement District No. 1D (the "District") as of and for the year ended June 30, 2024, 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 each major fund of the District as of June 30, 2024, 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.

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
Comal County Water Improvement District No. 1D

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 an 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.

A handwritten signature in black ink that reads "McCall Gibson Swedlund Barfoot PLLC". The signature is written in a cursive, flowing style.

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

October 15, 2024

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2024

Management's discussion and analysis of the financial performance of Comal County Water Improvement District No. 1D (the "District") provides an overview of the District's financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

This annual 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 Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide portion of these statements provides 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.

This is the District-wide statement of position presenting information that includes all of the District's assets and liabilities 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 government-wide portion of the Statement of Activities reports how the District's net position changed during the current fiscal 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 three governmental fund types. The General Fund accounts for resources not accounted for in another fund, operating costs, professional fees, and administrative costs. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2024

FUND FINANCIAL STATEMENTS (Continued)

The 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 adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explains the differences between the two presentations and assists 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 assets may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets by \$3,072,459 as of June 30, 2024. A portion of the District's net position reflects its net investment in capital assets, including intangible asset for the right to receive water and wastewater services, less any debt used to acquire those conveyed assets that is still outstanding.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

A comparative analysis of government-wide changes in net position is presented below.

	Summary of Changes in the Statement of Net Position		
	2024	2023	Change Positive (Negative)
Current and Other Assets	\$ 494,519	\$ 76,951	\$ 417,568
Intangible Assets (Net of Accumulated Amortization)	1,758,562	1,856,082	(97,520)
Capital Assets (Net of Accumulated Depreciation)	223,438	228,098	(4,660)
Total Assets	\$ 2,476,519	\$ 2,161,131	\$ 315,388
Bonds Payable	\$ 3,269,774	\$	\$ (3,269,774)
Due to Developer	2,205,926	4,685,493	2,479,567
Other Liabilities	73,278	7,768	(65,510)
Total Liabilities	\$ 5,548,978	\$ 4,693,261	\$ (855,717)
Net Position:			
Net Investment in Capital Assets	\$ (3,410,804)	\$ (2,572,813)	\$ (837,991)
Restricted	280,871		280,871
Unrestricted	57,474	40,683	16,791
Total Net Position	\$ (3,072,459)	\$ (2,532,130)	\$ (540,329)

The following table provides a summary of the District's operations for the years ending June 30, 2024, and June 30, 2023.

	Summary of Changes in the Statement of Activities		
	2024	2023	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 186,254	\$ 85,667	\$ 100,587
Other Revenues	13,698	129	13,569
Total Revenues	\$ 199,952	\$ 85,796	\$ 114,156
Total Expenses	740,281	2,600,357	1,860,076
Change in Net Position	\$ (540,329)	\$ (2,514,561)	\$ 1,974,232
Net Position, Beginning of Year	(2,532,130)	(17,569)	(2,514,561)
Net Position, End of Year	\$ (3,072,459)	\$ (2,532,130)	\$ (540,329)

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D

MANAGEMENT’S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2024

FINANCIAL ANALYSIS OF THE DISTRICT’S GOVERNMENTAL FUNDS

The District’s combined fund balances as of June 30, 2024, totaled \$451,425, an increase of \$383,102 from the prior year.

The District’s General Fund fund balance as of June 30, 2024, was \$72,988, an increase of \$4,665 from the prior year, primarily due to property tax revenues exceeding operating expenditures.

The Debt Service Fund fund balance increased by \$324,041, primarily due to capitalized interest received from the issuance of the Series 2023 road bonds.

The Capital Projects Fund fund balance increased by \$54,396, primarily due to the proceeds from the Series 2023 road bond issuance exceeding capital outlay, developer interest and bond issuance costs.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted a budget for the General Fund which was amended during the year to reflect a reduction in anticipated property tax revenues and increases to various categories of expenditures. Actual revenues were \$10,373 less than amended budgeted revenues and actual expenditures were \$8,382 less than amended budgeted expenditures, resulting in an overall negative variance compared to the amended budget of \$1,991. See the budget to actual comparison for more information.

CAPITAL AND INTANGIBLE ASSETS

Capital assets as of June 30, 2024, totaled \$223,438 (net of accumulated depreciation) and included stormwater drainage facilities. Intangible assets as of June 30, 2024, totaled \$1,758,562 (net of accumulated amortization) and included water and wastewater infrastructure conveyed to the City of New Braunfels (the “City”). More detailed information about the District’s capital assets and intangible assets is presented in the Notes to the Financial Statements.

LONG-TERM DEBT ACTIVITY

The District has total bond debt payable of \$3,300,000. The Series 2023 Road Bonds do not have an underlying rating or an insured rating. The changes in the debt position of the District during the fiscal year ended June 30, 2024, are summarized as follows:

Bond Debt Payable, July 1, 2023	\$ - 0 -
Add: Bond Sale	<u>3,300,000</u>
Bond Debt Payable, June 30, 2024	<u>\$ 3,300,000</u>

**COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The adopted budget for fiscal year 2025 projects no change in General Fund fund balance. Revenues and expenditures are both budgeted to be \$133,814.

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 Comal County Water Improvement District No. 1D, c/o Allen Boone Humphries Robinson LLP, 919 Congress Avenue, Suite 1500, Austin, TX 78701.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2024

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 4,936	\$
Investments	76,618	335,904
Receivables -		
Property Taxes	12,986	9,091
Due from Other Funds	11,863	
Intangible Assets (Net of Accumulated Amortization)		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	<u>\$ 106,403</u>	<u>\$ 344,995</u>
LIABILITIES		
Accounts Payable	\$ 20,429	\$
Accrued Interest Payable		
Due to Developer		
Due to Other Funds		11,863
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	<u>\$ 20,429</u>	<u>\$ 11,863</u>
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	<u>\$ 12,986</u>	<u>\$ 9,091</u>
FUND BALANCES		
Restricted for Authorized Construction	\$	\$
Restricted for Debt Service		324,041
Unassigned	<u>72,988</u>	
TOTAL FUND BALANCES	<u>\$ 72,988</u>	<u>\$ 324,041</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 106,403</u>	<u>\$ 344,995</u>
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 95	\$ 5,031	\$	\$ 5,031
54,889	467,411		467,411
	22,077		22,077
	11,863	(11,863)	
		1,758,562	1,758,562
		223,438	223,438
<u>\$ 54,984</u>	<u>\$ 506,382</u>	<u>\$ 1,970,137</u>	<u>\$ 2,476,519</u>
\$ 588	\$ 21,017	\$	\$ 21,017
		52,261	52,261
		2,205,926	2,205,926
	11,863	(11,863)	
		65,000	65,000
		3,204,774	3,204,774
<u>\$ 588</u>	<u>\$ 32,880</u>	<u>\$ 5,516,098</u>	<u>\$ 5,548,978</u>
<u>\$ -0-</u>	<u>\$ 22,077</u>	<u>\$ (22,077)</u>	<u>\$ -0-</u>
\$ 54,396	\$ 54,396	\$ (54,396)	\$
	324,041	(324,041)	
	72,988	(72,988)	
<u>\$ 54,396</u>	<u>\$ 451,425</u>	<u>\$ (451,425)</u>	<u>\$ - 0 -</u>
<u>\$ 54,984</u>	<u>\$ 506,382</u>		
		\$ (3,410,804)	\$ (3,410,804)
		280,871	280,871
		57,474	57,474
		<u>\$ (3,072,459)</u>	<u>\$ (3,072,459)</u>

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

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

Total Fund Balances - Governmental Funds	\$	451,425
--	----	---------

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

Capital assets and intangible assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		1,982,000
--	--	-----------

Deferred tax revenues for the 2023 tax levy became part of recognized revenue in the governmental activities of the District.		22,077
---	--	--------

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	\$ (2,205,926)	
Accrued Interest Payable	(52,261)	
Bonds Payable	<u>(3,269,774)</u>	<u>(5,527,961)</u>
Total Net Position - Governmental Activities		<u>\$ (3,072,459)</u>

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

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COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024

	<u>General Fund</u>	<u>Debt Service Fund</u>
REVENUES		
Property Taxes	\$ 97,488	\$ 67,549
Penalty and Interest	2,372	1,751
Investment and Other Revenues	148	7,880
TOTAL REVENUES	<u>\$ 100,008</u>	<u>\$ 77,180</u>
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 43,527	\$
Contracted Services	36,544	
Repairs and Maintenance	1,050	
Depreciation and Amortization		
Other	14,222	60
Capital Outlay		
Developer Interest		
Debt Service:		
Bond Interest		66,629
Bond Issuance Costs		
TOTAL EXPENDITURES/EXPENSES	<u>\$ 95,343</u>	<u>\$ 66,689</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES/EXPENSES	<u>\$ 4,665</u>	<u>\$ 10,491</u>
OTHER FINANCING SOURCES (USES)		
Proceeds from Issuance of Long-Term Debt	\$	\$ 313,550
Bond Discount		
TOTAL OTHER FINANCING SOURCES, NET	<u>\$ -0-</u>	<u>\$ 313,550</u>
NET CHANGE IN FUND BALANCES	\$ 4,665	\$ 324,041
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JULY 1, 2023	<u>68,323</u>	
FUND BALANCES/NET POSITION - JUNE 30, 2024	<u>\$ 72,988</u>	<u>\$ 324,041</u>

