OFFICIAL STATEMENT DATED NOVEMBER 4, 2026

IN THE OPINION OF BOND COUNSEL, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER EXISTING LAW AND IS NOT INCLUDED IN THE ALTERNATIVE MINIMUM TAXABLE INCOME OF 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. SEE "TAX MATTERS" HEREIN FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

The Bonds have been designated as "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS—Qualified Tax-Exempt Obligations for Financial Institutions."

NEW ISSUE—Book-Entry-Only

Moody's Ratings (AG Insured) ..... "A1"
S&P Global Ratings (AG Insured) ..... "AA"
Moody's Ratings (Underlying) ..... "Baa3"
See "MUNICPAL BOND INSURANCE" and "RATINGS."

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4B
(A political subdivision of the State of Texas, located within Kaufman County)

$3,500,000
UNLIMITED TAX UTILITY BONDS
SERIES 2026

Interest accrues from: Date of Delivery
Dated: December 1, 2026 **Due: September 1, as shown on inside cover**

The $3,500,000 Unlimited Tax Utility Bonds, Series 2026 (the "Bonds"), are obligations solely of Kaufman County Fresh Water Supply District No. 4B (the "District") and are not obligations of the State of Texas; Kaufman County, Texas; the City of Crandall, Texas; or any political subdivision or entity other than the District. Neither the full faith and credit nor the taxing power of the State of Texas; Kaufman County, Texas; the City of Crandall, Texas; nor any entity other than the District is pledged to the payment of the principal of or the interest on the Bonds.

Principal of the Bonds is payable upon presentation at the principal payment office of the paying agent/registrar, initially, BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"). The Bonds are dated December 1, 2026. Interest on the Bonds accrues from the date of delivery (on or about December 3, 2026) (the "Date of Delivery"), and is payable March 1, 2027, and on each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. Interest on the Bonds will be payable as of the Interest Payment Date and paid by the Paying Agent/Registrar to registered owners as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding each Interest Payment Date. The Bonds are fully registered bonds in principal denominations of $5,000 or any integral multiple thereof.

The Bonds will be registered 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, in turn, will remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. See "THE BONDS—Book-Entry-Only System."

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY INC. ("AG").

See "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS AND CUSIPS" on inside cover.

The Bonds constitute the third (3rd) series of unlimited tax bonds issued by the District for the purpose of acquiring or constructing a water, sewer, and drainage system to serve the District (the "Utility System"). The District has previously issued two (2) series of unlimited tax bonds for the purpose of acquiring or constructing roads and improvements in aid thereof to serve the District (the "Road System"). The Bonds, when issued, will constitute valid and binding obligations of the District payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. See "THE BONDS—Source of Payment." Investment in the Bonds is subject to special investment considerations as described herein. Prospective purchasers should review this entire Official Statement, including particularly the section of this Official Statement entitled "INVESTMENT CONSIDERATIONS," before making an investment decision.

The Bonds are offered when, as, and if issued by the District and accepted by the winning bidder for the Bonds (the "Initial Purchaser") subject, among other things, to the approval of the Attorney General of Texas and of certain legal matters by Coats Rose, P.C., Dallas, Texas, Bond Counsel. Delivery of the Bonds through the facilities of DTC is expected on or about December 3, 2026.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS AND CUSIPS

$3,500,000 Unlimited Tax Utility Bonds, Series 2026

$3,215,000 Serial Bonds

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 48618V (b)	Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 48618V (b)
2028	$ 75,000	5.000%	3.500%	EB6	****	****	****	****	****
2029	80,000	5.000%	3.570%	EC4	2042 (c)	$155,000	5.000%	5.030%	ER1
2030	80,000	5.000%	3.600%	ED2	2043 (c)	165,000	5.000%	5.050%	ES9
2031	85,000	5.000%	3.700%	EE0	2044 (c)	175,000	5.000%	5.080%	ET7
2032	90,000	5.000%	3.800%	EF7	2045 (c)	185,000	5.000%	5.100%	EU4
2033 (c)	95,000	4.000%	3.900%	EG5	2046 (c)	195,000	5.000%	5.120%	EV2
2034 (c)	100,000	4.000%	4.000%	EH3	2047 (c)	205,000	5.000%	5.150%	EW0
2035 (c)	105,000	4.000%	4.050%	EJ9	2048 (c)	215,000	5.000%	5.170%	EX8
2036 (c)	115,000	4.500%	4.200%	EK6	2049 (c)	225,000	5.000%	5.200%	EY6
2037 (c)	120,000	5.000%	4.350%	EL4	2050 (c)	240,000	5.000%	5.230%	EZ3
2038 (c)	125,000	5.000%	4.500%	EM2	2051 (c)	250,000	5.000%	5.250%	FA7
2039 (c)	135,000	5.000%	4.600%	EN0					

$285,000 Term Bonds

$285,000 Term Bond due September 1, 2041 (c)(d) Interest Rate: 5.000% (Price: $100.000) (a) CUSIP No. 48618V EQ3 (b)

(a) The initial reoffering yield has been provided by the Initial Purchaser (herein defined) and represents the initial offering price to the public of a substantial amount of the Bonds for each maturity. Such initial reoffering yield may be changed for subsequent purchasers. The initial reoffering yields indicated above represent the lower of the yields resulting when priced to maturity or to the first call date.

(b) CUSIP numbers have been assigned to the Bonds by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association and are included solely for the convenience of the owners of the Bonds.

(c) Bonds maturing on September 1, 2033, and thereafter, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on December 1, 2032, or any date thereafter at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption. See "THE BONDS—Redemption Provisions—*Optional Redemption*."

(d) Subject to certain mandatory sinking fund redemption provisions as set forth herein under "THE BONDS—Redemption Provisions—*Mandatory Redemption*."

USE OF INFORMATION IN OFFICIAL STATEMENT

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 representations must not be relied upon as having been authorized by the District or the Initial Purchaser.

This Official Statement does not constitute, and is not authorized by the District for use in connection with, an offer to sell or the solicitation of any 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, orders, contracts, records, and engineering and other related reports set forth 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 Coats Rose, P.C. ("Bond Counsel") for further information.

The Financial Advisor has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in the Official Statement in accordance with, and as part of, its responsibility 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.

AG makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under "MUNICIPAL BOND INSURANCE" and "APPENDIX B."

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 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, and to the extent that information actually comes to its attention, other matters described in the Official Statement until delivery of the Bonds to the Initial Purchaser and thereafter only as specified in "OFFICIAL STATEMENT—Updating of Official Statement."

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, Rule 15c2-12 of the Securities and Exchange Commission of the United States.

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APPENDIX A - FINANCIAL STATEMENTS OF THE DISTRICT

APPENDIX B SPECIMEN MUNICIPAL BOND INSURANCE POLICY

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid resulting in the lowest net interest cost, which was tendered by Raymond James & Associates (the "Initial Purchaser"). The Initial Purchaser has agreed to purchase the Bonds, bearing the interest rates shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS AND CUSIPS" on the inside cover page of this Official Statement, at a price of 97.024557% of the principal amount thereof, which resulted in a net effective interest rate of 5.136436%, calculated pursuant to Chapter 1204, Texas Government Code, as amended.

Prices and Marketability

The District has no control over the reoffering yields or prices of the Bonds or 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 prices of the Bonds may be greater than the difference between the bid and asked prices 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.

The prices and other terms with respect to the offering and sale of the Bonds may be changed from time to time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial reoffering prices, including sales to dealers who may sell the Bonds into investment accounts. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE INITIAL PURCHASER 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.

Securities Laws

No registration statement relating to 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 jurisdictions. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any 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 should 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.

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Inc. ("AG") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, Maryland, California, Connecticut or Florida insurance law.

Assured Guaranty Inc.

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL" and together with its subsidiaries, "Assured Guaranty"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO." AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets, and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates, and in the annuity reinsurance business through Assured Life Reinsurance Ltd. Only AG

is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A1" (stable outlook) by Moody's Ratings ("Moody's"). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On August 3, 2026, KBRA announced that it had affirmed AG's insurance financial strength rating of "AA+" (stable outlook).

On July 27, 2026, Moody's announced that it had affirmed AG's insurance financial strength rating of "A1" (stable outlook).

On July 17, 2026, S&P announced that it had affirmed AG's financial strength rating of "AA" (stable outlook).

AG can give no assurance as to any further ratings action that S&P, Moody's and/or KBRA may take. For more information regarding AG's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

Capitalization of AG

At June 30, 2026:

- The policyholders' surplus of AG was approximately $3,088 million.
- The contingency reserve of AG was approximately $1,569 million.
- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately $2,411 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG and (ii) the net unearned premium reserves and net deferred ceding commissions of AG's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK"), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus, contingency reserve, and net unearned premium reserves and net deferred ceding commission income of AG were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AG are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2025 (filed by AGL with the SEC on February 27, 2026);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2026 (filed by AGL with the SEC on May 8, 2026); and

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2026 (filed by AGL with the SEC on August 7, 2026).

All information relating to AG included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Inc.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AG included herein under the caption "MUNICIPAL BOND INSURANCE—Assured Guaranty Inc." or included in a document incorporated by reference herein (collectively, the "AG Information") shall be modified or superseded to the extent that any subsequently included AG Information (either directly or through incorporation by reference) modifies or supersedes such previously included AG Information. Any AG Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AG makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading "MUNICIPAL BOND INSURANCE."

RATINGS

The Bonds are expected to receive an insured rating of "AA" (stable outlook) from S&P solely in reliance upon the issuance and delivery of the Policy by AG at the time of delivery of the Bonds. An explanation of the ratings of S&P may only be obtained from S&P. S&P is located at 55 Water Street, New York, New York 10041, telephone number (212) 208-8000 and has engaged in providing ratings for corporate bonds since 1923 and municipal bonds since 1940. Long-term debt ratings assigned by S&P reflect its analysis of the overall level of credit risk involved in financings. At present, S&P assigns long-term debt ratings with symbols "AAA" (the highest rating) through "D" (the lowest rating). The ratings express only the view of S&P at the time the ratings are given. Furthermore, a security rating is not a recommendation to buy, sell, or hold securities. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if in its judgment, circumstances so warrant.

The Bonds are expected to receive an insured rating of "A1" from Moody's Ratings ("Moody's") solely in reliance upon the issuance and delivery of the Policy by AG at the time of delivery of the Bonds. Moody's has assigned an underlying credit rating of "Baa3" to the Bonds. An explanation of the rating may be obtained from Moody's, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. Furthermore, a security rating is not a recommendation to buy, sell or hold securities. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by Moody's, if in their judgment, circumstances so warrant. Any such revisions or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

The District is not aware of any rating assigned to the Bonds other than the ratings discussed above.

OFFICIAL STATEMENT SUMMARY

The following information is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

THE BONDS

The District	Kaufman County Fresh Water Supply District No. 4B (the "District") is a political subdivision of the State of Texas, located within Kaufman County, Texas. See "THE DISTRICT."
The Bonds	The District is issuing $3,500,000 Unlimited Tax Utility Bonds, Series 2026 (the "Bonds"). The Bonds are dated December 1, 2026 and interest accrues from the date of delivery (on or about December 3, 2026) (the "Date of Delivery"), at the rates set forth on the inside cover page hereof. Interest is payable on March 1, 2027, and on each September 1 and March 1 thereafter until maturity or earlier redemption. The Bonds mature on September 1 in the years and amounts set forth on the inside cover page. The Bonds are offered in fully registered form in integral multiples of $5,000 for any one maturity. See "THE BONDS."
Redemption Provisions	*Optional Redemption:* The Bonds maturing on and after September 1, 2033, are subject to redemption, in whole or from time to time in part, at the option of the District on December 1, 2032, and on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date of redemption. See "THE BONDS—Redemption Provisions—*Optional Redemption*." *Mandatory Redemption:* The Bonds maturing on September 1, 2041 are term bonds (the "Term Bonds") and are subject to certain mandatory sinking fund redemption provisions as set forth herein under "THE BONDS—Redemption Provisions—*Mandatory Redemption.*"
Book-Entry Only System	The Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the book-entry-only system described herein. Beneficial ownership of the Bonds may be acquired in principal denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the Beneficial Owners (herein defined) thereof. Principal of and interest on the Bonds will be payable by BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"), to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the Beneficial Owners of the Bonds. See "THE BONDS—Book-Entry-Only System."
Source of Payment	Principal of and interest on the Bonds is payable from the proceeds of a continuing direct annual ad valorem tax, levied upon all taxable property within the District without legal limitation as to rate or amount. The Bonds are obligations solely of the District and are not obligations of the State of Texas; Kaufman County, Texas; the City of Crandall, Texas; or any other political subdivision or entity other than the District. See "THE BONDS—Source of Payment."
Payment Record	The Bonds are the District's third (3rd) issuance of unlimited tax bonds issued by the District for the purpose of acquiring or constructing water, wastewater and drainage facilities to serve the District (the "Utility System"). The District has previously issued two

(2) series of unlimited tax bonds for the purpose of acquiring or constructing road improvements to serve the District (the "Road System). The District has never defaulted on the timely payment of principal and interest on its prior indebtedness. See "THE BONDS—Source of Payment."

Authority for Issuance..... Voters of the District have authorized the District's issuance of $121,867,900 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, wastewater and drainage facilities to serve the District (the "Utility System"); $81,235,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing road improvements to serve the District (the "Road System"); $182,801,850 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Utility System; and $121,852,500 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Road System.

After issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: $104,252,900 for the purpose of acquiring or constructing the Utility System; $73,255,000 for the purpose of acquiring or constructing the Road System; $182,801,850 for the purpose of refunding bonds issued by the District for the Utility System; and $121,852,500 for the purpose of refunding bonds issued by the District for the Road System. See "THE BONDS—Issuance of Additional Debt."

The Bonds are issued pursuant to (i) the bond order authorizing the issuance of the Bonds (the "Bond Order") adopted by the Board of Supervisors of the District (the "Board") on the date of the sale of the Bonds, (ii) Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, particularly Chapters 49 and 53 of the Texas Water Code, as amended, (iii) an election held by the District on May 1, 2021 and (iv) an approving order of the Texas Commission on Environmental Quality (the "TCEQ"). See "THE BONDS—Authority for Issuance."

Outstanding Bonds..... The District has previously issued two (2) series of unlimited tax bonds for the purpose of acquiring or constructing the Utility System and two (2) series of unlimited tax bonds for the purpose of acquiring or constructing the Road System. At the time of delivery of the Bonds, $21,640,000 principal amount in aggregate of such previously issued debt will remain outstanding (the "Outstanding Bonds").

Use and Distribution of Bond Proceeds..... Proceeds from the sale of the Bonds will be used by the District to reimburse the Developer (defined herein) for the water and wastewater improvements and related costs shown under "THE BONDS—Use and Distribution of Bond Proceeds." Additionally, proceeds from the sale of the Bonds will be used to pay developer interest and other certain costs associated with the issuance of the Bonds. See "THE BONDS—Use and Distribution of Bond Proceeds."

Qualified Tax-Exempt Obligations..... The Bonds have been designated as "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS—Qualified Tax-Exempt Obligations for Financial Institutions."

Municipal Bond Insurance..... Assured Guaranty, Inc. ("AG"). See "MUNICIPAL BOND INSURANCE."

Ratings..... Moody's (AG insured): "A1." S&P (AG insured): "AA." Moody's (underlying): "Baa3." See "MUNICIPAL BOND INSURANCE" and "RATINGS" above.

Bond Counsel..... Coats Rose, P.C., Dallas, Texas. See "LEGAL MATTERS."

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

Financial Advisor..... Cedar Creek Municipal Advisors, LLC, Irving, Texas.

Paying Agent/Registrar..... BOKF, NA, Dallas, Texas.

THE DISTRICT

Description..... Kaufman County Fresh Water Supply District No. 4 (the "Original District") was created by an order of the Commissioners Court of Kaufman County effective June 30, 2008. The District was duly created by division of the Original District at an election held on May 8, 2010. The District is a political subdivision of the State of Texas, located in Kaufman County, approximately 23 miles southeast of the City of Dallas. The District is north of US Highway 175. All of the land within the District is within the extraterritorial jurisdiction of the City of Crandall. The District contains approximately 320 acres. See "THE DISTRICT—General" and "—Description."

Authority..... 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, including particularly Chapters 49 and 53 of the Texas Water Code, as amended. See "THE DISTRICT—General."

Developer and Principal Landowner..... Texas 903 Partners, LP ("Texas 903"), was formed for the purpose of acquiring approximately 320 acres of land within the District and holding for investment and sale such land to SOCFM (as described below). Texas 903 is controlled by Patrick E. Sessions.

As of October 1, 2026, Texas 903 owns approximately 117 acres within the District.

SOCFM Developer LLC ("SOCFM"), a Texas limited liability company, and its related entities have developed approximately 203 acres of land within the District as the master-planned community known as "Wildcat Ranch." SOCFM is managed by SOCFM Developer Manager, LLC, which is controlled by Patrick E. Sessions. According to SOCFM, SOCFM's primary assets consist of (i) its land in the District and Kaufman Fresh Water Supply District No. 4A, and (ii) receivables due from the District and Kaufman Fresh Water Supply District No. 4A.

PMB Capital Investments ("PMB") acts as project manager for the development operations on the lands owned by SOCFM. PMB is acting as the Project Manager for development activities in the District for SOCFM pursuant to a fee contract. PMB has handled all negotiations with respect to the acquisition of the water and sewer capacity to serve Wildcat Ranch and serves as a liaison between SOCFM and the District. As Project Manager, PMB is responsible for overseeing the installation of roads, water, wastewater and drainage services and the amenities within Wildcat Ranch.

To date, SOCFM and its related entities have developed approximately 203 acres as Wildcat Ranch, Phases 3, 4, and 5 (893 single-family lots).

SOCFM and its related entities are referred to herein as the "Developer." The Developer is not responsible or liable for, nor does the Developer have any commitment for, payment of the Bonds. The

	Developer does not have any legal commitment to the District or the owners of the Bonds to continue development of land within the District and the Developer may sell or otherwise dispose of property within the District, or any assets, at any time. Further, the financial condition of the Developer is subject to change at any time.
Development within the District	To date, approximately 203 acres within the District have been developed with water distribution, sanitary sewer and storm drainage and road facilities to serve the single-family residential subdivisions of Wildcat Ranch, Phases 3, 4, and 5 (893 single-family lots). As of October 1, 2026, the District was comprised of approximately 743 completed homes (720 occupied homes and 23 unoccupied homes); 6 homes under construction; and 144 vacant developed lots. The remaining acreage within the District is comprised of approximately 91 undeveloped but developable acres and 27 undevelopable acres. See "DEVELOPMENT OF THE DISTRICT."
Homebuilders Within the District	The active homebuilders within the District are D.R. Horton and DRB Homes. Home prices range from approximately $225,000 to $360,000 and range in size from approximately 1,300 to 2,400 square feet. See "DEVELOPER" and "DEVELOPMENT OF THE DISTRICT."

INVESTMENT CONSIDERATIONS

THE BONDS ARE SUBJECT TO CERTAIN INVESTMENT CONSIDERATIONS. PROSPECTIVE PURCHASERS SHOULD REVIEW THIS ENTIRE OFFICIAL STATEMENT, INCLUDING PARTICULARLY THE SECTION OF THIS OFFICIAL STATEMENT ENTITLED "INVESTMENT CONSIDERATIONS," BEFORE MAKING AN INVESTMENT DECISION.

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SELECTED FINANCIAL INFORMATION

(UNAUDITED)

2026 Assessed Valuation	$ 171,416,881	(a)
Estimated Valuation as of October 1, 2026	$ 201,100,131	(b)
Direct Debt		
The Outstanding Bonds	$ 21,640,000	
The Bonds	$ 3,500,000	
Total	$ 25,140,000	
Estimated Overlapping Debt	$ 17,824,929	(c)
Total Direct and Estimated Overlapping Debt	$ 42,964,929	(c)
Direct Debt Ratios:		
As a Percentage of 2026 Assessed Valuation	14.67 %	
As a Percentage of Estimated Valuation as of October 1, 2026	12.50 %	
Direct and Estimated Overlapping Debt Ratios:		
As a Percentage of 2026 Assessed Valuation	25.06 %	
As a Percentage of Estimated Valuation as of October 1, 2026	21.36 %	
Utility System Debt Service Fund Balance (as of October 7, 2026)	$ 488,723	(d)
Road System Debt Service Fund Balance (as of October 7, 2026)	$ 183,360	(e)
General Operating Fund Balance (as of October 7, 2026)	$ 120,996	
2026 Tax Rate		
Utility Debt Service	$0.6000	
Road Debt Service	$0.3275	
Maintenance and Operations	$0.0725	
Total	$1.0000	
Average Annual Debt Service Requirement on the Bonds and the Outstanding Bonds (2027–2051)	$ 1,659,301	(f)
Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2028)	$ 1,799,038	(f)
Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2027–2051):		
Based on 2026 Assessed Valuation at 95% Tax Collections	$ 1.02	
Based on Estimated Valuation as of October 1, 2026, at 95% Tax Collections	$ 0.87	
Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirement on the Bonds and the Outstanding Bonds (2028):		
Based on 2026 Assessed Valuation at 95% Tax Collections	$ 1.11	
Based on Estimated Valuation as of October 1, 2026, at 95% Tax Collections	$ 0.95	
Single-Family Homes as of October 1, 2026	749	(g)

(a) Represents the taxable assessed valuation as of January 1, 2026, of all taxable property in the District, as provided by the Appraisal District (hereinafter defined) upon certification of its 2026 tax rolls. See "TAX DATA" and "TAXING PROCEDURES."

(b) Provided by the Appraisal District for informational purposes only. This amount is an estimate of the taxable value of all taxable property located within the District as of October 1, 2026, and includes an estimate of additional taxable value resulting from the construction of taxable improvements from January 1, 2026, through October 1, 2026. No taxes will be levied on this estimated value. See "TAXING PROCEDURES."

(c) See "DISTRICT DEBT—Direct and Estimated Overlapping Debt Statement."

(d) Neither Texas law nor the Bond Order require that the District maintain any particular sum in the Utility System Debt Service Fund (defined herein). Funds in the Utility System Debt Service Fund are pledged only to pay the debt service on the Outstanding Bonds issued for the Utility System, the Bonds, and any other bonds issued for the purpose of acquiring or constructing the Utility System. Funds in the Utility System Debt Service Fund are not pledged to pay debt service on any other bonds issued for the purpose of acquiring or constructing the Road System.

(e) Neither Texas law nor the Bond Order require that the District maintain any particular sum in the Road System Debt Service Fund (herein defined). Funds in the Road System Debt Service Fund are pledged only to pay debt service on the Outstanding Bonds issued for the Road System, and any other bonds issued for the purpose of acquiring or constructing the Road System. Funds in the Road System Debt Service Fund are not pledged to pay debt service on any bonds issued for the purpose of acquiring or constructing the Utility System, such as the Bonds.

(f) See "DISTRICT DEBT—Debt Service Requirement Schedule."

(g) Includes 6 homes under construction. See "DEVELOPMENT OF THE DISTRICT—Status of Development within the District."

OFFICIAL STATEMENT

relating to

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4B
(A Political Subdivision of the State of Texas, located within Kaufman County)

$3,500,000
Unlimited Tax Utility Bonds
Series 2026

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Kaufman County Fresh Water Supply District No. 4B (the "District") of its $3,500,000 Unlimited Tax Utility Bonds, Series 2026 (the "Bonds").

The Bonds are issued pursuant to (i) the bond order authorizing the issuance of the Bonds (the "Bond Order") adopted by the Board of Supervisors of the District (the "Board") on the date of sale of the Bonds, (ii) Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, particularly Chapters 49 and 53 of the Texas Water Code, as amended, (iii) an election held by the District on May 1, 2021, and (iv) an approving order of the Texas Commission on Environmental Quality (the "TCEQ").

Certain capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Order, except as otherwise indicated herein.

This Official Statement includes descriptions of the Bonds, the Developer (defined herein), and the Bond Order and information about the District and certain reports and other statistical data. The summaries and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive and each summary and reference is qualified in its entirety by reference to each such document, statute, report or instrument.

THE BONDS

General

The following is a description of certain terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Order of the Board authorizing the issuance of the Bonds. Copies of the Bond Order may be obtained from the District upon request and payment of the costs for duplication thereof. The Bond Order authorizes the issuance and sale of the respective series of Bonds and prescribes the terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the District.

The Bonds are dated December 1, 2026. The Bonds will mature on September 1 of the years and in principal amounts and will bear interest at the rates per annum set forth on the inside cover page of this Official Statement. Interest on the Bonds accrues from the initial date of delivery (expected to be on or about December 3, 2026) (the "Date of Delivery"), with interest payable on March 1, 2027, and each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption.

The Bonds will be issued only in fully registered form in any integral multiples of $5,000 of principal amount for any one maturity and will be initially registered and delivered only to DTC (hereinafter defined) in its nominee name of Cede & Co., pursuant to the book-entry-only system described herein. No physical delivery of the Bonds will be made to the owners thereof. Initially, principal of and interest on the Bonds will be payable by BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"), the Paying Agent/Registrar to Cede & Co., as registered owner. DTC will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "—Book-Entry-Only System" below.

In the event the Book-Entry-Only System is discontinued and physical bond certificates issued, interest on the Bonds shall be payable by check mailed by the Paying Agent/Registrar on or before each interest payment date, to the registered owners of the Bonds ("Registered Owner(s)" as shown on the bond register (the "Register") kept by the Paying Agent/Registrar at the close of business on the 15th calendar day of the month immediately preceding each interest payment date to the address of such Registered Owner as shown on the Register, or by

such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and the Registered Owner at the risk and expense of such Registered Owner.

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 without additional interest and with the same force and effect as if made on the specified date for such payment.

Book-Entry-Only System

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York ("DTC"), while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The District cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and 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 procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC 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 required by an authorized representative of DTC. One fully-registered Bond certificate will be issued for the Bonds, in the aggregate principal amount of such issue, 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 of AA+ from S&P Global Ratings. 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 purchase 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.

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

Redemption proceeds, principal, and interest 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 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 securities 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. Payment of redemption proceeds, principal and interest 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 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 the section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Bonds are in the book-entry form, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the book-entry system, and (ii) except as described above, notices that are to be given to registered owners under the Bond Order will be given only to DTC.

Successor Paying Agent/Registrar

The Board has selected BOKF, NA, Dallas, Texas, as the initial Paying Agent/Registrar for the Bonds. The initial designated payment office for the Bonds is located in Dallas, Texas. Provision is made in the Bond Order for

removal of the Paying Agent/Registrar, provided that no such removal shall be effective until a successor paying agent/registrar shall have accepted the duties of the Paying Agent/Registrar under the provisions of the Bond Order. Any successor paying agent/registrar selected by the District shall be a corporation organized and doing business under the laws of the United States of America or any state authorized under such laws to exercise trust powers, shall have a combined capital and surplus of at least $50,000,000, shall be subject to supervision or examination by federal or state authority, shall be registered as a transfer agent with the United States Securities and Exchange Commission ("SEC") and shall have a corporate trust office in the State of Texas.

Registration, Transfer and Exchange

In the event the Book-Entry-Only system is discontinued, the Bonds are transferable only on the bond register kept by the Paying Agent/Registrar upon surrender at the principal payment office of the Paying Agent/Registrar in Dallas, Texas. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. At any time after the date of initial delivery, any Bond may be transferred upon its presentation and surrender at the designated offices of the Paying Agent/Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner. The Bonds are exchangeable upon presentation at the designated office(s) of the Paying Agent/Registrar, for an equal principal amount of Bonds of the same series and maturity in authorized denominations. To the extent possible, new Bonds issued in exchange or transfer of Bonds will be delivered to the Registered Owner or assignee of the Registered Owner within not more than three (3) business days after the receipt by the Paying Agent/Registrar of the request in proper form to transfer or exchange the Bonds. New Bonds registered and delivered in an exchange or transfer shall be in the denomination of $5,000 in principal amount for a Bond, or any integral multiple thereof for any one maturity and shall bear interest at the same rate and be for a like aggregate principal or maturity amount as the Bond or Bonds surrendered for exchange or transfer. Neither the Paying Agent/Registrar nor the District is required to issue, transfer, or exchange any Bond during a period beginning at the opening of business on a Record Date and ending at the close of business on the next succeeding Interest Payment Date or to transfer or exchange any Bond selected for redemption, in whole or in part, beginning fifteen (15) calendar days prior to, and ending on the date of the mailing of notice of redemption, or where such redemption is scheduled to occur within thirty (30) calendar days. No service charge will be made for any transfer or exchange, but the District or Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

Mutilated, Lost, Stolen or Destroyed Bonds

In the event the Book-Entry-Only System should be discontinued, the District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds to the Paying Agent/Registrar, or receipt of satisfactory evidence of such destruction, loss or theft, and receipt by the District and the Paying Agent/Registrar of security or indemnity which they determine to be sufficient to hold them harmless. The District may require payment of taxes, governmental charges and other expenses in connection with any such replacement.

Redemption Provisions

Optional Redemption: Bonds maturing on September 1, 2033, and thereafter shall be subject to redemption and payment at the option of the District, in whole or from time to time in part, on December 1, 2032, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date by sending such 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 bond register. If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed shall be selected by the District. If less than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds or portions thereof to be redeemed will be selected by the Paying Agent/Registrar prior to the redemption date by such random method as the Paying Agent/Registrar deems fair and appropriate in integral multiples of $5,000 within any one maturity. The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present such Bond to the Paying Agent/Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

Mandatory Redemption: The Bonds maturing on September 1, 2041 are term bonds (the "Term Bonds") and shall be redeemed by lot or other customary method of random selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form) prior to maturity, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the "Mandatory Redemption Date"), and in the principal amount set forth in the following schedule:

$285,000 Term Bonds Maturing on September 1, 2041

Mandatory Redemption Date	Principal Amount
September 1, 2040	$ 140,000
September 1, 2041 (Maturity)	145,000

On or before 30 days prior to each Mandatory Redemption Date set forth above, the Paying Agent/Registrar shall (i) determine the principal amount of such Term Bonds that must be mandatorily redeemed on such Mandatory Redemption Date, after taking into account deliveries for cancellation and optional redemptions as more fully provided for below, (ii) select, by lot or other customary random method, the Term Bonds or portions of the Term Bonds of such maturity to be mandatorily redeemed on such Mandatory Redemption Date, and (iii) give notice of such redemption as provided in the Bond Order. The principal amount of the Term Bonds to be mandatorily redeemed on such Mandatory Redemption Date, either has been purchased in the open market and delivered or tendered for cancellation by or on behalf of the District to the Paying Agent/Registrar or optionally redeemed and which, in either case, has not previously been made the basis for a reduction under this sentence.

Authority for Issuance

At an election held within the District on May 1, 2021, voters of the District authorized the issuance of $121,867,900 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the water, sewer, and drainage system to serve the District (the "Utility System"); $81,235,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing roads and improvements in aid thereof to serve the District (the "Road System"); $182,801,850 principal amount for the purpose of refunding bonds issued by the District for the Utility System; and $121,852,500 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Road System.

The Bonds are issued pursuant to (i) Article XVI, Section 59 of the Texas Constitution, (ii) the general laws of the State of Texas, including particularly Chapters 49 and 53 of the Texas Water Code, as amended, (iii) the Bond Order, (iv) an election held within the District on May 1, 2021, and (v) an approving order of the TCEQ.

Source of Payment

The Bonds are payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. In the Bond Order, the District covenants to levy a sufficient tax to pay principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collections, and certain fees. Tax proceeds, after deduction for collection costs, will be placed in the Utility System Debt Service Fund and used solely to pay principal of and interest on the Bonds, the Outstanding Bonds issued for the Utility System, and additional bonds payable from taxes which may hereafter be issued for the Utility System.

The Bonds are obligations solely of the District and are not the obligations of the State of Texas; Kaufman County; the City of Crandall; or any entity other than the District.

Issuance of Additional Debt

The District may issue additional bonds with the approval of the TCEQ (with respect to the bonds for the Utility System) necessary to provide improvements and facilities consistent with the purposes for which the District was created. The District's voters have authorized the issuance of $121,867,900 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System; $81,235,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System; $182,801,850 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Utility System; and $121,852,500 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Road System.

The Bonds represent the third (3rd) series of bonds issued by the District for the purpose of acquiring or constructing the Utility System. The District has previously issued two (2) series of bonds issued by the District for the purpose of acquiring or constructing the Road System. After issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: $104,252,900 for the purpose of acquiring or constructing the Utility System; $73,255,000 for the purpose of acquiring or constructing the Road System; $182,801,850 for the purpose of refunding bonds issued by the District for the Utility System, and $121,852,500 for the purpose of refunding bonds issued by the District for the Road System. The District may also issue any additional bonds as may hereafter be approved by both the Board of Supervisors and voters of the District as well as certain additional bonds, revenue bonds, special project bonds, and other obligations as described in the Bond Order. The Bond Order imposes no limitation on the amount of additional parity bonds which may be issued by the District (if authorized by the District's voters and, in the case of bonds for the Utility System, approved by the TCEQ).