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 165,037	\$ 21,217	\$ 186,254
	4,123		4,123
1,547	9,575		9,575
<u>\$ 1,547</u>	<u>\$ 178,735</u>	<u>\$ 21,217</u>	<u>\$ 199,952</u>
\$ 588	\$ 44,115	\$	\$ 44,115
	36,544		36,544
	1,050		1,050
		102,180	102,180
69	14,351		14,351
2,479,567	2,479,567	(2,479,567)	
155,172	155,172		155,172
	66,629	53,134	119,763
267,106	267,106		267,106
<u>\$ 2,902,502</u>	<u>\$ 3,064,534</u>	<u>\$ (2,324,253)</u>	<u>\$ 740,281</u>
<u>\$ (2,900,955)</u>	<u>\$ (2,885,799)</u>	<u>\$ 2,345,470</u>	<u>\$ (540,329)</u>
\$ 2,986,450	\$ 3,300,000	\$ (3,300,000)	\$
(31,099)	(31,099)	31,099	
<u>\$ 2,955,351</u>	<u>\$ 3,268,901</u>	<u>\$ (3,268,901)</u>	<u>\$ -0-</u>
\$ 54,396	\$ 383,102	\$ (383,102)	\$
		(540,329)	(540,329)
	68,323	(2,600,453)	(2,532,130)
<u>\$ 54,396</u>	<u>\$ 451,425</u>	<u>\$ (3,523,884)</u>	<u>\$ (3,072,459)</u>

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

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Net Change in Fund Balance - Governmental Funds	\$ 383,102
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	21,217
--	--------

Governmental funds do not account for depreciation and amortization. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities, and intangible assets are amortized and amortization expense is recorded in the Statement of Activities.	(102,180)
--	-----------

Governmental funds report capital outlay as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases or due to developer liability is decreased.	2,479,567
--	-----------

In the Statement of Net Position, bond discounts are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.	30,226
--	--------

Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	(52,261)
---	----------

Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.	(3,300,000)
---	-------------

Change in Net Position - Governmental Activities	\$ <u>(540,329)</u>
--	---------------------

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

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

NOTE 1. CREATION OF DISTRICT

Comal County Water Improvement District No. 1 was created on June 19, 2009 pursuant to Senate Bill 2464, 81st Texas Legislature, Regular Session, codified at Chapter 9038, Texas Special District Local Laws Code. On August 11, 2017, Comal County Water Improvement District No. 1 was divided into three distinct districts consisting of Comal County Water Improvement District No. 1A, Comal County Water Improvement District No. 1B and Comal County Master Water Improvement District (the “Master District”). Comal County Water Improvement District No. 1D (the “District”) was created on February 5, 2021 pursuant to an order dividing Comal County Water Improvement District No. 1B (the “Original District”) into five distinct districts consisting of the Original District, the District, Comal County Water Improvement District No. 1C, Comal County Water Improvement District No. 1E and Comal County Water Improvement District No. 1F. The District, a conservation and reclamation district, was created under and essential to accomplish the purpose of Section 52, Article III, and Section 59, Article XVI, of the Texas Constitution and operates in accordance with Texas Water Code Chapters 49 and 51. The Board of Directors held its first meeting on February 5, 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 “Commission”).

The District is a political subdivision of the State of Texas governed by an elected 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 elected 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”).

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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 and intangible assets, including restricted capital assets, net of accumulated depreciation and amortization 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.
- 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 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 in the Statement of Activities.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements and Governmental Funds

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 Balances.

The District has three governmental funds and considers each to be a major fund.

General Fund - To account for resources not required to be accounted for in another fund, operating costs, professional fees, and administrative costs.

Debt Service Fund - To account for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

Capital Projects Fund - To account for financial resources restricted, committed or assigned for acquisition or construction of facilities and related 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. At June 30, 2024, the Debt Service Fund owed the General Fund \$11,863 for property tax collections.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that fees of office received by Directors are considered to be wages subject to federal income tax withholding for payroll purposes only.

Intangible Assets

Intangible assets are reported in the Statement of Net Position and are valued at the cost of water and wastewater facilities conveyed to the City of New Braunfels net of related amortization. The intangible assets pertaining to water and wastewater facilities are amortized over 30 years, the original 15-year term from the effective date of the Utility Construction Cost Sharing Agreement for the Veramendi Development plus an additional, extended 15-year term per the contract. See also Notes 7 and 12.

Capital Assets

Capital assets include stormwater drainage facilities and are reported in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their acquisition value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. Assets are capitalized if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method over 10 to 50 years.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. The Statement of Net Position and Statement of Activities present governmental activities 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.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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. 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.

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.

Budgeting

An annual budget is adopted for the General Fund by the 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 amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the budgeted amounts compared to the actual amounts of revenues and expenditures for the current year.

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.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3. LONG-TERM DEBT

	<u>Series 2023 Road</u>
Amount Outstanding - June 30, 2024	\$3,300,000
Interest Rates	4.15% - 5.00%
Maturity Dates -Serially Beginning/Ending	September 1, 2024/2050
Interest Payment Dates	September 1/ March 1
Callable Dates	September 1, 2030*

* Or on any date thereafter, at a price of par, plus accrued interest to the date of redemption. Series 2023 Road term bonds maturing on September 1, 2042, 2046 and 2050 are subject to mandatory redemption on September 1, 2039, 2043 and 2047 , respectively.

Changes in bonds payable for the current fiscal year are summarized in the following table:

	<u>July 1, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2024</u>
Bonds Payable	\$	\$ 3,300,000	\$	\$ 3,300,000
Unamortized Discounts		(31,099)	(873)	(30,226)
Bonds Payable, Net	<u>\$ -0-</u>	<u>\$ 3,268,901</u>	<u>\$ (873)</u>	<u>\$ 3,269,774</u>
		Amount Due Within One Year		\$ 65,000
		Amount Due After One Year		<u>3,204,774</u>
		Bonds Payable, Net		<u>\$ 3,269,774</u>

On September 28, 2023, the District issued \$3,300,000 of Unlimited Tax Road Bonds, Series 2023, with interest rates ranging from 4.15% to 5.00%. The net proceeds of \$3,017,895 (after payment of the underwriter fees and other bond related costs) were deposited with the District's investment accounts to finance developer funded road construction costs, fund future interest payments on the bonds and pay subsequent bond issue costs.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3. LONG-TERM DEBT (Continued)

As of June 30, 2024, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ 65,000	\$ 155,426	\$ 220,426
2026	65,000	152,729	217,729
2027	65,000	150,031	215,031
2028	70,000	147,230	217,230
2029	75,000	144,221	219,221
2030-2034	425,000	670,681	1,095,681
2035-2039	545,000	563,937	1,108,937
2040-2044	690,000	414,500	1,104,500
2045-2049	880,000	219,500	1,099,500
2050-2051	420,000	21,250	441,250
	<u>\$ 3,300,000</u>	<u>\$ 2,639,505</u>	<u>\$ 5,939,505</u>

As of June 30, 2024, the District had \$133,000,000 of unlimited tax bonds authorized but unissued for the purpose of acquiring or constructing water, sewer and drainage facilities and \$199,500,000 authorized but unissued for refunding purposes of these unlimited tax bonds. As of June 30, 2024, the District also had \$50,200,000 of unlimited tax bonds authorized but unissued for the purpose of acquiring or constructing road improvements and \$80,250,000 authorized but unissued for refunding purposes of these unlimited tax bonds.

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount.

During the year ended June 30, 2024, the District levied a total ad valorem debt service tax rate of \$0.35 per \$100 of assessed valuation. This resulted in a tax levy of \$76,640 on the adjusted taxable valuation of \$21,897,040 for the 2023 tax year. The bond resolutions require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 6 for the maintenance tax levy.

All property values and exempt status, if any, are determined by the appraisal district. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

The bond order states that the District is required to provide to certain information repositories continuing disclosure of annual financial information and operating data with respect to the District. The information, along with the audited annual financial statements, is of the general type included in the annual audit report, and must be filed within six months after the end of each fiscal year of the District.

The Series 2023 bond order required bond proceeds of \$313,550 to be deposited into the Debt Service Fund and restricted for the payment of bond interest.

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the Bonds, within the meaning of Section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on each five-year anniversary of the bonds.

NOTE 5. 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 and the cash balance were \$5,031. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits as of June 30, 2024, are summarized in the following table:

	<u>Cash</u>
GENERAL FUND	\$ 4,936
CAPITAL PROJECTS FUND	<u>95</u>
TOTAL DEPOSITS	<u><u>\$ 5,031</u></u>

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

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.

The District invests in Texas Cooperative Liquid Assets Securities System Trust ("Texas CLASS"), an external public funds investment pool that is not SEC-registered. Public Trust Advisors, LLC serves as the pool's administrator and investment advisor. The pool is subject to the general supervision of the Board of Trustees and its Advisory Board. UMB Bank, N.A. serves as custodian for the pool. Investments held by Texas CLASS are priced to market on a weekly basis. The investments are considered to be Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District's position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from Texas CLASS.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of June 30, 2024, the District had the following investments and maturities:

Funds and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
Texas CLASS	\$ 76,618	\$ 76,618
<u>DEBT SERVICE FUND</u>		
Texas CLASS	335,904	335,904
<u>CAPITAL PROJECTS FUND</u>		
Texas CLASS	<u>54,889</u>	<u>54,889</u>
TOTAL INVESTMENTS	<u>\$ 467,411</u>	<u>\$ 467,411</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. The District's investment in Texas CLASS was rated "AAAm" by Standard and Poor's.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in Texas CLASS to have a maturity of less than one year since the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change of value.

Restrictions

All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes.

All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

NOTE 6. MAINTENANCE AND CONTRACT TAXES

On May 1, 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. During the fiscal year ended June 30, 2024, the District levied an ad valorem maintenance tax rate of \$0.50 per \$100 of assessed valuation, which resulted in a tax levy of \$109,485 on the adjusted taxable valuation of \$21,897,040 for the 2023 tax year. This maintenance tax is to be used to pay expenditures of operating the District.

On May 1, 2021, the voters of the District approved the levy and collection of a contract tax in an unlimited amount sufficient to make payments required under the Master District Contract for operation and maintenance of the regional water, wastewater and drainage systems (see further discussion in Note 11). To date, the District has not levied a contract tax.

NOTE 7. INTANGIBLE ASSETS

Intangible asset activity for the current fiscal year is summarized in the following table. See also Note 12 for more information on intangible assets.

	July 1, 2023	Increases	Decreases	June 30, 2024
Intangible Assets Subject to Amortization				
Right to Receive Service - Water and Wastewater Systems	\$ 1,945,076	\$	\$	\$ 1,945,076
Accumulated Amortization				
Right to Receive Service - Water and Wastewater Systems	88,994	97,520		186,514
Total Intangible Assets, Net of Accumulated Amortization	<u>\$ 1,856,082</u>	<u>\$ (97,520)</u>	<u>\$ - 0 -</u>	<u>\$ 1,758,562</u>

Roads and road improvements are conveyed to Comal County for ownership and maintenance. At June 30, 2024, road and road improvements conveyed to the County totaled \$2,479,567.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8. CAPITAL ASSETS

Capital asset activity for the current fiscal year is summarized in the following table.

	July 1, 2023	Increases	Decreases	June 30, 2024
Capital Assets Subject to Depreciation				
Stormwater Drainage System	\$ 232,350	\$	\$	\$ 232,350
Accumulated Depreciation				
Stormwater Drainage System	<u>4,252</u>	<u>4,660</u>	<u></u>	<u>8,912</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 228,098</u>	<u>\$ (4,660)</u>	<u>\$ - 0 -</u>	<u>\$ 223,438</u>

NOTE 9. COMMITMENTS AND CONTINGENCIES

The Developer of the land within the District has incurred costs related to the construction of facilities, as well as costs pertaining to the creation and operation of the District. Claims for reimbursement of construction costs and operational advances will be evaluated upon receipt of adequate supporting documentation and proof of contractual obligation. Such costs may be reimbursable to the Developer by the District from proceeds of future District bond issues or from operations, subject to approval by the Texas Commission on Environmental Quality.

During the current fiscal year, the District issued \$3,300,000 of bonds to fund the costs of road and road improvements. The following table summarizes the due to developer activity for the current fiscal year:

Due to Developer, July 1, 2023	\$ 4,685,493
Less: Current Year Reimbursements	<u>(2,479,567)</u>
Due to Developer, June 30, 2024	<u>\$ 2,205,926</u>

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 11. MASTER DISTRICT CONTRACT

The District is part of the master-planned community of “Veramendi”. Veramendi is comprised of the District, Comal County Water Improvement District No. 1A (“District No. 1A”), Comal County Water Improvement District No. 1B (“District No. 1B”), Comal County Water Improvement District No. 1C (“District No. 1C”), Comal County Water Improvement District No. 1E (“District No. 1E”), Comal County Water Improvement District No. 1F (“District No. 1F”) and Comal County Master Water Improvement District (“Master District”) (collectively, the “Districts”). On August 11, 2017, a Contract for Financing, Operation and Maintenance of Regional Water, Sanitary Sewer and Drainage Facilities and Other Facilities between District No. 1A, District No. 1B and the Master District (the “Master District Contract”) was entered into in order to encourage regionalization and to avoid duplication of lines and facilities within the master-planned community. The Master District Contract was subsequently partially assigned from District No. 1B to the District, District No. 1C, District No. 1E and District No. 1F. Subsequently, the Districts entered into a First Amendment to the Master District Contract to allow the Master District to designate a district as a Participant for the purposes of triggering the payment obligations arising under the Master District Contract including but not limited to the obligation to levy an ad valorem tax to satisfy each Participant’s pro rata share of debt service requirements and the obligation to pay out of available revenues each Participant’s monthly charges. Currently, the District, District No. 1A and District No. 1F have been designated as Participants by the Master District, based on active development within their boundaries, receipt of services provided by the Master District Facilities and in accordance with the terms of the Master District Contract. District No. 1B, District No. 1C and District No. 1E are expected to be designated by the Master District as Participants at a future time.

Pursuant to the Master District Contract, the Master District will operate and maintain certain regional water, sanitary sewer, drainage and road facilities and capacities (the “Regional Facilities”), and each Participant will pay their pro rata share of such costs.

The Master District will establish an Operation and Maintenance reserve, funded by the Participants, and will bill the Participants monthly for their pro rata share of operation and maintenance costs. The Participants’ share of the monthly charges will be determined by multiplying the total number of actual Equivalent Single Family Residential Connections (“ESFCs”) within each Participant by the monthly unit costs per ESFC in the Master District’s budget. The Master District did not incur any expenditures or bill the Participants for the year ended June 30, 2024.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 12. UTILITY AGREEMENT WITH THE CITY OF NEW BRAUNFELS

Customers of the District receive water and wastewater service from New Braunfels Utilities (“NBU”), a municipally owned utility with exclusive management and control of the water and sewer systems serving the City of New Braunfels, as standard NBU customers pursuant to a Utility Agreement, dated February 25, 2013, between the District and NBU (the “Utility Agreement”). As a condition of such service, the Utility Agreement obligates the District to acquire, construct, and extend water and sanitary sewer facilities (the “System”) to serve land within the District and, when completed in accordance with approved plans and specifications, to convey title to the System to NBU. NBU then operates and maintains the System and is responsible for establishing water and sewer rates and billing and collecting for such services. The components of the System which serve only the District (the “Internal Facilities”) are acquired, constructed and extended by the District and the components of the System that serve the Service Area, are acquired, constructed and extended by the Master District.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2024

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes	\$ 1,014,400	\$ 110,381	\$ 97,488	\$ (12,893)
Penalty and Interest			2,372	2,372
Investment and Other Revenues			148	148
TOTAL REVENUES	<u>\$ 1,014,400</u>	<u>\$ 110,381</u>	<u>\$ 100,008</u>	<u>\$ (10,373)</u>
EXPENDITURES				
Service Operations:				
Professional Fees	\$ 45,000	\$ 66,500	\$ 43,527	\$ 22,973
Contracted Services	4,600	17,000	36,544	(19,544)
Other	15,215	20,225	15,272	4,953
TOTAL EXPENDITURES	<u>\$ 64,815</u>	<u>\$ 103,725</u>	<u>\$ 95,343</u>	<u>\$ 8,382</u>
NET CHANGE IN FUND BALANCE	\$ 949,585	\$ 6,656	\$ 4,665	\$ (1,991)
FUND BALANCE - JULY 1, 2023	<u>68,323</u>	<u>68,323</u>	<u>68,323</u>	
FUND BALANCE - JUNE 30, 2024	<u>\$ 1,017,908</u>	<u>\$ 74,979</u>	<u>\$ 72,988</u>	<u>\$ (1,991)</u>

See accompanying independent auditor's report.

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COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

JUNE 30, 2024

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
SERVICES AND RATES
FOR THE YEAR ENDED JUNE 30, 2024

1. SERVICES PROVIDED BY THE DISTRICT:

☐ Retail Water	☐ Wholesale Water	☐ Drainage
☐ Retail Sewer	☐ Wholesale Wastewater	☐ Irrigation
☐ Parks/Recreation	☐ Fire Protection	☐ Security
☐ Solid Waste/Garbage	☐ Flood Control	☒ Roads
☒ Participates in joint venture or regional system		
Other: <u>The District does not provide water and wastewater services. Retail</u>		
<u>water and wastewater service is provided by the City of New Braunfels.</u>		

2. RETAIL SERVICE PROVIDERS: New Braunfels Utilities

3. TOTAL WATER CONSUMPTION: Not applicable

4. STANDBY FEES: Not applicable

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes ☒ No ☐

County in which District is located:

Comal County, Texas

Is the District located within a city?

Entirely ☐ Partly ☐ Not at all ☒

Is the District located within a city's extraterritorial jurisdiction (ETJ)?