Based on present engineering cost estimates and development plans, in the opinion of the District's Engineer, the remaining $104,252,900 principal amount of authorized but unissued unlimited tax bonds for purpose of acquiring or constructing the Utility System will be sufficient to fully finance utility facilities to serve the remaining undeveloped but developable land within the District.

Based on present engineering cost estimates and development plans, in the opinion of the District's Engineer, the remaining $73,255,000 principal amount of authorized but unissued unlimited tax bonds for purpose of acquiring or constructing the Road System will be sufficient to fully finance road facilities to serve the remaining undeveloped but developable land within the District.

Following reimbursement with proceeds of the Bonds, the District will owe the Developer approximately $8,410,000 for expenditures to construct the Utility System and approximately $9,390,000 for expenditures to construct the Road System. Such expenditures are expected to increase as development continues within the District.

No Arbitrage

The District will certify, on the date of delivery of the Bonds, 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 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.

Annexation

Chapter 42, Texas Local Government Code, provides that, within the limits described therein, the unincorporated area contiguous to the corporate limits of any municipality comprises that municipality's extraterritorial jurisdiction ("ETJ"). The size of an ETJ depends in part on the municipality's population. With certain exceptions, a municipality may annex territory only within the confines of its ETJ. When a municipality annexes additional territory, the municipality's ETJ expands in conformity with such annexation.

The District lies wholly within the ETJ of the City of Crandall, Texas. Under current law, certain portions of the District may be annexed and dissolved by the City of Crandall only if (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% of the land in the area, a petition has been signed by more than 50% of the land owners, consenting to annexation. If the District is annexed, the City of Crandall must assume the District's assets and obligations (including the Bonds) and abolish the District

within ninety (90) days of the date of annexation. Annexation of territory by the City of Crandall is a policy-making matter within the discretion of the Mayor and City Council of the City of Crandall, and therefore, the District makes no representation that the City of Crandall will ever annex the District and assume its debt. Moreover, no representation is made concerning the ability of the City of Crandall to make debt service payments should annexation occur. The Bond Order provides for the termination of the pledge of taxes to the Bonds upon annexation and dissolution by a city.

Consolidation

A district (such as the District) has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its assets, such as cash and the Utility System, with the water and wastewater system of districts with which it is consolidating as well as its liabilities (which would include the Bonds). No representation is made concerning the likelihood of consolidation, but the District currently has no plans to do so.

Outstanding Bonds

The District has previously issued two (2) series of unlimited tax bonds for the purpose of acquiring or constructing the Utility System and two (2) series of unlimited tax bonds for the purpose of acquiring or constructing the Road System. At the time of delivery of the Bonds, $21,640,000 principal amount in aggregate of such previously issued debt will remain outstanding (the "Outstanding Bonds").

Funds

The Bond Order confirms the District's fund for debt service on the Bonds, the Outstanding Bonds issued for the Utility System, and any additional unlimited tax bonds issued by the District for the Utility System (the "Utility System Debt Service Fund"). The Utility System Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the Bonds, the Outstanding Utility Bonds and any additional unlimited tax bonds issued by the District for the Utility System, is to be kept separate from all other funds of the District, and is to be used for payment of debt service on the Outstanding Utility Bonds, the Bonds, and any of the District's other duly authorized bonds issued for the Utility System payable in whole or in part from taxes. Amounts on deposit in the Utility System Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Outstanding Utility Bonds, the Bonds, and any additional bonds for the Utility System payable in whole or in part from taxes, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due. Amounts on deposit in the Utility System Debt Service Fund may not be used to pay debt service on bonds issued by the District for the Road System.

The District's fund for debt service on bonds issued for the Road System (the "Road System Debt Service Fund") constitutes a trust fund for the benefit of the owners of bonds issued for the Road System, including the Outstanding Bonds issued for the Road System. Funds in the Road System Debt Service Fund are to be kept separate from all other funds of the District, and is to be used for payment of debt service on bonds issued for the Road System, including the Outstanding Bonds used for the Road System, and any of the District's duly authorized bonds issued for the Road System payable in whole or in part from taxes. Amounts on deposit in the Road System Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest and principal of bonds issued for the Road System, including the Outstanding Bonds issued for the Road System, payable in whole or in part from taxes, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due. Amounts on deposit in the Road System Debt Service Fund may not be used to pay debt service on bonds issued by the District for the Utility System, such as the Bonds.

Defeasance

The Bond Order 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 of (ii) by depositing with any place of payment (paying agent) for obligations of the District payable from revenues or from ad valorem taxes or both or with a commercial bank or trust company designated in the proceedings authorizing such discharge, 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, including obligations that are unconditionally guaranteed by 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. The foregoing obligations may be in book entry form, and shall 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. If any of such Bonds are to be redeemed prior to their respective dates of maturity, provision must have been made for giving notice of redemption as provided in the Bond Order.

There is no assurance that the current law will not be changed in a manner which would permit other investments to be made with amounts deposited to defease the Bonds. Because the Bond Order does not contractually limit such investments, Registered Owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as currently permitted under Texas law. There is also no assurance that any investment held for such discharge will maintain its rating.

Legal Investment and Eligibility to Secure Public Funds in Texas

The following is an excerpt 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 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.

Registered Owners' Remedies

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 in the Bond Order, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the Registered Owners have the right to seek 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 Order. Except for mandamus, the Bond Order 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, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners.

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 Order 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 District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District 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.

Use and Distribution of Bond Proceeds

Proceeds from the sale of the Bonds will be used by the District to reimburse the Developer for the water and wastewater improvements and related costs shown below. Additionally, proceeds from the sale of the Bonds will be used to pay developer interest and other certain costs associated with the issuance of the Bonds.

Construction Costs		
1. Wildcat Ranch, Phase 3	$	361,972
2. Wildcat Ranch, Phase 4		2,274,432
Total Construction Costs	$	2,636,404
Non-Construction Costs		
1. Legal Fees	$	102,500
2. Fiscal Agent Fees		70,000
3. Developer Interest		476,388
4. Bond Discount		104,141
5. Bond Issuance Expense		53,318
6. Bond Application Report Costs		45,000
7. Attorney General's Fee		3,500
8. TCEQ Fee		8,750
Total Non-Construction Costs	$	863,596
Total Bond Issue Requirement	**$**	**3,500,000**

In the instance that estimated amounts exceed the actual costs, the difference comprises a surplus which may be expended for approved uses in accordance with the TCEQ. In the instance that actual costs exceed previously approved estimated amounts and contingencies, the issuance of additional bonds may be required. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

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THE DISTRICT

General

The District is a limited-purpose political subdivision of the State of Texas operating as a fresh water supply district pursuant to Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution. Kaufman County Fresh Water Supply District No. 4 (the "Original District") was created by an order of the Commissioners Court of Kaufman County effective June 30, 2008. The District was duly created by division of the Original District at an election held on May 8, 2010. The District is vested with all the rights, privileges, authority and functions conferred by the laws of the State of Texas applicable to utility districts, including without limitation those conferred by Chapters 49 and 53, Texas Water Code, as amended. In addition, the District is authorized to purchase, construct, operate and maintain roads. The District is also authorized to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater; the control and diversion of storm water. The District may also provide solid waste collection and disposal service and operate and maintain recreational facilities. The District may operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, if approved by the voters and the TCEQ. The District does not operate and/or maintain a fire department. The District is subject to the continuing supervision of the TCEQ.

Description

The District is located in central Kaufman County, approximately 23 miles southeast of the City of Dallas, Texas and is located wholly within the extraterritorial jurisdiction of the City of Crandall, Texas. The District includes the residential subdivision being marketed as Wildcat Ranch. The District contains approximately 320 acres.

Management of the District

The District is governed by the Board consisting of five supervisors, who have control over and management supervision of all affairs of the District. All of the Supervisors own property within the District. The Supervisors serve four-year staggered terms. Elections are held in May of even-numbered years. The current members and officers of the Board are listed below:

Name	Position	Term Expires May
Blake Burkhardt	President	2030
Rachel Ross	Vice President	2030
Justin Hester	Secretary	2028
Ana Lam	Assistant Secretary	2028
Mark Taylor	Assistant Secretary	2028

Consultants

Although the District does not have a general manager or any other full-time employees, it has contracted for bookkeeping, tax assessing and collecting, auditing, engineering, and legal services as follows:

Tax Assessor/Collector: The District's Tax Assessor/Collector is the Kaufman County Tax Office.

Bookkeeper: The District has engaged L&S District Services, LLC, for bookkeeping services.

Utility System Operator: The District's operator is Inframark, LLC.

Auditor: As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which annual audit is filed with the TCEQ. A copy of the District's audit prepared by McCall Gibson Swedlund Barfoot Ellis PLLC, for the fiscal year ended August 31, 2025, is included as "APPENDIX A" to this Official Statement. The District has engaged McCall Gibson Swedlund Barfoot Ellis PLLC to prepare the audit for fiscal year ended August 31, 2026.

Engineer: The District's engineer is LJA Engineering, Inc. (the "Engineer").

Consulting Engineer: The District engaged Jones-Heroy & Associates, Inc. to prepare the summary of cost for the Bonds.

Bond Counsel and General Counsel: The District has engaged Coats Rose, P.C., Dallas, Texas, as Bond Counsel in connection with the issuance of the Bonds. The legal fees to be paid 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 on the sale and delivery of the Bonds. Coats Rose, P.C. also acts as general counsel for the District.

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

Financial Advisor: The District has engaged the firm of Cedar Creek Municipal Advisors, LLC as financial advisor to the District (the "Financial Advisor"). Payment to the Financial Advisor by the District is contingent upon the issuance, sale and delivery of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

Investment Policy

The District has adopted an Investment Policy (the "Policy") as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act"). The District's goal is to preserve principal and maintain liquidity in a diversified portfolio while securing a competitive yield on its portfolio. Funds of the District are to be invested only in accordance with the Policy. The Policy states that the funds of the District may be invested in short term obligations of the U.S. or its agencies or instrumentalities, in certificates of deposits insured by the Federal Deposit Insurance Corporation and secured by collateral authorized by the Act, and in TexPool and TexStar, which are 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 portfolio.

DEVELOPMENT OF THE DISTRICT

Status of Development within the District

To date, approximately 203 acres within the District have been developed with water distribution, sanitary sewer and storm drainage and road facilities to serve the single-family residential subdivisions of Wildcat Ranch, Phases 3, 4, and 5 (893 lots). As of October 1, 2026, the District was comprised of approximately 743 completed homes (720 occupied homes and 23 unoccupied homes); 6 homes under construction; and 144 vacant developed lots. The remaining acreage within the District is comprised of approximately 91 undeveloped but developable acres and approximately 27 undevelopable acres.

The table below summarizes the status of development within the District as of October 1, 2026:

			Homes		
	Approximate Acreage	**Lots**	**Homes Completed**	**Homes Under Construction**	**Vacant Developed Lots**
Wildcat Ranch, Phase 3	16	71	71	–	–
Wildcat Ranch, Phase 4	117	549	549	–	–
Wildcat Ranch, Phase 5	70	273	123	6	144
Totals (a)	203	893	743	6	144
Remaining Developable	91				
Undevelopable	27				
Total	320				

(a) Includes platted open space lots for floodplain.

Homebuilders within the District

The homebuilders within the District are D.R. Horton and DRB Homes. See "DEVELOPER—Lot Sales Contracts." Home prices range from approximately $225,000 to $360,000 and range in size from approximately 1,300 to 2,400 square feet.

PHOTOGRAPHS TAKEN IN THE DISTRICT

(September 2025)













PHOTOGRAPHS TAKEN IN THE DISTRICT

(September 2025)













DEVELOPER

Role of the Developer

In general, the activities of a developer in a fresh water supply district, such as the District, include the following: acquiring the land within the district, designing the subdivision, the utilities and streets to be constructed in the subdivision, and any community facilities to be built; defining a marketing program and building schedule; securing necessary governmental approvals and permits for development; arranging for the construction of roads and the installation of utilities; and selling improved lots and commercial reserves to builders and other developers or other third parties. Pursuant to the rules of the TCEQ, a developer can be required to pay up to 30% of the cost of constructing certain water, wastewater and drainage facilities in a fresh water supply district. The relative success or failure of a developer to perform such activities in the development of property within a fresh water supply district may have a profound effect on the security of the bonds issued by a district. A developer is generally under no obligation to a fresh water supply district to develop the property that it owns in a district. Furthermore, there is no restriction on a developer's right to sell any or all of the land that the developer owns within a fresh water supply district.

Developer and Principal Landowner

Texas 903 Partners, LP ("Texas 903"), was formed for the purpose of acquiring approximately 320 acres of land within the District and holding for investment and sale such land to SOCFM (as described below). Texas 903 is controlled by Patrick E. Sessions. Texas 903 continues to own approximately 117 acres within the District.

SOCFM Developer LLC ("SOCFM"), a Texas limited liability company, and related entities have developed approximately 203 acres of land within the District as the master-planned community known as "Wildcat Ranch." SOCFM is managed by SOCFM Developer Manager, LLC, which is controlled by Patrick E. Sessions. According to SOCFM, SOCFM's primary assets consist of (i) its land in the District and Kaufman Fresh Water Supply District No. 4A, and (ii) receivables due from the District and Kaufman Fresh Water Supply District No. 4A. To date, SOCFM and its related entities have developed approximately 203 acres (893 single-family lots) as Wildcat Ranch, Phases 3, 4, and 5.

PMB Capital Investments ("PMB") acts as project manager for the development operations on the lands owned by SOCFM. PMB is acting as the Project Manager for development activities in the District for SOCFM pursuant to a fee contract. PMB has handled all negotiations with respect to the acquisition of the water and sewer capacity to serve Wildcat Ranch and serves as a liaison between SOCFM and the District. As Project Manager, PMB is responsible for overseeing the installation of roads, water, wastewater and drainage services and the amenities with Wildcat Ranch.

SOCFM and its related entities are referred to herein as the "Developer." The Developer is not responsible or liable for, nor does the Developer have any commitment for, payment of the Bonds. The Developer does not have any legal commitment to the District or the owners of the Bonds to continue development of land within the District and the Developer may sell or otherwise dispose of property within the District, or any assets, at any time. Further, the financial condition of the Developer is subject to change at any time.

Lot Sales Contracts

The Developer has entered into lot sales contracts with D.R. Horton and DRB Homes for the lots developed as Wildcat Ranch, Phase 5. The contracts for the sale of lots between the Developer and the builders require that earnest money be deposited with a title company, typically 19% of the total price of the completed lots. The sales contracts establish certain required lot purchases quarterly, with the earnest money deposit being returned to the builders upon purchase of the last lots under each contract. The Developer's sole remedy for builders not purchasing lots in accordance with the contracts is cancellation of the contract and retention of the remaining earnest money on deposit.

According to the Developer, each of the builders is in compliance with their respective lot sale contracts. As of October 1, 2026, the total number of lots contracted and purchased by each builder for Wildcat Ranch, Phase 5 is listed below:

Builder	Total Lots Contracted	Total Lots Purchased
DRB Homes	83	0
D.R. Horton	190	190
Totals	273	190

THE SYSTEM

General

According to the Engineer, the water distribution, wastewater collection and storm water drainage facilities and roads constructed by the District (the "System") have been designed in accordance with accepted engineering practices and the requirements of all governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities including, among others, the TCEQ, the City of Crandall, and Kaufman County. According to the District's Engineer, the design of all such facilities has been approved by all required governmental agencies and, the water and sanitary sewer system has been inspected by the TCEQ.

Operation of the District's waterworks and sewer treatment facilities is subject to regulation by, among others, the Environmental Protection Agency and the TCEQ. In many cases, regulations promulgated by these agencies have become effective only recently and are subject to further development and revisions.

Description of the System

Wastewater Treatment and Conveyance System: The District entered into a Retail Sewer Service Agreement (the "Sewer Agreement") with Kaufman County Municipal Utility District No. 12 ("KC12") dated January 26, 2018. Pursuant to an agreement between the City of Mesquite, Texas and KC12, the City of Mesquite provides wholesale wastewater treatment capacity to serve the ultimate development of KC12 and all other districts within the master planned community that includes the District. KC12 agrees to provide sufficient wastewater treatment capacity to serve the needs of the District and to operate and maintain the wastewater treatment facilities within the District. To date, the Developer, on behalf of the District, has paid capacity fees sufficient to provide for wastewater treatment capacity to serve up to 1,500 equivalent single-family connections within the District ("ESFC(s)").