Entirely ☒ Partly ☐ Not at all ☐

ETJ in which District is located.

City of New Braunfels, Texas

Are Board Members appointed by an office outside the District?

Yes ☐ No ☒

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2024

PROFESSIONAL FEES:

Legal	\$ 10,682
Engineering	11,345
Auditing	<u>21,500</u>
TOTAL PROFESSIONAL FEES	<u>\$ 43,527</u>

CONTRACTED SERVICES:

Bookkeeping	\$ 30,253
Appraisal District and Tax Assessment and Collection Costs	<u>6,291</u>
TOTAL CONTRACTED SERVICES	<u>\$ 36,544</u>

REPAIRS AND MAINTENANCE	<u>\$ 1,050</u>
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ADMINISTRATIVE EXPENDITURES:

Director Fees, Including Payroll Taxes	\$ 10,468
Insurance	1,795
Office Supplies and Postage	413
Website, Meetings, and Other	<u>1,546</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 14,222</u>

TOTAL EXPENDITURES	<u><u>\$ 95,343</u></u>
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See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
INVESTMENTS
JUNE 30, 2024

<u>Funds</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
Texas CLASS	XXXX0003	Varies	Daily	\$ 76,618	\$ - 0 -
<u>DEBT SERVICE FUND</u>					
Texas CLASS	XXXX0002	Varies	Daily	\$ 335,904	\$ - 0 -
<u>CAPITAL PROJECTS FUND</u>					
Texas CLASS	XXXX0001	Varies	Daily	\$ 54,889	\$ - 0 -
TOTAL - ALL FUNDS				\$ 467,411	\$ - 0 -

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Maintenance Taxes</u>		<u>Debt Service Taxes</u>	
TAXES RECEIVABLE -				
JULY 1, 2023	\$	860	\$	-0-
Adjustments to Beginning				
Balance		<u>129</u>		<u>\$ -0-</u>
Original 2023 Tax Levy	\$	110,381	\$	77,267
Adjustment to 2023 Tax Levy		<u>(896)</u>		<u>(627)</u>
TOTAL TO BE				
ACCOUNTED FOR		\$ 110,474		\$ 76,640
TAX COLLECTIONS:				
Prior Years	\$	989	\$	
Current Year		<u>96,499</u>		<u>67,549</u>
TAXES RECEIVABLE -				
JUNE 30, 2024		<u>\$ 12,986</u>		<u>\$ 9,091</u>
TAXES RECEIVABLE BY				
YEAR -				
2023		<u>\$ 12,986</u>		<u>\$ 9,091</u>

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2024

	<u>2023</u>	<u>2022</u>	<u>2021</u>
PROPERTY VALUATIONS:			
Land	\$ 56,329,780	\$ 22,518,719	\$ 18,315,072
Improvements	5,266,760	22,470	13,914
Exemptions	<u>(39,699,500)</u>	<u>(12,462,779)</u>	<u>(18,281,672)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 21,897,040</u>	<u>\$ 10,078,410</u>	<u>\$ 47,314</u>
TAX RATES PER \$100 VALUATION:			
Debt Service	\$ 0.35	\$ 0.00	\$ 0.000
Maintenance	<u>0.50</u>	<u>0.85</u>	<u>0.794</u>
Total	<u>\$ 0.85</u>	<u>\$ 0.85</u>	<u>\$ 0.794</u>
ADJUSTED TAX LEVY*	<u>\$ 186,125</u>	<u>\$ 85,667</u>	<u>\$ 376</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>88.14 %</u>	<u>100.00 %</u>	<u>100.00 %</u>

Maintenance Tax – A maximum tax rate of \$1.20 per \$100 of assessed valuation was approved by voters on May 1, 2021.

Contract Tax – On May 1, 2021, voters approved the levy of contract tax sufficient to make payments required under the Master District Contract for operation and maintenance of the Regional Facilities.

See accompanying independent auditor's report.

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COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2024

S E R I E S - 2 0 2 3 R O A D			
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2025	\$ 65,000	\$ 155,426	\$ 220,426
2026	65,000	152,729	217,729
2027	65,000	150,031	215,031
2028	70,000	147,230	217,230
2029	75,000	144,221	219,221
2030	75,000	141,109	216,109
2031	80,000	137,873	217,873
2032	85,000	134,386	219,386
2033	90,000	130,645	220,645
2034	95,000	126,668	221,668
2035	100,000	122,425	222,425
2036	100,000	117,975	217,975
2037	110,000	113,195	223,195
2038	115,000	107,962	222,962
2039	120,000	102,380	222,380
2040	125,000	96,375	221,375
2041	130,000	90,000	220,000
2042	140,000	83,250	223,250
2043	145,000	76,125	221,125
2044	150,000	68,750	218,750
2045	160,000	61,000	221,000
2046	165,000	52,875	217,875
2047	175,000	44,375	219,375
2048	185,000	35,375	220,375
2049	195,000	25,875	220,875
2050	205,000	15,875	220,875
2051	215,000	5,375	220,375
	<u>\$ 3,300,000</u>	<u>\$ 2,639,505</u>	<u>\$ 5,939,505</u>

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
CHANGE IN LONG-TERM BOND DEBT
JUNE 30, 2024

Description	Original Bonds Issued	Bonds Outstanding July 1, 2023		
Comal County Water Improvement District No. 1D Unlimited Tax Road Bonds - Series 2023	<u>\$ 3,300,000</u>	<u>\$ - 0 -</u>		
Bond Authority:				
	Water, Sewer and Drainage Tax Bonds	Water, Sewer and Drainage Refunding Bonds	Road Tax Bonds	Road Refunding Bonds
Amount Authorized by Voters	\$ 133,000,000	\$ 199,500,000	\$ 53,500,000	\$ 80,250,000
Amount Issued			3,300,000	
Remaining to be Issued	<u>\$ 133,000,000</u>	<u>\$ 199,500,000</u>	<u>\$ 50,200,000</u>	<u>\$ 80,250,000</u>
Debt Service Fund cash and investment balances as of June 30, 2024:			<u>\$ 335,904</u>	
Average annual debt service payment for remaining term of all debt:			<u>\$ 219,982</u>	
See Note 3 for interest rate, interest payment dates and maturity dates.				

See accompanying independent auditor's report.

Current Year Transactions				Paying Agent
Bonds Sold	Retirements		Bonds Outstanding	
	Principal	Interest	June 30, 2024	
\$ 3,300,000	\$ - 0 -	\$ 66,629	\$ 3,300,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FOUR YEARS

	Amounts		
	2024	2023	2022
REVENUES			
Property Taxes	\$ 97,488	\$ 84,807	\$ 376
Penalty and Interest	2,372	129	
Investment and Other Revenues	148		
TOTAL REVENUES	<u>\$ 100,008</u>	<u>\$ 84,936</u>	<u>\$ 376</u>
EXPENDITURES			
Professional Fees	\$ 43,527	\$ 12,229	\$
Contracted Services	36,544	5,293	1,551
Repairs and Maintenance	1,050		
Other	14,222	10,022	6,380
TOTAL EXPENDITURES	<u>\$ 95,343</u>	<u>\$ 27,544</u>	<u>\$ 7,931</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 4,665</u>	<u>\$ 57,392</u>	<u>\$ (7,555)</u>
OTHER FINANCING SOURCES			
Developer Advances	<u>\$ - 0 -</u>	<u>\$ 9,000</u>	<u>\$ 4,500</u>
NET CHANGE IN FUND BALANCE	\$ 4,665	\$ 66,392	\$ (3,055)
BEGINNING FUND BALANCE	<u>68,323</u>	<u>1,931</u>	<u>4,986</u>
ENDING FUND BALANCE	<u><u>\$ 72,988</u></u>	<u><u>\$ 68,323</u></u>	<u><u>\$ 1,931</u></u>

* - Unaudited

See accompanying independent auditor's report.

	Percentage of Total Revenues			
<u>2021*</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021*</u>
\$	97.5 %	99.8 %	100.0 %	%
	2.4	0.2		
	0.1			
<u>\$ - 0 -</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>N/A %</u>
\$ 4,375	43.6 %	14.4 %	%	%
	36.5	6.2	412.5	
	1.0			
<u>5,639</u>	<u>14.2</u>	<u>11.8</u>	<u>1,696.8</u>	
<u>\$ 10,014</u>	<u>95.3 %</u>	<u>32.4 %</u>	<u>2,109.3 %</u>	<u>N/A %</u>
<u>\$ (10,014)</u>	<u>4.7 %</u>	<u>67.6 %</u>	<u>(2,009.3) %</u>	<u>N/A %</u>
<u>\$ 15,000</u>				
\$ 4,986				
<u>\$ 4,986</u>				

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FOUR YEARS

	Amounts		
	2024	2023	2022
REVENUES			
Property Taxes	\$ 67,549	\$	\$
Penalty and Interest	1,751		
Investment and Miscellaneous Revenues	7,880		
TOTAL REVENUES	<u>\$ 77,180</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 60	\$	\$
Debt Service Interest and Fees	66,629		
TOTAL EXPENDITURES	<u>\$ 66,689</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 10,491</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
OTHER FINANCING SOURCES			
Proceeds from Issuance of Long-Term Debt	\$ 313,550	\$ - 0 -	\$ - 0 -
NET CHANGE IN FUND BALANCE	\$ 324,041	\$ - 0 -	\$ - 0 -
BEGINNING FUND BALANCE			
ENDING FUND BALANCE	<u>\$ 324,041</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

See accompanying independent auditor's report.

	Percentage of Total Revenues			
<u>2021*</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021*</u>
\$	87.5 %	%	%	%
	2.3			
	<u>10.2</u>			
<u>\$ - 0 -</u>	<u>100.0 %</u>	<u>N/A %</u>	<u>N/A %</u>	<u>N/A %</u>
\$	0.1 %	%	%	%
	<u>86.3</u>			
<u>\$ - 0 -</u>	<u>86.4 %</u>	<u>N/A %</u>	<u>N/A %</u>	<u>N/A %</u>
<u>\$ - 0 -</u>	<u>13.6 %</u>	<u>N/A %</u>	<u>N/A %</u>	<u>N/A %</u>
<u>\$ - 0 -</u>				
\$ - 0 -				
<u>\$ - 0 -</u>				

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS

JUNE 30, 2024

District Mailing Address - Comal County Water Improvement District No. 1D
c/o Allen Boone Humphries Robinson LLP
919 Congress Avenue, Suite 1500
Austin, Texas 78701

District Telephone Number - (512) 518-2424

Board Members:	Term of Office (Elected or Appointed)	Fees of Office for the year ended <u>June 30, 2024</u>	Expense Reimbursements for the year ended <u>June 30, 2024</u>	<u>Title</u>
Reyes Villarreal	05/22 05/26 (Elected)	\$ 1,105	\$ -0-	President
Sandra N. Stolte	05/24 05/28 (Elected)	\$ 2,431	\$ -0-	Vice President
Spencer Gregory Brandt	05/24 05/28 (Elected)	\$ 2,652	\$ 73	Secretary
Lark E. Mason III	05/22 05/26 (Elected)	\$ 1,326	\$ -0-	Assistant Secretary
Jolene E. Lane-Huereca	05/24 05/28 (Elected)	\$ 2,210	\$ -0-	Assistant Secretary

Note: 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 developer or with any of the District's consultants.

Submission Date of most recent District Registration Form: May 21, 2024

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution. Fees of Office are the amounts paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2024

	<u>Date Hired</u>	<u>Fees for the year ended June 30, 2024</u>	<u>Title</u>
Consultants:			
Allen Boone Humphries Robinson LLP	11/02/22	\$ 11,716 \$ 101,065	General Counsel Bond Related
McCall Gibson Swedlund Barfoot PLLC	06/20/23	\$ 21,500* \$ 15,000	Auditor Bond Related
Municipal Accounts & Consulting, L.P.	01/16/24	\$ 24,791	Bookkeeper
L&S District Services, LLC	02/05/21	\$ 6,167 \$ 900	Former Bookkeeper Bond Related
LJA Engineering, Inc.	02/05/21	\$ 11,345	Engineer
Masterson Advisors LLC	02/05/21	\$ 69,489	Financial Advisor
Mark Burton and Ghia Lewis	01/16/24	\$ -0-	Investment Officers

* Includes two years of audit fees for both fiscal year 2022 and 2023 audits.

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1F

COMAL COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JUNE 30, 2025

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

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McCall Gibson Swedlund Barfoot Ellis PLLC

Certified Public Accountants

*Chris Swedlund
Noel W. Barfoot
Joseph Ellis
Ashlee Martin*

*Mike M. McCall
(retired)
Debbie Gibson
(retired)*

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Comal County Water Improvement District No. 1F
Comal County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Comal County Water Improvement District No. 1F (the "District") as of and for the year ended June 30, 2025, 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 each major fund of the District as of June 30, 2025, 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.

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.

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 an 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 Ellis PLLC

McCall Gibson Swedlund Barfoot Ellis PLLC
Certified Public Accountants
Houston, Texas

August 26, 2025

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1F

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2025

Management's discussion and analysis of the financial performance of Comal County Water Improvement District No. 1F (the "District") provides an overview of the District's financial activities for the fiscal year ended June 30, 2025. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

This annual 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 Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide portion of these statements provides 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.

This is the District-wide statement of position presenting information that includes all of the District's assets and liabilities 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 government-wide portion of the Statement of Activities reports how the District's net position changed during the current fiscal 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 two governmental fund types. The General Fund accounts for resources not accounted for in another fund, operating costs, professional fees, and administrative costs. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond and contract debt and the cost of assessing and collecting taxes.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1F

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2025

FUND FINANCIAL STATEMENTS (Continued)

The 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 adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explains the differences between the two presentations and assists 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 assets may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets by \$3,137,627 as of June 30, 2025. A portion of the District's net position reflects its net investment in capital assets less any debt used to acquire those assets that is still outstanding.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1F

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

A comparative analysis of government-wide changes in net position is presented below. The fiscal year ending 2024 balances have not been audited.

	Summary of Changes in the Statement of Net Position		
	2025	2024	Change Positive (Negative)
Current and Other Assets	\$ 43,735	\$ 2,894	\$ 40,841
Capital Assets (Net of Accumulated Depreciation)	4,916,786		4,916,786
Total Assets	\$ 4,960,521	\$ 2,894	\$ 4,957,627
Due to Developer	\$ 8,084,300	\$ 56,000	\$ (8,028,300)
Other Liabilities	13,848	11,320	(2,528)
Total Liabilities	\$ 8,098,148	\$ 67,320	\$ (8,030,828)
Net Position:			
Net Investment in Capital Assets	\$ (3,017,914)	\$	\$ (3,017,914)
Restricted	1,947		1,947
Unrestricted	(121,660)	(64,426)	(57,234)
Total Net Position	\$ (3,137,627)	\$ (64,426)	\$ (3,073,201)

The following table provides a summary of the District's operations for the years ending June 30, 2025, and June 30, 2024. The fiscal year ending 2024 balances have not been audited.

	Summary of Changes in the Statement of Activities		
	2025	2024	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 43,653	\$ 334	\$ 43,319
Other Revenues	2,053		2,053
Total Revenues	\$ 45,706	\$ 334	\$ 45,372
Total Expenses	3,118,907	32,274	(3,086,633)
Change in Net Position	\$ (3,073,201)	\$ (31,940)	\$ (3,041,261)
Net Position, Beginning of Year	(64,426)	(32,486)	(31,940)
Net Position, End of Year	\$ (3,137,627)	\$ (64,426)	\$ (3,073,201)

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1F

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2025

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of June 30, 2025, totaled \$29,887, an increase of \$38,313 from the prior year.

The District's General Fund fund balance as of June 30, 2025, was \$27,940, an increase of \$36,366 from the prior year, primarily due to property tax revenues and developer advances exceeding operating expenditures.

The Debt Service Fund fund balance increased by \$1,947 as a result of property tax revenues exceeding tax collection expenditures and contractual payments made to the Master District.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted a budget for the General Fund which was not amended during the year. Actual revenues were \$22,500 more than budgeted revenues; actual developer advances were \$31,200 more than budgeted advances; and actual expenditures were \$17,334 more than budgeted expenditures, resulting in an overall positive variance compared to budget of \$36,366. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets as of June 30, 2025, totaled \$4,916,786 (net of accumulated depreciation) and included water and wastewater infrastructure conveyed to the City of New Braunfels and stormwater drainage facilities. More detailed information about the District's capital assets is presented in the Notes to the Financial Statements.

LONG-TERM DEBT ACTIVITY

As of June 30, 2025, the District has not issued any bonds. At June 30, 2025, the District owed the Developer \$8,084,300, of which \$149,600 was for advances received from the Developer to fund operations and the balance consisted of construction costs paid by the Developer on behalf of the District.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The adopted budget for fiscal year 2026 projects an increase in General Fund fund balance of \$35,386. Revenues and developer advances are budgeted to be \$173,053 and expenditures are budgeted to be \$137,667.

**COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1F
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

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 Comal County Water Improvement District No. 1F, c/o Allen Boone Humphries Robinson LLP, 919 Congress Avenue, Suite 1500, Austin, TX 78701.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1F
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2025

	<u>General Fund</u>	<u>Debt Service Fund</u>
ASSETS		
Cash	\$ 25,885	\$ 16,459
Investments		1,391
Due from Other Funds	15,903	
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	<u>\$ 41,788</u>	<u>\$ 17,850</u>
LIABILITIES		
Accounts Payable	\$ 13,848	\$
Due to Developer		
Due to Other Funds		15,903
TOTAL LIABILITIES	<u>\$ 13,848</u>	<u>\$ 15,903</u>
FUND BALANCES		
Restricted for Master District Contract Debt	\$	\$ 1,947
Unassigned	27,940	
TOTAL FUND BALANCES	<u>\$ 27,940</u>	<u>\$ 1,947</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 41,788</u>	<u>\$ 17,850</u>
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Total	Adjustments	Statement of Net Position
\$ 42,344	\$	\$ 42,344
1,391		1,391
15,903	(15,903)	
	4,916,786	4,916,786
<u>\$ 59,638</u>	<u>\$ 4,900,883</u>	<u>\$ 4,960,521</u>
\$ 13,848	\$	\$ 13,848
	8,084,300	8,084,300
15,903	(15,903)	
<u>\$ 29,751</u>	<u>\$ 8,068,397</u>	<u>\$ 8,098,148</u>
\$ 1,947	\$ (1,947)	\$
27,940	(27,940)	
<u>\$ 29,887</u>	<u>\$ (29,887)</u>	<u>\$ - 0 -</u>
<u>\$ 59,638</u>		
	\$ (3,017,914)	\$ (3,017,914)
	1,947	1,947
	(121,660)	(121,660)
	<u>\$ (3,137,627)</u>	<u>\$ (3,137,627)</u>

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

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1F
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

Total Fund Balances - Governmental Funds	\$ 29,887
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.	4,916,786
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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	<u>(8,084,300)</u>
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Total Net Position - Governmental Activities	<u>\$ (3,137,627)</u>
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The accompanying notes to the financial
statements are an integral part of this report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1F
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025

	<u>General Fund</u>	<u>Debt Service Fund</u>
REVENUES		
Property Taxes	\$ 37,490	\$ 6,163
Penalty and Interest		2,039
Investment and Other Revenues	10	4
TOTAL REVENUES	<u>\$ 37,500</u>	<u>\$ 8,206</u>
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 60,094	\$
Contracted Services	19,320	2,785
Depreciation		
Other	15,320	611
Conveyance of Assets - Roads		
Debt Service -		
Contractual Obligation		2,863
TOTAL EXPENDITURES/EXPENSES	<u>\$ 94,734</u>	<u>\$ 6,259</u>
EXCESS (DEFICIENCY) OF REVENUES		
OVER (UNDER) EXPENDITURES/EXPENSES	<u>\$ (57,234)</u>	<u>\$ 1,947</u>
OTHER FINANCING SOURCES (USES)		
Developer Advances	\$ 93,600	\$ -0-
NET CHANGE IN FUND BALANCES	\$ 36,366	\$ 1,947
CHANGE IN NET POSITION		
FUND BALANCES (DEFICIT) /		
NET POSITION - JULY 1, 2024	<u>(8,426)</u>	
FUND BALANCES/NET POSITION -		
JUNE 30, 2025	<u>\$ 27,940</u>	<u>\$ 1,947</u>

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

Total	Adjustments	Statement of Activities
\$ 43,653	\$	\$ 43,653
2,039		2,039
14		14
<u>\$ 45,706</u>	<u>\$ - 0 -</u>	<u>\$ 45,706</u>
\$ 60,094	\$	\$ 60,094
22,105		22,105
	64,292	64,292
15,931		15,931
	2,953,622	2,953,622
2,863		2,863
<u>\$ 100,993</u>	<u>\$ 3,017,914</u>	<u>\$ 3,118,907</u>
<u>\$ (55,287)</u>	<u>\$ (3,017,914)</u>	<u>\$ (3,073,201)</u>
<u>\$ 93,600</u>	<u>\$ (93,600)</u>	<u>\$ -0-</u>
\$ 38,313	\$ (38,313)	\$
	(3,073,201)	(3,073,201)
<u>(8,426)</u>	<u>(56,000)</u>	<u>(64,426)</u>
<u>\$ 29,887</u>	<u>\$ (3,167,514)</u>	<u>\$ (3,137,627)</u>

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

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1F
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Net Change in Fund Balance - Governmental Funds	\$ 38,313
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Amounts reported for governmental activities in the Statement of Activities are different because:

In the Statement of Activities, the conveyance of roads to the County is reported as an expense, and a corresponding liability is recorded in the Statement of Net Position for road improvement costs funded by the Developer.	(2,953,622)
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Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(64,292)
--	----------

Governmental funds report developer advances as other financing sources while advances are recorded as a liability in the Statement of Net Position.	(93,600)
--	----------

Change in Net Position - Governmental Activities	\$ <u>(3,073,201)</u>
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The accompanying notes to the financial
statements are an integral part of this report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1F

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 1. CREATION OF DISTRICT

Comal County Water Improvement District No. 1 was created on June 19, 2009 pursuant to Senate Bill 2464, 81st Texas Legislature, Regular Session, codified at Chapter 9038, Texas Special District Local Laws Code. On August 11, 2017, Comal County Water Improvement District No. 1 was divided into three distinct districts consisting of Comal County Water Improvement District No. 1A, Comal County Water Improvement District No. 1B and Comal County Master Water Improvement District (the “Master District”). Comal County Water Improvement District No. 1F (the “District”) was created on February 5, 2021 pursuant to an order dividing Comal County Water Improvement District No. 1B (the “Original District”) into five distinct districts consisting of the Original District, the District, Comal County Water Improvement District No. 1C, Comal County Water Improvement District No. 1D, and Comal County Water Improvement District No. 1E. The District, a conservation and reclamation district, was created under and essential to accomplish the purpose of Section 52, Article III, and Section 59, Article XVI, of the Texas Constitution and operates in accordance with Texas Water Code Chapters 49 and 51. The Board of Directors held its first meeting on February 5, 2021, and the District was confirmed at an election held on May 1, 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 “Commission”).

The District is a political subdivision of the State of Texas governed by an elected 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 elected 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”).

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1F
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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.
- 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 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 in the Statement of Activities.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1F
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements and Governmental Funds

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 Balances.

The District has two governmental funds and considers each to be a major fund.

General Fund - To account for resources not required to be accounted for in another fund, operating costs, professional fees, and administrative costs.

Debt Service Fund - To account for ad valorem taxes and financial resources restricted, committed or assigned for servicing contractual debt, bond debt and the cost of assessing and collecting taxes.

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. At June 30, 2025, the Debt Service Fund owed the General Fund \$15,903 for property tax collections.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1F
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting

An annual budget is adopted for the General Fund by the 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 budgeted amounts 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 fees of office received by Directors are considered to be wages subject to federal income tax withholding for payroll purposes only.

Capital Assets

Capital assets include water and wastewater facilities conveyed to the City of New Braunfels and stormwater drainage facilities and are reported in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their acquisition value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. Assets are capitalized if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method over 10 to 50 years.

Water and wastewater facilities are conveyed to the City of New Braunfels for the purpose of providing services to the District residents. The District is entitled to significant residual interest in the facilities conveyed and records these facilities as District assets and records depreciation on these facilities in accordance with GASB Statement No. 94 (see Note 10).

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.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1F
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. The Statement of Net Position and Statement of Activities present governmental activities 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.

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. 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.

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.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1F
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3. LONG-TERM DEBT

The District has issued no bonds and had no bonds outstanding as of June 30, 2025.

As of June 30, 2025, the District had \$82,000,000 of unlimited tax bonds authorized but unissued for the purpose of acquiring or constructing water, sewer and drainage facilities. In addition, the District had \$20,000,000 of unlimited tax bonds authorized but unissued for the purpose of acquiring or constructing road and road improvements. The District also has \$123,000,000 and \$30,000,000 of bonds authorized for refunding purposes of the unlimited tax bonds and the unlimited tax road bonds, respectively.

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 and the bank balance was \$42,344. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits as of June 30, 2025, are summarized in the following table:

	<u>Cash</u>
GENERAL FUND	\$ 25,885
DEBT SERVICE FUND	<u>16,459</u>
TOTAL DEPOSITS	<u>\$ 42,344</u>

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1F

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

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 which is reviewed annually and which may be more restrictive than the Public Funds Investment Act.

The District invests in Texas Cooperative Liquid Assets Securities System Trust ("Texas CLASS"), an external public funds investment pool that is not SEC-registered. Public Trust Advisors, LLC serves as the pool's administrator and investment advisor. The pool is subject to the general supervision of the Board of Trustees and its Advisory Board. UMB Bank, N.A. serves as custodian for the pool. Investments held by Texas CLASS are priced to market on a weekly basis. The investments are considered to be Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District's position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from Texas CLASS.

As of June 30, 2025, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>DEBT SERVICE FUND</u>		
Texas CLASS	\$ 1,391	\$ 1,391

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1F
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. The District's investment in Texas CLASS was rated "AAAm" by Standard and Poor's.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in Texas CLASS to have a maturity of less than one year since the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change of value.

Restrictions

All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes.

NOTE 5. MAINTENANCE AND CONTRACT TAXES

On May 1, 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. During the fiscal year ended June 30, 2025, the District levied an ad valorem maintenance tax rate of \$0.73 per \$100 of assessed valuation, which resulted in a tax levy of \$37,490 on the adjusted taxable valuation of \$5,135,599 for the 2024 tax year. This maintenance tax is to be used to pay expenditures of operating the District.

On May 1, 2021, the voters of the District approved the levy and collection of a contract tax in an unlimited amount sufficient to make payments required under the Master District Contract for the debt service requirements of the Master District's contract revenue bonds and for operation and maintenance and reserve requirements of the regional water, wastewater and drainage systems (see further discussion in Note 9). During the fiscal year ended June 30, 2025, the District levied an ad valorem contract tax rate of \$0.12 per \$100 of assessed valuation, which resulted in a tax levy of \$6,163 on the adjusted taxable valuation of \$5,135,599 for the 2024 tax year. The District made contractual payments to the Master District of \$2,863 during the current fiscal year.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1F
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6. CAPITAL ASSETS

Capital asset activity for the current fiscal year is summarized in the following table.