Water Supply and Distribution: The District entered into a Retail Water Service Agreement (the "Water Agreement") with KC12 dated January 26, 2018. Pursuant to an agreement between the City of Mesquite and KC12, the City of Mesquite provides wholesale treated water to supply the ultimate development of KC12 and all other districts within the master planned community that includes the District. Pursuant to the Water Agreement, KC12 provides sufficient water capacity to serve the ultimate needs of the District and operates and maintains the facilities within the District. To date, the Developer, on behalf of the District, has paid capacity fees sufficient to provide for water supply capacity to serve up to 1,500 ESFCs within the District.

Drainage: The District primarily drains to the west and south into Buffalo Creek or tributaries of Buffalo Creek, which eventually outfall into the East Fork of the Trinity River. Rainwater flows to curb and gutter streets to an underground storm sewer collection system to detention ponds or natural drainage ways before being released to a tributary of the East Fork of the Trinity River. Approximately 35 acres of the District lies within the 100-year floodplain as defined by the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Maps. Areas to be developed within the floodplain will require a Letter of Map Revision ("LOMR").

Roads: Roadways within the District are constructed of reinforced concrete with curbs on lime-stabilized subgrade. Roads vary in width, but are sized to accommodate the anticipated traffic demands of full build-out of the project. The District owns and maintains the roads constructed within the District.

Atlas 14

In 2018, the National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States ("Atlas 14"). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in interim floodplain regulations applying to a larger number of properties and consequently leaving less developable property within the District. Such regulations could additionally result in higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain.

Historical Operations of the District

The following is a summary of the District's Operating Fund. The figures for the fiscal years ended August 31 in the years 2022-2025 were obtained from the District's audited financial statements. See "APPENDIX A." The District is required by statute to have a certified public accountant prepare and file an annual audit of its financial records with the TCEQ.

	Fiscal Year Ended August 31,			
Revenues	**2025**	**2024**	**2023**	**2022**
Property Taxes	$ 248,105	$ 152,996	$ 29,904	$ 471
Garbage Service	45,431	-	-	-
Security Service	114,529	-	-	-
Connection Fees	42,750	65,350	-	-
Investment & Misc.Revenues	11,791	2,996	-	-
Total	$ 462,606	$ 221,342	$ 29,904	$ 471
Expenditures				
Professional Fees	$ 81,590	$ 87,306	$ 77,564	$ 48,225
Contracted Services	122,037	41,142	9,727	5,431
Repairs & Maintenance	8,575	-	-	-
Other	51,848	35,403	12,408	12,219
Total	$ 264,050	$ 163,851	$ 99,699	$ 65,875
Net Revenues (Deficit)	$ 198,556	$ 57,491	$ (69,795)	$ (65,404)
Developer Advances	$ -	$ 66,000	$ 68,000	$ 65,000
Beginning Fund Balance	$ 118,847	$ (4,644)	$ (2,849)	$ (2,445)
Ending Fund Balance	$ 317,403	$ 118,847	$ (4,644)	$ (2,849)

DISTRICT DEBT

2026 Assessed Valuation	$ 171,416,881	(a)
Estimated Valuation as of October 1, 2026	$ 201,100,131	(b)
Direct Debt		
The Outstanding Bonds	$ 21,640,000	
The Bonds	$ 3,500,000	
Total	$ 25,140,000	
Estimated Overlapping Debt	$ 17,824,929	(c)
Total Direct and Estimated Overlapping Debt	$ 42,964,929	(c)
Direct Debt Ratios:		
As a Percentage of 2026 Assessed Valuation	14.67 %	
As a Percentage of Estimated Valuation as of October 1, 2026	12.50 %	
Direct and Estimated Overlapping Debt Ratios:		
As a Percentage of 2026 Assessed Valuation	25.06 %	
As a Percentage of Estimated Valuation as of October 1, 2026	21.36 %	
Utility System Debt Service Fund Balance (as of October 7, 2026)	$ 488,723	(d)
Road System Debt Service Fund Balance (as of October 7, 2026)	$ 183,360	(e)
General Operating Fund Balance (as of October 7, 2026)	$ 120,996	
2026 Tax Rate		
Utility Debt Service	$0.6000	
Road Debt Service	$0.3275	
Maintenance and Operations	$0.0725	
Total	$1.0000	
Average Annual Debt Service Requirement on the Bonds and the Outstanding Bonds (2027–2051)	$ 1,659,301	(f)
Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2028)	$ 1,799,038	(f)
Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2027–2051):		
Based on 2026 Assessed Valuation at 95% Tax Collections	$ 1.02	
Based on Estimated Valuation as of October 1, 2026, at 95% Tax Collections	$ 0.87	
Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirement on the Bonds and the Outstanding Bonds (2028):		
Based on 2026 Assessed Valuation at 95% Tax Collections	$ 1.11	
Based on Estimated Valuation as of October 1, 2026, at 95% Tax Collections	$ 0.95	

(a) Represents the taxable assessed valuation as of January 1, 2026, of all taxable property in the District, as provided by the Appraisal District upon certification of its 2026 tax rolls. See "TAX DATA" and "TAXING PROCEDURES."

(b) Provided by the Appraisal District for informational purposes only. This amount is an estimate of the taxable value of all taxable property located within the District as of October 1, 2026, and includes an estimate of additional taxable value resulting from the construction of taxable improvements from January 1, 2026, through October 1, 2026. No taxes will be levied on this estimated value. See "TAXING PROCEDURES."

(c) See "DISTRICT DEBT—Direct and Estimated Overlapping Debt Statement."

(d) Neither Texas law nor the Bond Order require that the District maintain any particular sum in the Utility System Debt Service Fund. Funds in the Utility System Debt Service Fund are pledged only to pay the debt service on the Outstanding Bonds issued for the Utility System, the Bonds, and any other bonds issued for the purpose of acquiring or constructing the Utility System. Funds in the Utility System Debt Service Fund are not pledged to pay debt service on any other bonds issued for the purpose of acquiring or constructing the Road System.

(e) Neither Texas law nor the Bond Order require that the District maintain any particular sum in the Road System Debt Service Fund. Funds in the Road System Debt Service Fund are pledged only to pay debt service on the Outstanding Bonds issued for the Road System, and any other bonds issued for the purpose of acquiring or constructing the Road System. Funds in the Road System Debt Service Fund are not pledged to pay debt service on any bonds issued for the purpose of acquiring or constructing the Utility System, such as the Bonds.

(f) See "DISTRICT DEBT—Debt Service Requirement Schedule."

Debt Service Requirement Schedule

The following schedule sets forth the debt service requirements on the Outstanding Bonds and the principal and interest requirements on the Bonds. Totals may not sum due to rounding.

Year Ending 12/31	Outstanding Debt Service	Plus: The Bonds Principal	Plus: The Bonds Interest	Total Debt Service
2027	$ 1,563,738	$ -	$ 127,616	$ 1,691,354
2028	1,552,613	75,000	171,425	1,799,038
2029	1,539,681	80,000	167,675	1,787,356
2030	1,530,094	80,000	163,675	1,773,769
2031	1,510,325	85,000	159,675	1,755,000
2032	1,504,631	90,000	155,425	1,750,056
2033	1,492,925	95,000	150,925	1,738,850
2034	1,493,100	100,000	147,125	1,740,225
2035	1,497,013	105,000	143,125	1,745,138
2036	1,499,656	115,000	138,925	1,753,581
2037	1,505,844	120,000	133,750	1,759,594
2038	1,504,781	125,000	127,750	1,757,531
2039	1,507,231	135,000	121,500	1,763,731
2040	1,507,944	140,000	114,750	1,762,694
2041	1,506,594	145,000	107,750	1,759,344
2042	1,513,013	155,000	100,500	1,768,513
2043	1,517,238	165,000	92,750	1,774,988
2044	1,514,263	175,000	84,500	1,773,763
2045	1,523,456	185,000	75,750	1,784,206
2046	1,514,531	195,000	66,500	1,776,031
2047	1,513,250	205,000	56,750	1,775,000
2048	1,514,063	215,000	46,500	1,775,563
2049	1,517,163	225,000	35,750	1,777,913
2050	412,281	240,000	24,500	676,781
2051	-	250,000	12,500	262,500
	$ 35,255,425	$3,500,000	$2,727,091	$ 41,482,516

Average Annual Debt Service Requirements (2027–2051) ..... $ 1,659,301
Maximum Annual Debt Service Requirements (2028) ..... $ 1,799,038

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Direct and Estimated Overlapping Debt Statement

Other governmental entities whose boundaries overlap the District have outstanding bonds payable from ad valorem taxes. The following statement of direct and estimated overlapping ad valorem tax debt was developed from information contained in *Texas Municipal Reports*, published by the Municipal Advisory Council of Texas, or other available information. Except for the amount relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person is entitled to rely upon such information as being accurate or complete. Furthermore, certain of the entities listed below may have issued additional bonds since the dates stated in this table, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot presently be determined. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for operation, maintenance and/or general revenue purposes in addition to taxes for payment of their debt, and some are presently levying and collecting such taxes.

Taxing Jurisdiction	Outstanding Debt September 30, 2026	Overlapping Percent	Overlapping Amount
Kaufman County	$ 200,305,000	0.58%	$ 1,167,686
Crandall ISD	290,675,000	5.73 %	16,657,244
Total Estimated Overlapping Debt			$ 17,824,929
Direct Debt (a)			$ 25,140,000
Total Direct and Estimated Overlapping Debt (a)			$ 42,964,929

(a) Include the Outstanding Bonds and the Bonds.

Debt Ratios

Direct Debt Ratios (a):	
As a Percentage of 2026 Assessed Valuation	14.67 %
As a Percentage of Estimated Valuation as of October 1, 2026	12.50 %
Direct and Estimated Overlapping Debt Ratios (a):	
As a Percentage of 2026 Assessed Valuation	25.06 %
As a Percentage of Estimated Valuation as of October 1, 2026	21.36 %

(a) Includes the Outstanding Bonds and the Bonds.

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TAXING PROCEDURES

Set forth below is a summary of certain provisions of the Property Tax Code (hereinafter defined) relating to the District's ability to levy and collect property taxes on property within the District. Provisions of the Property Tax Code are complex and are not fully summarized herein. Reference is made to the Property Tax Code for more complete information, including the identification of property subject to taxation, property exempt, or which may be exempted from taxation, if claimed; the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in sufficient amount to pay the principal of and interest on the Bonds, the Outstanding Bonds, and any additional bonds payable from taxes which the District may hereafter issue, and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Order to levy such a tax from year to year as described more fully above under "THE BONDS—Source of Payment." Under Texas law, the Board may also levy and collect annual ad valorem taxes for the operation and maintenance of the District and for the payment of certain contractual obligations. The District levied a total tax of $1.00 per $100 of assessed valuation for the 2026 tax year composed of a maintenance and operations tax rate of $0.0725, a Utility System tax rate of $0.6000, and a Road System tax rate of $0.3275. See "TAX DATA."

Property Tax Code and County-Wide Appraisal District

The Texas Tax Code (the "Property Tax Code"), specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized herein. 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 Kaufman Central Appraisal District (the "Appraisal District") has the responsibility of appraising property for all taxing units within Kaufman County, including the District. Such appraisal values will be subject to review and change by the Kaufman Appraisal Review Board (the "Appraisal Review Board"). The appraisal roll, as approved by the Appraisal Review Board, will be used by the District in establishing its tax rolls and tax rate.

The Property Tax Code requires the appraisal district, by May 15 of each year, or as soon thereafter as practicable, to prepare appraisal records of property as of January 1 of each year based upon market value. The chief appraiser must give written notice before May 15, or as soon thereafter as practicable, to each property owner whose property value is appraised higher than the value in the prior tax year or the value rendered by the property owner, or whose property was not on the appraisal roll the preceding year, or whose property was reappraised in the current tax year. Notice must also be given if ownership of the property changed during the preceding year. The appraisal review board has the ultimate responsibility for determining the value of all taxable property within the District; however, any property owner who has timely filed notice with the appraisal review board may appeal a final determination by the appraisal review board by filing suit in a Texas district court. Prior to such appeal or any tax delinquency date, however, the property owner must pay the tax due on the value of that portion of the property involved that is not in dispute or the amount of tax imposed in the prior year, whichever is greater, or the amount of tax due under the order from which the appeal is taken. 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. In addition, taxing units, such as the District, are entitled to challenge certain matters before the appraisal review board, including the level of appraisals of a certain category of property, the exclusion of property from the appraisal records of the granting in whole or in part of certain exemptions. A taxing unit may not, however, challenge the valuation of individual properties.

Although the District has the responsibility for establishing tax rates and levying and collecting its taxes each year, under the Property Tax Code, the District does not establish appraisal standards or determine the frequency of revaluation or reappraisal. The appraisal district is governed by a board of supervisors elected by the governing bodies of the county and all cities, towns, school districts and, if entitled to vote, the conservation and reclamation districts that participate in the appraisal district. The Property Tax Code requires each

appraisal district to implement a plan for periodic reappraisal of property to update appraised values. Such plan must provide for reappraisal of all real property in the appraisal district at least once every three years. It is not known what frequency of future reappraisals will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis.

Property Subject to Taxation by the District

General: 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 the District are subject to taxation by the District. 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; certain 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, the District may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons, to the extent deemed advisable by the Board of Supervisors of the District. The District may be required to offer such exemptions if a majority of voters approve same at an election. The District would be required to call an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. The District has not adopted disabled or over 65 exemptions.

Furthermore, the District must grant exemptions to disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces, if requested, but only to the maximum extent of between $5,000 and $12,000 depending upon the disability rating of the veteran claiming the exemption. A veteran who receives a disability rating of 100% is entitled to an exemption of full value of the veteran's residential homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse, and surviving spouses of a deceased veteran who had received a disability rating of 100% are entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries. 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 in action 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 of the surviving 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 to exempt up to twenty percent (20%) of the appraised market 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 by July 1. The District has not adopted a general homestead exemption.

Freeport Goods Exemption and "Goods-in-Transit": 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, the District 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 the District may, by official action and after public hearing, tax goods-in-transit 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 has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Reappraisal of Property after Disaster

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 the District, adopting its tax rate for the tax year. A taxing unit, such as the District, 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

Generally, property in the District 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 the District 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 fair 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 of 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 one political subdivision while claiming it for 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 District can collect taxes based on the new use, including taxes for the previous three years for agricultural use and taxes for the previous five years for open space land and timberland.

During the 2nd Special Session, convened on June 27, 2023, the Texas Legislature passed Senate Bill 2 ("SB 2"), which, among other things, includes provisions that prohibit an appraisal district from increasing the appraised value of real property during the 2024 tax year on 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 (collectively, the "Appraisal Cap"). After the 2024 tax year, through December 31, 2026, the Appraisal Cap may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in consumer price index, as applicable, to the Maximum Property Value. SB 2 was signed into law by the Governor on July 22, 2023. The provisions described hereinabove took effect January 1, 2024.

Tax Abatement

Kaufman County may designate all or part of the area within the District as a reinvestment zone. Thereafter, the District, at the option and discretion of the District, 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 the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation 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 jurisdiction. None of the area within the District has been designated as a Reinvestment Zone to date, and the District has not approved any such tax abatement agreements.

Agricultural, Open Space, Timberland and Inventory Deferment

The Property Tax Code permits land designated for agricultural use (including wildlife management), open space, or timberland to be appraised at its value based on the land's capacity to produce agriculture or timber products rather than at its fair 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. Landowners wishing to avail themselves of any of such designations must apply for the designation, and the Appraisal District 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 and not as to others. If a claimant receives the designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use for the three (3) years prior to the loss of the designation for agricultural, timberland or open space land. See "TAX DATA—Analysis of Tax Base."

Notice and Hearing Procedures

The Property Tax Code establishes procedures for providing notice and the opportunity for a hearing for taxpayers in the event of certain proposed tax increases and provides for taxpayer's referenda which could result in the repeal of certain tax increases. The District is required to publish a notice of a public hearing regarding the tax rate proposed to be levied in the current year and comparing the proposed tax rate to the tax rate set in the preceding year. See "Rollback of Operation and Maintenance Tax Rate" below.

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the District, may appeal orders of the Appraisal Review Board by filing a timely petition for review in district court. In such event, the property value in question may 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.

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 projected build-out that a 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 herein as "Special Taxing Units." Districts that have financed, completed, and issued bonds to pay for all land, 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 in the district, 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 the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions.

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 in the district, subject to certain homestead exemptions, 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 the operation and maintenance tax rate that would impose 1.035 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions, 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 imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the district, 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 the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the District in the preceding tax year on a residence homestead appraised at the average appraised value of a resident homestead in the District in that year, subject to certain homestead exemptions.

The District: A determination as to the District's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board on an annual basis. For the 2026 tax year, the Board has made a determination that the District is a Developing District. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes, unless it elects to transfer such functions to another governmental entity. The date of delinquency may be postponed if the tax bills are mailed after January 1. By September 1 of each year, or as soon thereafter as practicable, the rate of taxation is set by the Board of Supervisors of the District based on valuation of property within the District as of the preceding January 1.

Taxes are payable October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. 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 of up to twenty percent (20%) if imposed by the District. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency of taxes under certain circumstances. The owner of a residential homestead property who is (i) a person at least sixty-five (65) years of age or older, (ii) under a disability for purpose of payment of disability insurance benefits under the Federal Old Age Survivors and Disability Insurance Act, or (iii) qualifies as a disabled veteran under Texas Law is also entitled by law to pay current taxes on a residential homestead in installments or to defer the payment of taxes without penalty during the time of ownership. Additionally, a person who is delinquent on taxes for a residential homestead is entitled to an agreement with the District to pay such taxes in equal installments over a period of between 12 and 36 months (as determined by the District) when such person has not entered into another installment agreement with respect to delinquent taxes within the District in the preceding 24 months.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year in which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with the tax liens of other such taxing units. A tax lien on real property takes priority over the claims 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 the District is determined by 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, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District 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, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property within two (2) years for residential and agricultural property and six (6) months for commercial property and all other types of property after the purchasers deed at the foreclosure sale is filed in the county records.

TAX DATA

General

Taxable property within the District is subject to the assessment, levy and collection by the District of an annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds (and any future tax-supported bonds which may be issued from time to time as authorized). Taxes are levied by the District each year against the District's assessed valuation as of January 1 of that year. Taxes become due October 1 of such year, or when billed, and generally become delinquent after January 31 of the following year. The Board covenants in the Bond Order to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds. The actual rate of such tax will be determined from year to year as a function of the District's tax base, its debt service requirements and available funds. In addition, the District has the power and authority to assess, levy and collect ad valorem taxes, in an unlimited amount, for operation and maintenance purposes. The District levied a total tax of $1.00 per $100 of assessed valuation for the 2026 tax year composed of a maintenance and operations tax rate of $0.0725, a Utility System debt service tax rate of $0.6000, and a Road System debt service tax rate of $0.3275.

Tax Rate Limitation

Utility Debt Service: ..... Unlimited (no legal limit as to rate or amount).
Road Debt Service: ..... Unlimited (no legal limit as to rate or amount).
Maintenance: ..... $1.00 per $100 Assessed Valuation.

Debt Service Taxes

The Board covenants in the Bond Order to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds.

Maintenance Taxes

The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements if such maintenance tax is authorized by vote of the District's electors. The Board is authorized by the District's voters to levy such maintenance tax in an amount not to exceed $1.00 per $100 of assessed valuation. Such tax, when levied, is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds, the Outstanding Bonds, and any parity bonds which may be issued in the future. See "—Tax Rate Distribution" below.

Tax Exemption

As discussed in the section entitled "TAXING PROCEDURES" herein, certain property in the District may be exempt from taxation by the District. The District does not exempt any percentage of the market value of any residential homesteads from taxation.

Additional Penalties

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

Historical Tax Collections

The following table illustrates the collection history of the District for the 2021-2026 tax years:

Tax Year	Certified Assessed Valuation	Tax Rate/ $100	Adjusted Levy	Collections Current Year	Period Ending 9/30	Collections as of 8/31/2026
2021	$ 47,090	$1.000	$ 471	100.00%	2022	100.00%
2022	3,033,327	1.000	30,333	98.62%	2023	100.00%
2023	14,319,069	1.000	143,191	100.00%	2024	100.00%
2024	56,427,206	1.000	564,272	100.00%	2025	100.00%
2025	133,452,761	1.000	1,334,528	99.27%	2026	99.27%
2026	171,416,881	1.000	1,714,165	(a)	2027	(a)

(a) In the process of collections.

Tax Rate Distribution

The following table sets out the components of the District's tax levy for each of the 2022–2026 tax years:

	2026	2025	2024	2023	2022
Utility Debt Service	$ 0.6000	$ 0.5400	$ 0.2000	$ 0.0000	$ 0.0000
Road Debt Service	0.3275	0.3700	0.3500	0.0000	0.0000
Maintenance	0.0725	0.0900	0.4500	1.0000	1.0000
Total	$ 1.0000	$ 1.0000	$ 1.0000	$ 1.0000	$ 1.0000

Analysis of Tax Base

The following represents the types of property comprising the District assessed taxable value for the 2022–2026 tax years:

Type of Property	2026 Assessed Valuation	2025 Assessed Valuation	2024 Assessed Valuation	2023 Assessed Valuation	2022 Assessed Valuation
Land	$ 56,266,466	$ 40,683,280	$ 40,441,140	$ 7,672,886	$ 5,406,340
Improvements	123,383,782	99,035,189	17,958,369	6,939,585	-
Personal Property	-	-	-	-	-
Less Exemptions	(8,233,767)	(6,265,708)	(1,972,303)	(293,402)	(2,373,013)
Total	$ 171,416,881	$ 133,452,761	$ 56,427,206	$ 14,139,069	$ 3,033,327

Principal Taxpayers

The following represents the principal taxpayers, type of property, and their assessed values as of January 1, 2026:

Taxpayer	Type of Property	Assessed Valuation 2026 Tax Roll	% of 2026 Tax Roll
DR Horton Texas Ltd (a)	Land & Improvements	$ 6,996,080	4.08%
SOCFM PH 5 LLC (b)	Land	3,604,700	2.10%
Wildcat Ranch PropCo GT LLC (c)	Land	3,112,400	1.82%
Texas 903 Partners LP (d)	Land	1,534,855	0.90%
Homeowner	Land & Improvements	399,259	0.23%
Homeowner	Land & Improvements	387,796	0.23%
Homeowner	Land & Improvements	383,405	0.22%
Homeowner	Land & Improvements	382,410	0.22%
Homeowner	Land & Improvements	379,329	0.22%
Homeowner	Land & Improvements	379,233	0.22%
Total		$ 17,559,467	10.24%

(a) See "DEVELOPMENT OF THE DISTRICT—Homebuilders within the District."
(b) The SOCFM related entity that developed Wildcat Ranch, Phase 5. See "DEVELOPER."
(c) Land bank entity for DR Horton Texas Ltd. See "DEVELOPER—Lot Sales Contracts" and "DEVELOPMENT OF THE DISTRICT—Homebuilders within the District."
(d) See "DEVELOPER—Developer and Principal Landowner."

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of assessed taxable valuation that would be required to meet certain debt service requirements on the Bonds and the Outstanding Bonds if no growth in the District's tax base occurs beyond the 2026 Assessed Valuation ($171,416,881) or the Estimated Valuation as of October 1, 2026 ($201,100,131). The calculations assume collection of 95% of taxes levied, the Outstanding Bonds, the sale of the Bonds but not the sale of any additional bonds by the District.

Average Annual Debt Service Requirement (2027–2051) $1,659,301
Debt Service Tax Rate of $1.02 on the 2026 Assessed Taxable Valuation produces $1,661,030
Debt Service Tax Rate of $0.87 on the Estimated Valuation as of October 1, 2026 produces $1,662,093

Maximum Annual Debt Service Requirement (2028) $1,799,038
Debt Service Tax Rate of $1.11 on the 2026 Assessed Taxable Valuation produces $1,807,591
Debt Service Tax Rate of $0.95 on the Estimated Valuation as of October 1, 2026 produces $1,814,929

Estimated Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the District. Under Texas law, if ad valorem taxes levied by a taxing authority become delinquent, a lien is created upon the property which has been taxed. A tax lien on property in favor of the District is on a parity with tax liens of other taxing jurisdictions. In addition to ad valorem taxes required to make debt service payments on bonded

debt of the District and of such other jurisdictions (see "DISTRICT DEBT—Direct and Estimated Overlapping Debt Statement"), certain taxing jurisdictions are 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 an estimation of all 2026 taxes per $100 of assessed valuation levied by such jurisdictions. No recognition is given to local assessments for civic association dues, emergency medical service contributions, fire department contributions or any other charges made by entities other than political subdivisions. No prediction can be made of the tax rates that will be levied in future years by the respective taxing jurisdictions.

Taxing Jurisdiction	2026 Tax Rate/ Per $100 of A.V.
The District	$ 1.000000
Kaufman County	0.334854
Kaufman County Road and Bridge	0.080259
Crandall ISD	1.196400
Kaufman County Emergency Service District No. 7	0.088000
Trinity Valley Community College	0.113660
Estimated Total Tax Rate	$ 2.813173

INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations of the District and not of the State of Texas; Kaufman County, Texas; the City of Crandall, Texas; or any political subdivision other than the District, will be secured by a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. Therefore, the ultimate security for payment of the principal of and interest on the Bonds depends upon the ability of the District to collect from the property owners within the District taxes levied against all taxable property located within the District, or, in the event taxes are not collected and foreclosure proceedings are instituted by the District, upon the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The District makes no representations that over the life of the Bonds the property within the District will maintain a value sufficient to justify continued payment of taxes by the property owners. The potential increase in taxable valuation of District property is directly related to the economics of the residential housing industry, not only due to general economic conditions, but also due to the particular factors discussed below. See "DEVELOPMENT OF THE DISTRICT," "TAX DATA," and "TAXING PROCEDURES."

Factors Affecting Taxable Values and Tax Payments

Economic Factors: The rate of development of the District is directly related to the vitality of the residential housing industry in the Dallas metropolitan area. New residential housing construction can be significantly affected by factors such as interest rates, construction costs, and consumer demand. Decreased levels of home construction activity would restrict the growth of property values in the District. The District cannot predict the pace or magnitude of any future development or home construction in the District.

Developer Under No Obligation: There is no commitment by, or legal requirement of the Developer or any other landowner in the District to proceed at any particular rate or according to any specified plan with the development of land in the District, or of any homebuilder to proceed at any particular pace with the construction of homes in the District. Moreover, there is no restriction on any landowner's right to sell its land. Therefore, the District can make no representation about the probability of future development, if any, or the rate of future home construction activity in the District. Failure to construct taxable improvements on developed lots would restrict the rate of growth of taxable values in the District and result in higher tax rates. See "DEVELOPMENT OF THE DISTRICT," "DEVELOPER," and "TAX DATA—Principal Taxpayers."

Dependence on Principal Taxpayers and the Developer: The top ten principal taxpayers represent $17,559,467 or approximately 10.24% of the 2026 Assessed Valuation, which represents ownership as of January 1, 2026. The Developer and its affiliates represent a total of $8,251,955 or approximately 4.81% of such value. If the Developer or other principal taxpayers were to default in the payment of taxes in an amount which exceeds the

District's debt service fund surplus, the ability of the District to make timely payment of debt service on the Bonds would be dependent on its ability to enforce and liquidate its tax lien, which is a time-consuming process, or to sell tax anticipation notes. Failure to recover or borrow funds in a timely fashion could result in an excessive District tax rate, hindering growth and leading to further defaults in the payment of taxes. The District is not required by law or the Bond Order to maintain any specified amount of surplus in its debt service funds. See "TAX DATA—Principal Taxpayers" and "TAXING PROCEDURES—Levy and Collection of Taxes."

Vacant Developed Lots: As of October 1, 2026, approximately 144 developed lots within the District remained available for construction. Failure of the Developer and/or builders to construct taxable improvements on developed lots could result in substantial increases in the rate of taxation by the District during the term of the Bonds to pay debt service on the Bonds and any other tax supported debt of the District issued in the future. Future increases in value will result primarily from the construction of homes by builders. The District makes no representation that the lot sales and building program will be successful.

Maximum Impact on District Tax Rates: Assuming no further development or home construction, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners to pay their taxes. The 2026 Assessed Valuation of property located within the District is $171,416,881 and the Estimated Valuation as of October 1, 2026 is $201,100,131. See "TAX DATA."

After issuance of the Bonds, the maximum annual debt service requirement on the Bonds and the Outstanding Bonds will be $1,799,038 (2028) and the average annual debt service requirement on the Bonds will be $1,659,301 (2027–2051).

Assuming no decrease to the 2026 Assessed Valuation, tax rates of $1.11 and $1.02 per $100 of assessed valuation at 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively.

Assuming no decrease from the Estimated Valuation as of October 1, 2026, tax rates of $0.95 and $0.87 per $100 of assessed valuation at 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively.

The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the proposed District tax rate or to justify continued payment of taxes by property owners.

Increase in Costs of Building Materials

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 developers 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 developers or homebuilders.

Competitive Nature of Residential Housing Market

The residential housing industry in the Dallas, Texas, area is very competitive, and the District can give no assurance that the building programs which are planned by any homebuilder(s) will be continued or completed. The respective competitive position of the homebuilders listed herein and any other developer or homebuilder(s) which might attempt future home building or development projects in the District, the sale of developed lots or in the construction and sale of single-family residential units, are affected by most of the factors discussed in this section, and such competitive positions are directly related to tax revenues received by the District and the growth and maintenance of taxable values in the District.

Tax Collection Limitations

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District'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, (c) market conditions limiting the proceeds from a foreclosure sale of taxable property, or (d) the taxpayer's right to redeem the property within two years of foreclosure for residential homestead and agricultural use property and within six (6) months of foreclosure for other property. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. Moreover, the value of property to be sold for delinquent taxes and thereby the potential sales proceeds available to pay debt service on the Bonds, may be limited by among other factors, the existence of other tax liens on the property, by the current aggregate tax rate being levied against the property, or by the taxpayers' right to redeem residential or agricultural use property within two (2) years of foreclosure and all other property within six (6) months of foreclosure. Finally, a bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes assessed against such taxpayer. See "TAXING PROCEDURES."

Registered Owners' Remedies

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 in the Bond Order, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the Registered Owners have the right to seek 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 Order. Except for mandamus, the Bond Order 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, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners.

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 Order 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 District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District 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.

Bankruptcy Limitation to Registered Owners' Rights

Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Section 901-946, if the District: (1) is authorized to file for federal bankruptcy protection by Texas law; (2) is insolvent or unable to meet its debts as they mature; (3) desired 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. Under Texas law, the District must also obtain the approval of the TCEQ prior to filing bankruptcy. Such law requires that the TCEQ investigate the financial conditions of the District and authorize the District to proceed only if the 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 the 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 applicable, 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 the District decides in the future to proceed voluntarily under the federal Bankruptcy Code, the District could develop and file a plan for the adjustment of its debts. If such a plan was confirmed by the bankruptcy court, it could, among other things, affect the Beneficial Owners by reducing or eliminating the interest rate or the principal amount, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of such Beneficial Owners' claims against the District.

The District may not be placed into bankruptcy involuntarily.

Marketability

The District has no understanding with the winning bidder of the Bonds (the "Initial Purchaser") 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 for the Bonds 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. See "SALE AND DISTRIBUTION OF THE BONDS."

Future Debt

At an election held within the District on May 1, 2021, voters of the District authorized the District's issuance of: $121,867,900 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System; $81,235,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System; $182,801,850 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Utility System; and $121,852,500 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Road System.

The Bonds represent the third (3rd) series of bonds issued by the District for the purpose of acquiring or constructing the Utility System. The District has previously issued two series of bonds issued by the District for the purpose of acquiring or constructing the Road System. After issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: $104,252,900 for the purpose of acquiring or constructing the Utility System; $73,255,000 for the purpose of acquiring or constructing the Road System; $182,801,850 for the purpose of refunding bonds issued by the District for the Utility System; and $121,852,500 for the purpose of refunding bonds issued by the District for the Road System. The District may also issue any additional bonds as may hereafter be approved by both the Board and voters of the District as well as certain additional bonds, revenue bonds, special project bonds, and other obligations as described in the Bond Order. See "THE BONDS—Issuance of Additional Debt."