	July 1, 2024	Increases	Decreases	June 30, 2025
Capital Assets Subject to Depreciation				
Water, Wastewater and Drainage Facilities	\$	\$ 4,981,078	\$	\$ 4,981,078
Accumulated Depreciation				
Water, Wastewater and Drainage Facilities	_____	64,292	_____	64,292
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ - 0 -</u>	<u>\$ 4,916,786</u>	<u>\$ - 0 -</u>	<u>\$ 4,916,786</u>

Roads and road improvements are conveyed to Comal County for ownership and maintenance. As of June 30, 2025, roads conveyed to the County totaled \$2,953,622.

NOTE 7. COMMITMENTS AND CONTINGENCIES

The Developer of the land within the District has incurred costs related to the construction of facilities, as well as costs pertaining to the creation and operation of the District. Claims for reimbursement of construction costs and operational advances will be evaluated upon receipt of adequate supporting documentation and proof of contractual obligation. Such costs may be reimbursable to the Developer by the District from proceeds of future District bond issues or from operations, subject to approval by the Texas Commission on Environmental Quality.

The following table summarizes the due to developer activity for the current fiscal year:

Due to Developer, July 1, 2024	\$ 56,000
Add: Current Year Additions	<u>8,028,300</u>
Due to Developer, June 30, 2025	<u>\$ 8,084,300</u>

NOTE 8. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1F
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9. MASTER DISTRICT CONTRACT

The District is part of the master-planned community of “Veramendi”. Veramendi is comprised of the District, Comal County Water Improvement District No. 1A (“District No. 1A”), Comal County Water Improvement District No. 1B (“District No. 1B”), Comal County Water Improvement District No. 1C (“District No. 1C”), Comal County Water Improvement District No. 1D (“District No. 1D”), Comal County Water Improvement District No. 1E (“District No. 1E”) and Comal County Master Water Improvement District (the “Master District”) (collectively, the “Districts”). On August 11, 2017, a Contract for Financing, Operation and Maintenance of Regional Water, Sanitary Sewer and Drainage Facilities and Other Facilities between District No. 1A, District No. 1B and the Master District (the “Master District Contract”) was entered into in order to encourage regionalization and to avoid duplication of lines and facilities within the master-planned community. The Master District Contract was subsequently partially assigned from District No. 1B to the District, District No. 1C, District No. 1D and District No. 1E. Subsequently, the Districts entered into a First Amendment to the Master District Contract to allow the Master District to designate a district as a Participant for the purposes of triggering the payment obligations arising under the Master District Contract including but not limited to the obligation to levy an ad valorem tax to satisfy each Participant’s pro rata share of debt service requirements and the obligation to pay out of available revenues each Participant’s monthly charges. Currently, the District, District No. 1A and District No. 1D have been designated as Participants by the Master District, based on active development within their boundaries, receipt of services provided by the Master District Facilities and in accordance with the terms of the Master District Contract. District No. 1B, District No. 1C and District No. 1E are expected to be designated by the Master District as Participants at a future time.

Pursuant to the Master District Contract, the Master District will operate and maintain certain regional water, sanitary sewer, drainage and road facilities and capacities (the “Regional Facilities”), and each Participant will pay their pro rata share of such costs.

The Master District will establish an Operation and Maintenance reserve, funded by the Participants, and will bill the Participants monthly for their pro rata share of operation and maintenance costs. The Participants’ share of the monthly charges will be determined by multiplying the total number of actual Equivalent Single Family Residential Connections (“ESFCs”) within each Participant by the monthly unit costs per ESFC in the Master District’s budget. For the year ended June 30, 2025, the Master District has billed only District No. 1A and District No. 1D for capacity reservation fees.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1F
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9. MASTER DISTRICT CONTRACT (Continued)

The Master District finances the Regional Facilities through the issuance of Master District contract revenue bonds. The Master District has the authority to issue contract revenue bonds in an amount not to exceed \$85,000,000 and, as of June 30, 2025, the Master District has authorized but unissued contract revenue bonds of \$75,000,000. Each Participant is responsible for its pro rata share of the debt service requirements on the Master District contract revenue bonds based on the certified assessed valuation of each participant as a percentage of the total assessed valuation of all the Districts. During the current fiscal year, the District was billed \$2,863 to satisfy its pro rata share of the principal and interest on the Master District's bonds.

As of June 30, 2025, the debt service requirements on the Master District's contract revenue bonds outstanding were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 115,000	\$ 446,556	\$ 561,556
2027	120,000	438,918	558,918
2028	230,000	427,543	657,543
2029	240,000	412,269	652,269
2030	255,000	396,180	651,180
2031-2035	1,485,000	1,741,695	3,226,695
2036-2040	1,840,000	1,376,670	3,216,670
2041-2045	2,270,000	966,481	3,236,481
2046-2050	2,805,000	444,834	3,249,834
2051	640,000	13,776	653,776
	<u>\$ 10,000,000</u>	<u>\$ 6,664,922</u>	<u>\$ 16,664,922</u>

NOTE 10. UTILITY AGREEMENT WITH THE CITY OF NEW BRAUNFELS

Customers of the District receive water and wastewater service from New Braunfels Utilities ("NBU"), a municipally owned utility with exclusive management and control of the water and sewer systems serving the City of New Braunfels, as standard NBU customers pursuant to a Utility Agreement, dated February 25, 2013, between the District and NBU (the "Utility Agreement"). As a condition of such service, the Utility Agreement obligates the District to acquire, construct, and extend water and sanitary sewer facilities (the "System") to serve land within the District and, when completed in accordance with approved plans and specifications, to convey title to the System to NBU. NBU then operates and maintains the System and is responsible for establishing water and sewer rates and billing and collecting for such services. The components of the System which serve only the District (the "Internal Facilities") are acquired, constructed and extended by the District and the components of the System that serve the Service Area, are acquired, constructed and extended by the Master District.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1F
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11. SUBSEQUENT EVENT – BOND SALE

During the fourth quarter of calendar year 2025, subsequent to the report date, the District anticipates issuing Unlimited Tax Road Bonds, Series 2025, in the amount of \$3,800,000. The net proceeds of the bonds will be used to finance developer funded road construction and engineering costs, fund future interest payments on the bonds and pay bond issue costs.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1F

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2025

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1F
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 15,000	\$ 37,490	\$ 22,490
Investment and Other Revenues		10	10
TOTAL REVENUES	<u>\$ 15,000</u>	<u>\$ 37,500</u>	<u>\$ 22,500</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 45,000	\$ 60,094	\$ (15,094)
Contracted Services	19,200	19,320	(120)
Other	13,200	15,320	(2,120)
TOTAL EXPENDITURES	<u>\$ 77,400</u>	<u>\$ 94,734</u>	<u>\$ (17,334)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (62,400)</u>	<u>\$ (57,234)</u>	<u>\$ 5,166</u>
OTHER FINANCING SOURCES			
Developer Advances	\$ 62,400	\$ 93,600	\$ 31,200
NET CHANGE IN FUND BALANCE	\$ -0-	\$ 36,366	\$ 36,366
FUND BALANCE (DEFICIT) - JULY 1, 2024	<u>(8,426)</u>	<u>(8,426)</u>	
FUND BALANCE (DEFICIT) - JUNE 30, 2025	<u><u>\$ (8,426)</u></u>	<u><u>\$ 27,940</u></u>	<u><u>\$ 36,366</u></u>

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1F

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

JUNE 30, 2025

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1F
SERVICES AND RATES
FOR THE YEAR ENDED JUNE 30, 2025

1. SERVICES PROVIDED BY THE DISTRICT:

☐ Retail Water	☐ Wholesale Water	☐ Drainage
☐ Retail Sewer	☐ Wholesale Wastewater	☐ Irrigation
☐ Parks/Recreation	☐ Fire Protection	☐ Security
☐ Solid Waste/Garbage	☐ Flood Control	☒ Roads
☒ Participates in joint venture or regional system		
Other: <u>The District does not provide water and wastewater services. Retail</u>		
☒ <u>water and wastewater service is provided by the City of New Braunfels.</u>		

2. RETAIL SERVICE PROVIDERS: New Braunfels Utilities

3. TOTAL WATER CONSUMPTION: Not applicable

4. STANDBY FEES: Not applicable

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes ☒ No ☐

County in which District is located:

Comal County, Texas

Is the District located within a city?

Entirely ☐ Partly ☐ Not at all ☒

Is the District located within a city's extraterritorial jurisdiction (ETJ)?

Entirely ☒ Partly ☐ Not at all ☐

ETJ in which District is located.

City of New Braunfels, Texas

Are Board Members appointed by an office outside the District?