The District's issuance of the remaining $104,252,900 unlimited tax bonds authorized for the Utility System shall be subject to approval by the TCEQ.

Following the reimbursement with the proceeds of the Bonds, the District will owe the Developer approximately $8,410,000 for expenditures to construct the Utility System and approximately $9,390,000 for expenditures to construct the Road System. Such expenditures are expected to increase as development continues within the District. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt-to-property-valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

Continuing Compliance with Certain Covenants

The Bond Order contains covenants by the District intended to preserve the exclusion from gross income of interest on the Bonds. Failure of the District to comply with such covenants on a continuous basis prior to maturity of the Bonds could result in interest on the Bonds becoming taxable retroactively to the date of original issuance. See "TAX MATTERS."

Approval of the Bonds

The Attorney General of Texas must approve the legality of the Bonds prior to their delivery. The Attorney General of Texas, however, does not pass upon or guarantee the safety of the Bonds as an investment or the adequacy or accuracy of the information contained in this Official Statement.

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 Dallas-Fort Worth area. Under the Clean Air Act ("CAA") Amendments of 1990, a ten-county Dallas-Fort Worth area ("2008 DFW Area") – Collin, Dallas, Denton, Ellis, Johnson, Kaufman, Parker, Rockwall, Tarrant, and Wise Counties – has been designated a "severe" nonattainment area under the eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 (the "2008 Ozone Standard"), with an attainment deadline of July 20, 2027. If the EPA ultimately determines that the 2008 DFW Area has failed to meet the attainment deadline based on the relevant data, the area is subject to reclassification to a nonattainment classification that provides for more stringent controls on emissions from the industrial sector. In addition, the EPA may impose a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects if it finds that an area fails to demonstrate progress in reducing ozone levels.

Further, a nine-county Dallas-Fort Worth area ("2015 DFW Area") – Collin, Dallas, Denton, Ellis, Johnson, Kaufman, Parker, Tarrant, and Wise Counties was designated a "moderate" nonattainment area under the eight-hour ozone standard of 75 ppb promulgated by the EPA in 2015 (the "2015 Ozone Standard"), with an attainment deadline of August 3, 2024. On June 20, 2024, the EPA reclassified the 2015 DFW Area to "serious" nonattainment, with an attainment deadline of August 3, 2027.

In order to demonstrate progress toward attainment of the EPA's ozone standards, the TCEQ has established a state implementation plan ("SIP") for the 2008 and 2015 DFW Areas 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 area. These SIP requirements can 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. It is possible that additional controls will be necessary to allow the 2008 and 2015 DFW Areas to reach attainment with the ozone standards by the EPA's attainment deadlines. These additional controls could have a negative impact on the 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 DFW 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.

The TCEQ issued the General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit") on August 15, 2024. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. While the District is currently not subject to the MS4 permit, if the District's inclusion were required at a future date, the District could incur substantial costs to develop, implement, and maintain the necessary plans as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff in order to comply with the MS4 Permit.

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.

Potential Impact of Natural Disaster

The District could be impacted by a natural disaster such as wide-spread fires, earthquakes, or weather events such as hurricanes, tornados, tropical storms, or other severe weather events that could produce high winds,

heavy rains, hail, and flooding. In the event that a natural disaster should damage or destroy improvements and personal property in the District, the assessed value of such taxable properties could be substantially reduced, resulting in a decrease in the taxable assessed value of the District or an increase in the District's tax rates. See "TAXING PROCEDURES—Valuation of Property for Taxation."

There can be no assurance that a casualty will be covered by insurance (certain casualties, including flood, are usually excepted unless specific insurance is purchased), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild, repair, or replace any taxable properties in the District that were damaged. Even if insurance proceeds are available and damaged properties are rebuilt, there could be a lengthy period in which assessed values in the District would be adversely affected. There can be no assurance the District will not sustain damage from such natural disasters.

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.

Cybersecurity

The District's consultants use digital technologies to collect taxes, hold funds and process disbursements. These systems necessarily hold sensitive protected information that is valued on the black market. As a result, the electronic systems and networks of organizations like the District's consultants are considered targets for cyber-attacks and other potential breaches of their systems. To the extent the District is determined to be the party responsible for various electronic systems or suffers a loss of funds due to a security breach, there could be a material adverse effect on the District's finances. Insurance to protect against such breaches may be limited.

The 90th Texas Legislature

The regular session of the 90th Texas Legislature (the "Legislature") is scheduled to commence on January 12, 2027. The Legislature meets in regular session in odd numbered years for 140 days. When the Legislature is not in session, 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. Texas Governor Greg Abbott has identified on his agenda property tax relief as a legislative priority. The District cannot predict the likelihood of legislative property tax reform at the legislative level or the impacts therefrom, if implemented.

Bond Insurance Risk Factors

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under a bond insurance policy (the "Insurance Policy") for such payments. However, in the event of any acceleration of the due date of such principal by reason of optional redemption, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such optional redemption. The Insurance Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the District which is recovered by the issuer from the Bond owner as a voidable preference under applicable bankruptcy law is covered by the Insurance Policy, however, such payments will be made by the provider of the Insurance Policy, if any (the "Bond Insurer"), at such time and in such amounts as would have been due absent such prepayment by the District unless the Bond Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Bond Insurer without appropriate consent. The Bond Insurer may direct and must consent to any remedies and the Bond Insurer's consent may be required in connection with amendments to any applicable Bond documents.

In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Insurance Policy, the Bonds are payable solely from the moneys received pursuant to the

applicable Bond documents. In the event the Bond Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The long-term ratings on the Bonds are dependent in part on the financial strength of the Bond Insurer and its claim paying ability. The Bond 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 Bond Insurer and of the ratings on the Bonds insured by the Bond 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 "MUNICIPAL BOND INSURANCE" and "RATINGS."

The obligations of the Bond Insurer are contractual obligations and in an event of default by the Bond 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 Initial Purchaser have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond 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 Bond Insurer, particularly over the life of the investment. See "MUNICIPAL BOND INSURANCE" and "RATINGS" herein for further information provided by the Bond Insurer and the Insurance Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer.

LEGAL MATTERS

Legal Opinions

Issuance of the Bonds is subject to the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and binding obligations of the District payable from an annual ad valorem tax levied without limit as to rate or amount upon all taxable property within the District. Issuance of the Bonds is also subject to the legal opinion of Bond Counsel that, based upon examination of the transcript of the proceedings incident to authorization and issuance of the Bonds, the Bonds are valid and legally binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity, and are payable from annual ad valorem taxes, which are not limited by applicable law in rate or amount, levied against all property within the District which is not exempt from taxation by or under applicable law. The legal opinion will further state that the interest on the Bonds is excludable from gross income for federal income tax purposes under existing statutes, regulations, published rulings and court decisions as described below under "TAX MATTERS." The legal opinion of Bond Counsel will be printed on the Bonds, if certificated Bonds are issued. Such opinions will express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds. Certain legal matters will be passed upon for the District by McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Disclosure Counsel.

Legal Review

Bond Counsel has reviewed the information appearing in this Official Statement under "THE BONDS" (except for information under the subheadings "—Book-Entry-Only System," and "—Use and Distribution of Bond Proceeds"), "THE DISTRICT—General," "TAXING PROCEDURES," "LEGAL MATTERS," "TAX MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION" solely to determine whether such information, insofar as it relates to matters of law, is true and correct and whether such information fairly summarizes matters of law and 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.

No-Litigation Certificate

The District will furnish the Initial Purchaser a certificate, dated as of the date of delivery of the Bonds, executed by both the President and Secretary of the Board, to the effect that no litigation of any nature has been filed or is to their knowledge then pending or threatened, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the issuance, execution or delivery of the Bonds; affecting the provisions made for the payment of security for the Bonds; in any manner questioning the authority or proceedings for the issuance, execution or delivery of the Bonds; or affecting the validity of the Bonds.

No Material Adverse Change

The obligations of the Initial Purchaser to take and pay for the Bonds, and of the 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 condition (financial or otherwise) of the District subsequent to the date of sale from that set forth or contemplated in the Preliminary Official Statement, as it may have been supplemented or amended through the date of sale.

TAX MATTERS

Tax Exemption

On the date of initial delivery of the Bonds, Coats Rose, P.C., Dallas, Texas, Bond Counsel, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof, except that such interest is taken into account in determining the annual adjusted financial statement of income of applicable corporations (as defined in section 59(k) of the Internal Revenue Code of 1986 (the "Code")) for the purpose of determining the alternative minimum tax imposed on corporations, and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds.

In rendering its opinion, Bond Counsel will rely upon (a) certain information and representations of the District, including information and representations contained in the District's federal tax certificate and (b) covenants of the District contained in the Bond documents relating to certain matters, including arbitrage and the use of the proceeds of the Bonds and the property financed or refinanced therewith. Failure by the District to observe the aforementioned representations or covenants could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel is conditioned on compliance by the District with such requirements, and Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result. Existing Law is subject to change by Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership, or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the District with respect to the Bonds or the property financed or refinanced with proceeds of the Bonds. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the District as the taxpayer and the Registered

Owners may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount

The initial public offering price to be paid for one or more maturities of the Bonds may be less than the principal amount thereof or one or more periods for the payment of interest on the Bonds is not equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

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

Under Existing Law, the original issue discount on each Original Issue Discount Bond is accrued 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 Original Issue Discount 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 (a) 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 (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

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

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on Existing Law, which is subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP, AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation. Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

Qualified Tax-Exempt Obligations for Financial Institutions

The District has designated the Bonds as "qualified tax-exempt obligations" for financial institutions.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has made the following agreement for the benefit of the holders and Registered 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 annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB"). The MSRB has established the Electronic Municipal Market Access ("EMMA") system.

Annual Reports

The District will provide certain updated financial information and operating data, which is customarily prepared and publicly available via EMMA annually.

The information to be updated with respect to the District includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement included under the headings "DISTRICT DEBT" (except under the subheading "Direct and Estimated Overlapping Debt Statement"), "TAX DATA," and in "APPENDIX A" (Financial Statements of the District). The District will update and provide this information within six months after the end of each fiscal year. The District will provide the updated information via EMMA. The District will update and provide this information within six months after the end of each fiscal year ending in or after 2026.

Any information so provided shall be prepared in accordance with generally accepted auditing standards or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report 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 and if the audit report becomes available.

The District's current fiscal year end is August 31. Accordingly, it must provide updated information by the end of February 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-exempt status of the Bonds, or other events affecting the tax-exempt 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 within the meaning of SEC Rule 15c2-12; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule 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 within the meaning of the Rule, 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 within the meaning of the Rule, 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 "material" and "financial obligation" when used in this paragraph shall have the meanings ascribed to them under federal securities laws. Neither the Bonds nor the Bond Order make any provision for debt service reserves or liquidity enhancement. The term "financial obligation" when used in this paragraph shall have the meaning ascribed to it under federal securities laws including meaning a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term "financial obligation" does not include municipal securities for which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule. In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from EMMA

The District has agreed to provide the information only to the MSRB. The MSRB has prescribed that such information must be filed via EMMA. The MSRB makes the information available to the public without charge and investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of certain events only as described above. The 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 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 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 holders of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

The 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 operations of the District, 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 SEC Rule 15c2-12, taking into account any amendments or interpretations of SEC Rule 15c2-12 to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate principal amount of the Outstanding Bonds consent to the amendment or (b) any qualified professional unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. If the 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 data so provided. The District may also amend or repeal its continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the SEC Rule 15c2-12 or a court of final jurisdiction enters judgment that such provisions of such SEC Rule 15c2-12 are invalid, and the District also may amend its continuing disclosure agreement in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

Compliance with Prior Undertaking

Since entering into its first continuing disclosure agreement in 2023, the District has complied in all material respects with its continuing disclosure obligations made in accordance with the Rule, with the exception of the following. The District failed to file updated information for the section found herein under, "TAX DATA—Principal Taxpayers," by February 29, 2024 due to an administrative oversight. The required information and a notice of late filing was filed on June 12, 2024. The District has implemented additional procedures to ensure that this does not occur in the future.

OFFICIAL STATEMENT

General

The information contained in this Official Statement has been obtained primarily from the Developer, the District's records, the Engineer, the Tax Assessor/Collector, the Appraisal District, and other sources believed to be reliable; however, no representation is made as to the accuracy or completeness of the information contained herein, except as described below. The summaries of the statutes, resolutions and engineering and other related reports set forth herein are included 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.

The District's audited financial statements for the year ended August 31, 2025, were prepared by McCall Gibson Swedlund Barfoot Ellis PLLC, and have been included herein as "APPENDIX A." McCall Gibson Swedlund Barfoot Ellis PLLC, has consented to the publication of such financial statements in this Preliminary Official Statement.

Experts

The information contained in this Official Statement relating to engineering and to the description of the Utility System and the Road System, and, in particular, that engineering information included in the sections entitled and "THE BONDS—Use and Distribution of Bond Proceeds," "THE DISTRICT—Description," "DEVELOPMENT OF THE DISTRICT—Status of Development within the District," and "THE SYSTEM" has been provided by the Engineer and has been included herein in reliance upon the authority of said firm as an expert in the field of civil engineering.

The information contained in this Official Statement relating to assessed valuations of property generally and, in particular, that information concerning collection rates and valuations contained in the sections captioned "TAX DATA" and "DISTRICT DEBT" was provided by the Tax Assessor/Collector and the Appraisal District. Such information has been included herein in reliance upon the Tax Assessor/Collector's authority as an expert in the field of tax collection and the Appraisal District's authority as an expert in the field of property appraisal.

Certification as to Official Statement

The District, acting by and through its Board in its official capacity and in reliance upon the experts listed above, hereby certifies, as of the date hereof, that to the best of its knowledge and belief, the information, statements, and descriptions pertaining to the District and its affairs herein contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The information, descriptions, and statements concerning entities other than the District, including particularly other governmental entities, have been obtained from sources believed to be reliable, but the District has made no independent investigation or verification of such matters and makes no representation as to the accuracy or completeness thereof.

Updating of Official Statement

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

CONCLUDING STATEMENT

The information set forth herein has been obtained from the District's records, audited financial statements, and other sources that are considered to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will ever be realized. All of the summaries of the statutes, documents, and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents, and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such summarized documents for further information. Reference is made to official documents in all respects.

This Official Statement was approved by the Board of Supervisors of Kaufman County Fresh Water Supply District No. 4B as of the date shown on the cover page.

/s/ Blake Burkhardt
President, Board of Supervisors
Kaufman County Fresh Water Supply District No. 4B

ATTEST:

/s/ Justin Hester
Secretary, Board of Supervisors
Kaufman County Fresh Water Supply District No. 4B

APPENDIX A

FINANCIAL STATEMENTS OF THE DISTRICT

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4B

KAUFMAN COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

AUGUST 31, 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 Supervisors
Kaufman County Fresh Water Supply District No. 4B
Kaufman County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Kaufman County Fresh Water Supply District No. 4B (the "District") as of and for the year ended August 31, 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 August 31, 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

December 3, 2025

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4B
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2025

Management's discussion and analysis of the financial performance of Kaufman County Fresh Water Supply District No. 4B provides an overview of the District's financial activities for the fiscal year ended August 31, 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 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 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 maintenance tax revenues, service revenues, professional fees, and administrative expenditures. The Debt Service Fund accounts for ad valorem property taxes and financial resources restricted, committed or assigned for serving bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisitions or construction of facilities and related costs.

FUND FINANCIAL STATEMENTS (Continued)

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

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The 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 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 $3,839,450 as of August 31, 2025. A portion of the District's net position reflects its net investment in capital assets which includes land, utilities and road infrastructure less any debt used to acquire those assets that is still outstanding.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following is a comparative analysis of government-wide changes in net position:

	Summary of Changes in the Statement of Net Position		
	2025	2024	Change Positive (Negative)
Current and Other Assets	$ 1,511,323	$ 1,640,644	$ (129,321)
Capital Assets (Net of Accumulated Depreciation)	27,193,244	23,962,961	3,230,283
Total Assets	$ 28,704,567	$ 25,603,605	$ 3,100,962
Due to Developers	$ 16,202,477	$ 16,405,730	$ 203,253
Bonds Payable	16,171,695	11,621,471	(4,550,224)
Other Liabilities	169,845	401,979	232,134
Total Liabilities	$ 32,544,017	$ 28,429,180	$ (4,114,837)
Net Position:			
Net Investment in Capital Assets	$ (4,965,503)	$ (3,394,206)	$ (1,571,297)
Restricted	1,012,783	655,784	356,999
Unrestricted	113,270	(87,153)	200,423
Total Net Position	$ (3,839,450)	$ (2,825,575)	$ (1,013,875)

The following table provides a summary of the District's operations for the years ended August 31, 2025, and August 31, 2024.

	Summary of Changes in the Statement of Activities		
	2025	2024	Change Positive (Negative)
Revenues:			
Property Taxes	$ 560,429	$ 152,576	$ 407,853
Service Revenues	227,162	65,350	161,812
Other Revenues	72,976	21,856	51,120
Total Revenues	$ 860,567	$ 239,782	$ 620,785
Total Expenses	1,874,442	2,599,985	725,543
Change in Net Position	$ (1,013,875)	$ (2,360,203)	$ 1,346,328
Net Position, Beginning of Year	(2,825,575)	(465,372)	(2,360,203)
Net Position, End of Year	$ (3,839,450)	$ (2,825,575)	$ (1,013,875)

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of August 31, 2025, were $1,337,329, a decrease of $97,034 from the prior year.

The General Fund fund balance increased by $198,556, primarily due to property tax revenues and service revenues exceeding professional and administrative costs

The Debt Service Fund fund balance increased by $159,019, primarily due to the structure of the District's outstanding debt and capitalized interest from the Series 2024 Road Bonds.

The Capital Projects Fund fund balance decreased by $454,609. The District used Series 2024 Road bond proceeds and surplus bond proceeds from prior years to reimburse its developer.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board adopted a budget for the General Fund for the current fiscal year. Actual revenues were $240,106 more than budgeted revenues and actual expenditures were $93,210 more than budgeted expenditures which resulted in a positive budget variance of $146,896. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets and accumulated depreciation for the current and prior fiscal years are summarized in the following table:

Capital Assets At Year-End

	2025	2024	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 229,299		$ 229,299
Construction in Progress	715,138	735,301	(20,163)
Capital Assets Subject to Depreciation:			
Water System	8,939,063	5,793,554	3,145,509
Wastewater System	4,807,240	4,531,316	275,924
Storm Drainage	3,590,272	3,491,742	98,530
Roads	10,049,210	9,966,342	82,868
Less Accumulated Depreciation	(1,136,978)	(555,294)	(581,684)
Total Net Capital Assets	$ 27,193,244	$ 23,962,961	$ 3,230,283

LONG-TERM DEBT

At the end of the current fiscal year, the District had total bond debt payable of $16,095,000. Changes in bonds payable during the current fiscal year are summarized in the following table:

Bond Debt Payable, September 1, 2024	$ 11,590,000
Add: Bond Sale	4,505,000
Bond Debt Payable, August 31, 2025	$ 16,095,000

The District's bonds do not carry underlying ratings. The Series 2024 Utility Bonds and Series 2024 Road Bonds carry insured ratings of "AA" from Standard & Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company and Assured Guaranty Inc. Credit enhanced ratings provided through bond insurance policies are subject to change based on changes to the ratings of the insurers.

As of August 31, 2025, the District recorded an amount due to Developers of $16,202,477 which consists of payments made by the Developers for utilities and road infrastructure as well as District operating advances.

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 Kaufman County Fresh Water Supply District No. 4B, c/o Coats Rose, P.C., 16000 North Dallas Parkway, Suite 350, Dallas, TX 75248.

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4B
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
AUGUST 31, 2025

	General Fund	Debt Service Fund
ASSETS		
Cash	$ 100,682	$ 328,996
Investments	286,215	250,055
Prepaid Debt Service Costs		456,229
Property Taxes Receivable	1,867	2,282
Due from Other Funds	24,779	
Prepaid Bond Issuance Costs	75,572	
Land		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	$ 489,115	$ 1,037,562
LIABILITIES		
Accounts Payable	$ 169,845	$
Due to Developers		
Due to Other Funds		24,779
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	$ 169,845	$ 24,779
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$ 1,867	$ 2,282
FUND BALANCES		
Nonspendable: Prepaid Costs	$ 75,572	$ 456,229
Restricted for Authorized Construction		
Restricted for Debt Service		554,272
Unrestricted	241,831	
TOTAL FUND BALANCES	$ 317,403	$ 1,010,501
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 489,115	$ 1,037,562
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
$ 9,425	$ 439,103	$	$ 439,103
	536,270		536,270
	456,229		456,229
	4,149		4,149
	24,779	(24,779)	
	75,572		75,572
		229,299	229,299
		26,248,807	26,248,807
$ 9,425	$ 1,536,102	$ 27,168,465	$ 28,704,567
$	$ 169,845	$	$ 169,845
		16,202,477	16,202,477
	24,779	(24,779)	
		70,000	70,000
		16,101,695	16,101,695
$ -0-	$ 194,624	$ 32,349,393	$ 32,544,017
$ -0-	$ 4,149	$ (4,149)	$ -0-
$	$ 531,801	$ (531,801)	$
9,425	9,425	(9,425)	
	554,272	(554,272)	
	241,831	(241,831)	
$ 9,425	$ 1,337,329	$ (1,337,329)	$ - 0 -
$ 9,425	$ 1,536,102		
		$ (4,965,503)	$ (4,965,503)
		1,012,783	1,012,783
		113,270	113,270
		$ (3,839,450)	$ (3,839,450)

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

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4B
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
AUGUST 31, 2025

Total Fund Balances - Governmental Funds		$ 1,337,329
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.		27,193,244
Deferred inflows of resources related to property taxes receivable for the 2024 tax levy became part of recognized revenue in governmental activities.		4,149
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 Developers	$ (16,202,477)	
Bonds Payable	(16,171,695)	(32,374,172)
Total Net Position - Governmental Activities		$ (3,839,450)

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

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4B
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED AUGUST 31, 2025

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	$ 248,105	$ 308,175
Garbage Service	45,431	
Security Service	114,529	
Penalty and Interest		24,452
Connection Fees	42,750	
Investment and Miscellaneous Revenues	11,791	43,810
TOTAL REVENUES	$ 462,606	$ 376,437
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	$ 81,590	$ 11,607
Contracted Services	122,037	798
Repairs and Maintenance	8,575	
Depreciation		
Other	18,713	30
Capital Outlay		
Developer Interest		
Debt Service:		
Bond Interest		525,767
Bond Issuance Costs	33,135	
TOTAL EXPENDITURES/EXPENSES	$ 264,050	$ 538,202
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	$ 198,556	$ (161,765)
OTHER FINANCING SOURCES (USES)		
Proceeds From Issuance of Long-Term Debt	$	$ 320,784
Bond Premium		
Bond Discount		
TOTAL OTHER FINANCING SOURCES (USES)	$ -0-	$ 320,784
NET CHANGE IN FUND BALANCES	$ 198,556	$ 159,019
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - SEPTEMBER 1, 2024	118,847	851,482
FUND BALANCES/NET POSITION - AUGUST 31, 2025	$ 317,403	$ 1,010,501

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$ 556,280	$ 4,149	$ 560,429
	45,431		45,431
	114,529		114,529
	24,452		24,452
	42,750		42,750
17,375	72,976		72,976
$ 17,375	$ 856,418	$ 4,149	$ 860,567
$	$ 93,197	$	$ 93,197
	122,835		122,835
	8,575		8,575
		581,684	581,684
31	18,774		18,774
4,015,219	4,015,219	(4,015,219)	
251,458	251,458		251,458
	525,767	(198,382)	327,385
437,399	470,534		470,534
$ 4,704,107	$ 5,506,359	$ (3,631,917)	$ 1,874,442
$ (4,686,732)	$ (4,649,941)	$ 3,636,066	$ (1,013,875)
$ 4,184,216	$ 4,505,000	$ (4,505,000)	$
109,920	109,920	(109,920)	
(62,013)	(62,013)	62,013	
$ 4,232,123	$ 4,552,907	$ (4,552,907)	$ -0-
$ (454,609)	$ (97,034)	$ 97,034	$
		(1,013,875)	(1,013,875)
464,034	1,434,363	(4,259,938)	(2,825,575)
$ 9,425	$ 1,337,329	$ (5,176,779)	$ (3,839,450)

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

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4B
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED AUGUST 31, 2025

Net Change in Fund Balances - Governmental Funds	$	(97,034)
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.		4,149
Governmental funds do not account for depreciation. In governmental activities, capital assets are depreciated over the estimated useful lives.		(581,684)
Governmental funds report developer reimbursements as expenditures. In governmental activities, developer reimbursements reduce long-term liabilities.		4,015,219
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.		198,382
Governmental funds report bond proceeds as other financing sources. In governmental activities, bonds payable, net of unamortized bond discounts and unamortized bond premiums, are recorded as liabilities.		(4,552,907)
Change in Net Position - Governmental Activities	$	(1,013,875)

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

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4B
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2025

NOTE 1. CREATION OF DISTRICT

Kaufman County Fresh Water Supply District No. 4B is a limited-purpose political subdivision of the State of Texas operating as a municipal utility district pursuant to Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution. Kaufman County Fresh Water Supply District No. 4 was created by an Order of the Commissioners Court of Kaufman County effective June 30, 2008. The District was duly created by the division of Kaufman County Fresh Water Supply District No. 4 at an election held May 8, 2010. On May 2, 2020, an election was held in which the voters confirmed the creation of the District.

The District is vested with all the rights, privileges, authority and functions conferred by the laws of the State of Texas applicable to municipal utility districts, including without limitation those conferred by Chapters 49 and 53, Texas Water Code, as amended. In addition, the District is authorized to purchase, construct, operate and maintain roads. The District is also authorized to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater; the control and diversion of storm water. The District may also provide solid waste collection and disposal service and operate and maintain recreational facilities. The District may operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, if approved by the voters and the TCEQ. The District does not operate and/or maintain a fire department. The District is subject to the continuing supervision of the TCEQ.

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 Commission. The District is a political subdivision of the State of Texas governed by an elected board.

The GASB has established the criteria for determining whether 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.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting ("GASB Codification"). The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

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

- 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 net position that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole and 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 are eliminated by adjustment to obtain net total revenue and expense of the government-wide Statement of Activities.

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. The General Fund accounts for maintenance tax revenues, service revenues, professional fees and administrative expenditures. The Debt Service Fund accounts for ad valorem property 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.

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 with 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. As of August 31, 2025, the Debt Service Fund owed the General Fund $24,779 for maintenance tax collections.

Pensions

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include the utilities and road infrastructure, 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 fair market 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.

The rights and obligations to operate water and wastewater facilities for the benefit of the residents of the District are carried out by Kaufman County MUD No. 12 pursuant to an agreement (see Note 8). The agreement meets the criteria to be treated in accordance with Governmental Accounting Standards Board Statement No. 94. The District is entitled to significant residual interest in the facilities conveyed and, therefore, continues to record these facilities as capital assets on the books of the District.

Budgeting

An annual budget is adopted for the General Fund by the District's Board. 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.

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.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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. The District does not have any assigned fund balances.

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

	Road Series 2023	Utility Series 2024	Road Series 2024
Amount Outstanding – August 31, 2025	$ 3,475,000	$ 8,115,000	$ 4,505,000
Interest Rates	5.00%-7.00%	4.00%-6.50%	4.125%-6.625%
Maturity Dates	September 1, 2025/2049	September 1, 2026/2049	September 1, 2026/2049
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	December 1, 2029*	July 1, 2030*	December 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 2023 Road term bonds maturing on September 1, 2039, 2041, and 2049, are subject to mandatory redemption by random selection beginning September 1, 2038, 2040, and 2042, respectively. Series 2024 Utility term bonds maturing on September 1, 2036, are subject to mandatory redemption by random selection beginning September 1, 2035. Series 2024 Road term bonds maturing on September 1, 2034, 2036, 2039 and 2041, are subject to mandatory redemption by random selection beginning September 1, 2033, 2035, 2037 and 2040, respectively.

Bonds payable transactions for the current fiscal year are summarized in the following table:

	September 1, 2024	Additions	Retirements	August 31, 2025
Bonds Payable	$ 11,590,000	$ 4,505,000	$	$ 16,095,000
Unamortized Discounts	(163,992)	(62,013)	(8,401)	(217,604)
Unamortized Premiums	195,463	109,920	11,084	294,299
Bonds Payable, Net	$ 11,621,471	$ 4,552,907	$ 2,683	$ 16,171,695

Amount Due Within One Year	$ 70,000
Amount Due After One Year	16,101,695
Bonds Payable, Net	$ 16,171,695

The District has authorized but unissued bonds of $113,752,900 for water, sewer and drainage purposes, $73,255,000 for road improvements, $182,801,850 for refunding water, wastewater, drainage and storm drainage bonds and $121,852,500 for refunding road bonds.

NOTE 3. LONG-TERM DEBT (Continued)

As of August 31, 2025, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2026	$ 70,000	$ 770,006	$ 840,006
2027	385,000	754,797	1,139,797
2028	405,000	728,688	1,133,688
2029	425,000	701,247	1,126,247
2030	445,000	672,399	1,117,399
2031-2035	2,520,000	2,945,972	5,465,972
2036-2040	3,120,000	2,319,615	5,439,615
2041-2045	3,885,000	1,555,122	5,440,122
2046-2050	4,840,000	571,695	5,411,695
	$ 16,095,000	$ 11,019,541	$ 27,114,541

During the year ended August 31, 2025, the District levied an ad valorem debt service tax rate of $0.55 per $100 of assessed valuation, which resulted in a tax levy of $310,347 on the adjusted taxable valuation of $56,426,806 for the 2024 tax year. The bond orders 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.

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 levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

The bond orders state that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data with respect to the District to certain information repositories. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

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 be rebated to the federal government, within the meaning of Section 148(f) of the Internal Revenue Code.

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 $439,103 and the bank balance was $439,103. The District was not exposed to custodial credit risk at year-end. Cash balances as of year end are summarized in the following table:

	Cash
GENERAL FUND	$ 100,682
DEBT SERVICE FUND	328,996
CAPITAL PROJECTS FUND	9,425
TOTAL DEPOSITS	$ 439,103

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.

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.

As of August 31, 2025, the District had the following investments and maturities:

Funds and Investment Type	Fair Value	Maturities of Less Than 1 Year
GENERAL FUND		
Texas CLASS	$ 286,215	$ 286,215
DEBT SERVICE FUND		
Texas CLASS	250,055	250,055
TOTAL INVESTMENTS	$ 536,270	$ 536,270

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. 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 maturities of less than one year since the share positions can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value.

Restrictions

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

NOTE 6. CAPITAL ASSETS

Changes in capital assets during the current fiscal year are summarized in the following table:

	September 1, 2024	Increases	Decreases	August 31, 2025
Capital Assets Not Being Depreciated				
Land and Land Improvements	$	$ 229,299	$	$ 229,299
Construction in Progress	735,301	3,582,668	3,602,831	715,138
Total Capital Assets Not Being Depreciated	$ 735,301	$ 3,811,967	$ 3,602,831	$ 944,437
Capital Assets Subject to Depreciation				
Water System	$ 5,793,554	$ 3,145,509	$	$ 8,939,063
Wastewater System	4,531,316	275,924		4,807,240
Storm Drainage	3,491,742	98,530		3,590,272
Roads	9,966,342	82,868		10,049,210
Total Capital Assets Subject to Depreciation	$ 23,782,954	$ 3,602,831	$ -0-	$ 27,385,785
Less Accumulated Depreciation				
Water System	$ 213,293	$ 144,273	$	$ 357,566
Wastewater System	152,375	123,458		275,833
Storm Drainage	76,129	85,723		161,852
Roads	113,497	228,230		341,727
Total Accumulated Depreciation	$ 555,294	$ 581,684	$ -0-	$ 1,136,978
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 23,227,660	$ 3,021,147	$ -0-	$ 26,248,807
Total Capital Assets, Net of Accumulated Depreciation	$ 23,962,961	$ 6,833,114	$ 3,602,831	$ 27,193,244

NOTE 7. MAINTENANCE TAX

On May 2, 2020, the voters of the District approved the levy and collection of a maintenance tax in an amount not to exceed $1.00 per $100 of assessed valuation of taxable property within the District. Maintenance tax revenues may be used to pay any legally authorized expenditures of the District. During the current fiscal year, the District levied an ad valorem maintenance tax rate of $0.45 per $100 of assessed valuation, which resulted in a tax levy of $253,920 on the adjusted taxable valuation of $56,426,806 for the 2024 tax year.