Yes ☐ No ☒

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1F
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2025

PROFESSIONAL FEES:

Legal	\$ 56,764
Engineering	<u>3,330</u>

TOTAL PROFESSIONAL FEES	<u>\$ 60,094</u>
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CONTRACTED SERVICES:

Bookkeeping	\$ 18,265
Appraisal District and Tax Assessment and Collection Costs	<u>1,055</u>

TOTAL CONTRACTED SERVICES	<u>\$ 19,320</u>
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ADMINISTRATIVE EXPENDITURES:

Director Fees, Including Payroll Taxes	\$ 8,598
Insurance	1,795
Legal Notices	181
Office Supplies and Postage	2,543
Website, Meetings, and Other	<u>2,203</u>

TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 15,320</u>
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TOTAL EXPENDITURES	<u><u>\$ 94,734</u></u>
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See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1F
INVESTMENTS
JUNE 30, 2025

<u>Funds</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>DEBT SERVICE FUND</u>					
Texas CLASS	XXXX0001	Varies	Daily	\$ <u>1,391</u>	\$ <u>- 0 -</u>

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1F
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Maintenance Taxes</u>		<u>Contract Taxes</u>	
TAXES RECEIVABLE -				
JULY 1, 2024	\$	-0-	\$	-0-
Adjustments to Beginning				
Balance	<u> </u>	\$ -0-	<u> </u>	\$ -0-
Original 2024 Tax Levy	\$	17,973	\$	2,955
Adjustment to 2024 Tax Levy	<u> 19,517</u>	<u> 37,490</u>	<u> 3,208</u>	<u> 6,163</u>
TOTAL TO BE				
ACCOUNTED FOR		\$ 37,490		\$ 6,163
TAX COLLECTIONS:				
Prior Years	\$		\$	
Current Year	<u> 37,490</u>	<u> 37,490</u>	<u> 6,163</u>	<u> 6,163</u>
TAXES RECEIVABLE -				
JUNE 30, 2025		<u>\$ -0-</u>		<u>\$ -0-</u>

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1F
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2025

	<u>2024</u>	<u>2023 *</u>	<u>2022 *</u>	<u>2021 *</u>
PROPERTY VALUATIONS:				
Land	\$ 5,725,411	\$ 4,879,513	**	**
Exemptions	<u>(589,812)</u>	<u>(4,859,715)</u>	<u>**</u>	<u>**</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 5,135,599</u>	<u>\$ 19,798</u>	<u>\$ 19,571</u>	<u>\$ 18,434</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Contract	0.12	0.00	0.00	0.00
Maintenance	<u>0.73</u>	<u>0.85</u>	<u>0.85</u>	<u>0.794</u>
Total	<u>\$ 0.85</u>	<u>\$ 0.85</u>	<u>\$ 0.85</u>	<u>\$ 0.794</u>
ADJUSTED TAX LEVY*	<u>\$ 43,653</u>	<u>\$ 168</u>	<u>\$ 166</u>	<u>\$ 157</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>

* - Unaudited.

** - Breakout of 2022 and 2021 property valuations not provided by Tax Assessor/Collector.

Maintenance Tax – A maximum tax rate of \$1.20 per \$100 of assessed valuation was approved by voters on May 1, 2021.

Contract Tax – On May 1, 2021, voters approved the levy of contract tax sufficient to make payments required under the Master District Contract for operation and maintenance of the Regional Facilities.

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1F
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2025	2024 *	2023 *
REVENUES			
Property Taxes	\$ 37,490	\$ 334	\$ 1
Investment and Other Revenues	<u>10</u>	<u></u>	<u></u>
TOTAL REVENUES	<u>\$ 37,500</u>	<u>\$ 334</u>	<u>\$ 1</u>
EXPENDITURES			
Professional Fees	\$ 60,094	\$ 6,857	\$ 5,780
Contracted Services	19,320	15,437	3,536
Other	<u>15,320</u>	<u>9,980</u>	<u>7,752</u>
TOTAL EXPENDITURES	<u>\$ 94,734</u>	<u>\$ 32,274</u>	<u>\$ 17,068</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (57,234)</u>	<u>\$ (31,940)</u>	<u>\$ (17,067)</u>
OTHER FINANCING SOURCES			
Developer Advances	<u>\$ 93,600</u>	<u>\$ 25,000</u>	<u>\$ 14,000</u>
NET CHANGE IN FUND BALANCE	\$ 36,366	\$ (6,940)	\$ (3,067)
BEGINNING FUND BALANCE (DEFICIT)	<u>(8,426)</u>	<u>(1,486)</u>	<u>1,581</u>
ENDING FUND BALANCE (DEFICIT)	<u><u>\$ 27,940</u></u>	<u><u>\$ (8,426)</u></u>	<u><u>\$ (1,486)</u></u>

* - Unaudited

See accompanying independent auditor's report.

		Percentage of Total Revenues					
<u>2022 *</u>	<u>2021 *</u>	<u>2025</u>	<u>2024 *</u>	<u>2023 *</u>	<u>2022 *</u>	<u>2021 *</u>	
\$ 293	\$	100.0 %	100.0 %	100.0 %	100.0 %		%
\$ 293	\$ - 0 -	100.0 %	100.0 %	100.0 %	100.0 %	N/A	%
\$ 1,557	\$ 3,250	160.2 %	2,053.0 %	578,000.0 %			%
6,064	4,841	51.5	4,621.9	353,600.0	531.4		
7,621	8,091	40.9	2,988.0	775,200.0	2,069.6		
\$ 7,621	\$ 8,091	252.6 %	9,662.9 %	1,706,800.0 %	2,601.0 %	N/A	%
\$ (7,328)	\$ (8,091)	(152.6) %	(9,562.9) %	(1,706,700.0) %	(2,501.0) %	N/A	%
\$ 14,000	\$ 3,000						
\$ 6,672	\$ (5,091)						
(5,091)							
\$ 1,581	\$ (5,091)						

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1F
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2025	2024 *	2023 *
REVENUES			
Property Taxes	\$ 6,163	\$	\$
Penalty and Interest	2,039		
Investment and Miscellaneous Revenues	4		
TOTAL REVENUES	<u>\$ 8,206</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 3,396	\$	\$
Contractual Obligation	2,863		
TOTAL EXPENDITURES	<u>\$ 6,259</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
NET CHANGE IN FUND BALANCE	\$ 1,947	\$ - 0 -	\$ - 0 -
BEGINNING FUND BALANCE			
ENDING FUND BALANCE	<u>\$ 1,947</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

* - Unaudited

See accompanying independent auditor's report.

		Percentage of Total Revenues				
<u>2022 *</u>	<u>2021 *</u>	<u>2025</u>	<u>2024 *</u>	<u>2023 *</u>	<u>2022 *</u>	<u>2021 *</u>
\$	\$	75.1 %	%	%	%	%
		24.9				
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>100.0 %</u>	<u>N/A %</u>	<u>N/A %</u>	<u>N/A %</u>	<u>N/A %</u>
\$	\$	41.4 %	%	%	%	%
		34.9				
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>76.3 %</u>	<u>N/A %</u>	<u>N/A %</u>	<u>N/A %</u>	<u>N/A %</u>
\$ - 0 -	\$ - 0 -	<u>23.7 %</u>	<u>N/A %</u>	<u>N/A %</u>	<u>N/A %</u>	<u>N/A %</u>
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>					

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1F

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS

JUNE 30, 2025

District Mailing Address - Comal County Water Improvement District No. 1F
 c/o Allen Boone Humphries Robinson LLP
 919 Congress Avenue, Suite 1500
 Austin, Texas 78701

District Telephone Number - (512) 518-2424

Board Members:	Term of Office (Elected or Appointed)	Fees of Office for the year ended <u>June 30, 2025</u>	Expense Reimbursements for the year ended <u>June 30, 2025</u>	<u>Title</u>
Andrew T. Noonan	05/22 05/26 (Elected)	\$ 1,105	\$ 34	President
Steve L. Wigington	05/22 05/26 (Elected)	\$ 1,768	\$ 98	Vice President
Drew W. Snider	05/24 05/28 (Elected)	\$ 1,768	\$ 62	Secretary
David W. Compton	05/22 05/26 (Elected)	\$ 1,547	\$ 29	Assistant Secretary
John S. Blythin	05/24 05/28 (Elected)	\$ 1,768	\$ 48	Assistant Secretary

Note: 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 developer or with any of the District's consultants.

The most recent submission Date of the District Registration Form was on May 14, 2024.

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution. Fees of Office are the amounts paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1F
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2025

	<u>Date Hired</u>	<u>Fees for the year ended June 30, 2025</u>	<u>Title</u>
Consultants:			
Allen Boone Humphries Robinson LLP	11/02/22	\$ 59,751	General Counsel
McCall Gibson Swedlund Barfoot Ellis PLLC	05/20/25	\$ -0-	Auditor
Municipal Accounts & Consulting, L.P.	01/09/24	\$ 18,929	Bookkeeper
LJA Engineering, Inc.	02/05/21	\$ 3,330	Engineer
Masterson Advisors LLC	02/05/21	\$ -0-	Financial Advisor
Mark Burton and Ghia Lewis	01/09/24	\$ -0-	Investment Officers
Utility Tax Service, LLC	08/20/24	\$ 1,000	Tax Assessor/ Collector

See accompanying independent auditor's report.