NOTE 8. WATER AND WASTEWATER SERVICE AGREEMENTS

The District executed retail water and retail sewer service agreements with Kaufman County Municipal Utility District No. 12 ("District No. 12") effective January 26, 2018. Pursuant to agreements between the City of Mesquite, Texas and District No. 12, the City of Mesquite provides wholesale treated water and wholesale wastewater treatment capacity to serve the development needs of District No. 12. District No. 12 agrees to provide sufficient water capacity and wastewater treatment capacity to serve the needs of the District. District No. 12 operates and maintains the water and wastewater treatment facilities within the District.

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 changes in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 10. UNREIMBURSED DEVELOPER COSTS

The District and the Developers have entered into agreements which require the Developers to fund costs associated with water, sanitary sewer and drainage facilities, roads and operating advances. Reimbursement to the Developers for these projects and operating advances is contingent upon approval from the Commission and the future sale of bonds. The following table summarizes the activity for the current fiscal year:

Due to Developers, beginning of year	$ 16,405,730
Current year additions	3,811,966
Current year reimbursements	(4,015,219)
Due to Developers, end of year	$ 16,202,477

NOTE 11. BOND SALE AND SUBSEQUENT EVENT - PENDING BOND SALE

On December 5, 2024, the District closed on the sale of its $4,505,000 Series 2024 Unlimited Tax Road Bonds. Bond proceeds were used to reimburse Developers for construction and engineering costs related to roads serving Wildcat Ranch, Phases 3 and 4. Additional proceeds were used to pay capitalized interest, Developer interest, and bond issuance costs.

The District anticipates closing on the sale of its $6,000,000 Series 2025 utility bonds on December 4, 2025. Proceeds will be used to reimburse Developers for utilities serving Wildcat Ranch, Phase 3 as well as District No. 12 water plant expansion and elevated storage tank costs.

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4B

REQUIRED SUPPLEMENTARY INFORMATION

AUGUST 31, 2025

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4B
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED AUGUST 31, 2025

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	$ 152,000	$ 248,105	$ 96,105
Garbage Service		45,431	45,431
Security Service		114,529	114,529
Connection Fees	68,300	42,750	(25,550)
Investment and Miscellaneous Revenues	2,200	11,791	9,591
TOTAL REVENUES	$ 222,500	$ 462,606	$ 240,106
EXPENDITURES			
Service Operations:			
Professional Fees	$ 96,750	$ 81,590	$ 15,160
Contracted Services	51,875	122,037	(70,162)
Other	22,215	60,423	(38,208)
TOTAL EXPENDITURES	$ 170,840	$ 264,050	$ (93,210)
NET CHANGE IN FUND BALANCE	$ 51,660	$ 198,556	$ 146,896
FUND BALANCE - SEPTEMBER 1, 2024	118,847	118,847	
FUND BALANCE - AUGUST 31, 2025	$ 170,507	$ 317,403	$ 146,896

See accompanying independent auditor's report.

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4B

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

AUGUST 31, 2025

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4B
SERVICES AND RATES
FOR THE YEAR ENDED AUGUST 31, 2025

1. SERVICES PROVIDED BY THE DISTRICT DURING THE FISCAL YEAR:

____	Retail Water	____	Wholesale Water	X	Drainage
____	Retail Wastewater	____	Wholesale Wastewater	____	Irrigation
____	Parks/Recreation	____	Fire Protection	X	Security
X	Solid Waste/Garbage	____	Flood Control	X	Roads

____ Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)

____ Other (specify): _____

Note: Kaufman County MUD No. 12 provides utility services to District customers (see Note 8).

2. RETAIL SERVICE PROVIDERS: NOT APPLICABLE

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:

Kaufman 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 Crandall, Texas

Are Board Members appointed by an office outside the District?

Yes ____ No X

See accompanying independent auditor's report.

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4B
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2025

PROFESSIONAL FEES:		
Auditing	$	15,000
Engineering		10,002
Legal		56,588
TOTAL PROFESSIONAL FEES	$	81,590
CONTRACTED SERVICES:		
Bookkeeping	$	12,909
Security		70,415
Garbage		33,737
Tax Collection Costs		4,976
TOTAL CONTRACTED SERVICES	$	122,037
REPAIRS AND MAINTENANCE	$	8,575
ADMINISTRATIVE EXPENDITURES:		
Director Fees, Including Payroll Taxes	$	12,371
Insurance		1,795
Website, Office Supplies, Travel and Other		4,040
TOTAL ADMINISTRATIVE EXPENDITURES	$	18,206
BOND ISSUANCE COSTS	$	33,135
OTHER EXPENDITURES:		
Laboratory Fees	$	307
Permit Fees		200
TOTAL OTHER EXPENDITURES	$	507
TOTAL EXPENDITURES	$	264,050

See accompanying independent auditor's report.

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4B
INVESTMENTS
AUGUST 31, 2025

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
GENERAL FUND					
Texas CLASS	XXXX0001	Varies	Daily	$ 286,215	$ -0-
DEBT SERVICE FUND					
Texas CLASS	XXXX0002	Varies	Daily	$ 250,055	$ -0-
TOTAL - ALL FUNDS				$ 536,270	$ -0-

See accompanying independent auditor's report.

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4B
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2025

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE - SEPTEMBER 1, 2024	$ -0-		$ -0-	
Adjustments to Beginning Balance	(3,948)	$ (3,948)	110	$ 110
Original 2024 Tax Levy	$ 253,922		$ 310,349	
Adjustment to 2024 Tax Levy	(2)	253,920	(2)	310,347
TOTAL TO BE ACCOUNTED FOR		$ 249,972		$ 310,457
TAX COLLECTIONS:				
Prior Years	$ (3,948)		$ 110	
Current Year	252,053	248,105	308,065	308,175
TAXES RECEIVABLE - AUGUST 31, 2025		$ 1,867		$ 2,282
TAXES RECEIVABLE BY YEAR:				
2024		$ 1,867		$ 2,282

See accompanying independent auditor's report.

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4B
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2025

	2024	2023	2022	2021
PROPERTY VALUATIONS:				
Land	$ 40,441,140	$ 7,672,886	$ 5,406,340	$ 47,090
Improvements	17,958,369	6,939,585		
Exemptions	(1,972,703)	(1,312,402)	(2,373,013)	
TOTAL PROPERTY VALUATIONS	$ 56,426,806	$ 13,300,069	$ 3,033,327	$ 47,090
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.55	$ 0.00	$ 0.00	$ 0.00
Maintenance	0.45	1.00	1.00	1.00
TOTAL TAX RATES PER $100 VALUATION	$ 1.00	$ 1.00	$ 1.00	$ 1.00
ADJUSTED TAX LEVY*	$ 564,267	$ 133,000	$ 30,333	$ 471
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	99.26 %	100.00 %	100.00 %	100.00 %

* 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 $1.00 per $100 assessed valuation was approved by voters on May 2, 2020.

See accompanying independent auditor's report.

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4B
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2025

Due During Fiscal Years Ending August 31	SERIES-2023 ROAD		
	Principal Due September 1	Interest Due September 1/ March 1	Total
2026	$ 70,000	$ 189,675	$ 259,675
2027	70,000	184,775	254,775
2028	75,000	179,700	254,700
2029	80,000	174,275	254,275
2030	85,000	168,500	253,500
2031	90,000	163,275	253,275
2032	95,000	158,650	253,650
2033	100,000	153,775	253,775
2034	105,000	148,650	253,650
2035	110,000	143,275	253,275
2036	115,000	137,650	252,650
2037	120,000	131,775	251,775
2038	130,000	125,363	255,363
2039	135,000	118,406	253,406
2040	145,000	111,056	256,056
2041	150,000	103,125	253,125
2042	160,000	94,600	254,600
2043	170,000	85,525	255,525
2044	180,000	75,900	255,900
2045	185,000	65,863	250,863
2046	200,000	55,275	255,275
2047	210,000	44,000	254,000
2048	220,000	32,175	252,175
2049	230,000	19,800	249,800
2050	245,000	6,738	251,738
	$ 3,475,000	$ 2,871,801	$ 6,346,801

See accompanying independent auditor's report.

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4B
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2025

Due During Fiscal Years Ending August 31	SERIES-2024 UTILITY		
	Principal Due September 1	Interest Due September 1/ March 1	Total
2026	$	$ 366,475	$ 366,475
2027	200,000	359,975	559,975
2028	210,000	346,650	556,650
2029	220,000	332,675	552,675
2030	230,000	318,050	548,050
2031	240,000	302,775	542,775
2032	245,000	287,166	532,166
2033	260,000	274,156	534,156
2034	270,000	263,556	533,556
2035	280,000	252,556	532,556
2036	290,000	241,156	531,156
2037	305,000	229,256	534,256
2038	320,000	216,756	536,756
2039	330,000	203,756	533,756
2040	345,000	190,256	535,256
2041	360,000	176,156	536,156
2042	375,000	161,222	536,222
2043	390,000	145,444	535,444
2044	410,000	128,944	538,944
2045	425,000	111,456	536,456
2046	445,000	92,969	537,969
2047	460,000	73,738	533,738
2048	480,000	53,763	533,763
2049	500,000	32,938	532,938
2050	525,000	11,156	536,156
	$ 8,115,000	$ 5,173,000	$ 13,288,000

See accompanying independent auditor's report.

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4B
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2025

Due During Fiscal Years Ending August 31	SERIES-2024 ROAD		
	Principal Due September 1	Interest Due September 1/ March 1	Total
2026	$	$ 213,856	$ 213,856
2027	115,000	210,047	325,047
2028	120,000	202,338	322,338
2029	125,000	194,297	319,297
2030	130,000	185,849	315,849
2031	135,000	177,071	312,071
2032	140,000	167,964	307,964
2033	145,000	158,522	303,522
2034	150,000	150,531	300,531
2035	155,000	144,050	299,050
2036	165,000	137,353	302,353
2037	170,000	130,444	300,444
2038	175,000	123,219	298,219
2039	185,000	115,569	300,569
2040	190,000	107,600	297,600
2041	200,000	99,312	299,312
2042	205,000	90,706	295,706
2043	215,000	81,781	296,781
2044	225,000	72,432	297,432
2045	235,000	62,656	297,656
2046	245,000	52,456	297,456
2047	255,000	41,672	296,672
2048	265,000	30,297	295,297
2049	275,000	18,484	293,484
2050	285,000	6,234	291,234
	$ 4,505,000	$ 2,974,740	$ 7,479,740

See accompanying independent auditor's report.

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4B
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2025

Due During Fiscal Years Ending August 31	ANNUAL REQUIREMENTS FOR ALL SERIES		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2026	$ 70,000	$ 770,006	$ 840,006
2027	385,000	754,797	1,139,797
2028	405,000	728,688	1,133,688
2029	425,000	701,247	1,126,247
2030	445,000	672,399	1,117,399
2031	465,000	643,121	1,108,121
2032	480,000	613,780	1,093,780
2033	505,000	586,453	1,091,453
2034	525,000	562,737	1,087,737
2035	545,000	539,881	1,084,881
2036	570,000	516,159	1,086,159
2037	595,000	491,475	1,086,475
2038	625,000	465,338	1,090,338
2039	650,000	437,731	1,087,731
2040	680,000	408,912	1,088,912
2041	710,000	378,593	1,088,593
2042	740,000	346,528	1,086,528
2043	775,000	312,750	1,087,750
2044	815,000	277,276	1,092,276
2045	845,000	239,975	1,084,975
2046	890,000	200,700	1,090,700
2047	925,000	159,410	1,084,410
2048	965,000	116,235	1,081,235
2049	1,005,000	71,222	1,076,222
2050	1,055,000	24,128	1,079,128
	$ 16,095,000	$ 11,019,541	$ 27,114,541

See accompanying independent auditor's report.

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4B
CHANGES IN LONG-TERM DEBT
FOR THE YEAR ENDED AUGUST 31, 2025

Description	Original Bonds Issued	Bonds Outstanding September 1, 2024
Kaufman County Fresh Water Supply District No. 4B Unlimited Tax Road Bonds - Series 2023	$ 3,475,000	$ 3,475,000
Kaufman County Fresh Water Supply District No. 4B Unlimited Tax Utility Bonds - Series 2024	8,115,000	8,115,000
Kaufman County Fresh Water Supply District No. 4B Unlimited Tax Road Bonds - Series 2024	4,505,000	
TOTAL	$ 16,095,000	$ 11,590,000

Bond Authority:	Utility Bonds	Road Bonds	Utility Refunding Bonds
Amount Authorized by Voters	$ 121,867,900	$ 81,235,000	$ 182,801,850
Amount Issued	(8,115,000)	(7,980,000)	
Remaining to be Issued	$ 113,752,900	$ 73,255,000	$ 182,801,850

Debt Service Fund cash and investment balances at year end:	$ 579,051
Average annual debt service payment for remaining term of all bond debt:	$ 1,084,582

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

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements		Bonds Outstanding	
Bonds Sold	Principal	Interest	August 31, 2025	Paying Agent
$	$	$ 237,488	$ 3,475,000	BOKF, NA Dallas, Texas
		237,191	8,115,000	BOKF, NA Dallas, Texas
4,505,000		51,088	4,505,000	BOKF, NA Dallas, Texas
$ 4,505,000	$ - 0 -	$ 525,767	$ 16,095,000	

Road Refunding Bonds
$ 121,852,500
$ 121,852,500

See accompanying independent auditor's report.

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4B
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND– FOUR YEARS

	Amounts		
	2025	2024	2023
REVENUES			
Property Taxes	$ 248,105	$ 152,996	$ 29,904
Garbage Service	45,431		
Security Service	114,529		
Connection Fees	42,750	65,350	
Investment and Miscellaneous Revenues	11,791	2,996	
TOTAL REVENUES	$ 462,606	$ 221,342	$ 29,904
EXPENDITURES			
Professional Fees	$ 81,590	$ 87,306	$ 77,564
Contracted Services	122,037	41,142	9,727
Repairs and Maintenance	8,575		
Other	51,848	35,403	12,408
TOTAL EXPENDITURES	$ 264,050	$ 163,851	$ 99,699
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 198,556	$ 57,491	$ (69,795)
OTHER FINANCING SOURCES (USES)			
Developer Advances	$ -0-	$ 66,000	$ 68,000
NET CHANGE IN FUND BALANCE	$ 198,556	$ 123,491	$ (1,795)
BEGINNING FUND BALANCE (DEFICIT)	118,847	(4,644)	(2,849)
ENDING FUND BALANCE (DEFICIT)	$ 317,403	$ 118,847	$ (4,644)

See accompanying independent auditor's report.

2022	Percentage of Total Revenues 2025	2024	2023	2022
$ 471	53.7 %	69.1 %	100.0 %	100.0 %
	9.8			
	24.8			
	9.2	29.5		
	2.5	1.4		
$ 471	100.0 %	100.0 %	100.0 %	100.0 %
$ 48,225	17.6 %	39.4 %	259.4 %	10,238.9 %
5,431	26.4	18.6	32.5	1,153.1
	1.9			
12,219	11.2	16.0	41.5	2,594.3
$ 65,875	57.1 %	74.0 %	333.4 %	13,986.3 %
$ (65,404)	42.9 %	26.0 %	(233.4) %	(13,886.3) %
$ 65,000				
$ (404)				
(2,445)				
$ (2,849)				

See accompanying independent auditor's report.

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4B
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND– FOUR YEARS

	Amounts		
	2025	2024	2023
REVENUES			
Property Taxes	$ 308,175	$	$
Penalty and Interest	24,452		
Investment and Miscellaneous Revenues	43,810	13,692	
TOTAL REVENUES	$ 376,437	$ 13,692	$ -0-
EXPENDITURES			
Tax Collection Expenditures	$ 11,637	$ 110	$
Debt Service Principal	525,767		
Debt Service Interest and Fees	798		
TOTAL EXPENDITURES	$ 538,202	$ 110	$ -0-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (161,765)	$ 13,582	$ -0-
OTHER FINANCING SOURCES (USES)			
Proceeds From Issuance of Long-Term Debt	$ 320,784	$ 837,900	$ -0-
NET CHANGE IN FUND BALANCE	$ 159,019	$ 851,482	$ -0-
BEGINNING FUND BALANCE	851,482		
ENDING FUND BALANCE	$ 1,010,501	$ 851,482	$ -0-
TOTAL ACTIVE RETAIL WATER CONNECTIONS	**	**	**
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	**	**	**

** Kaufman County MUD No. 12 provides utility services to residents of the District.

See accompanying independent auditor's report.

	Percentage of Total Revenues			
2022	2025	2024	2023	2022
$	81.9 %	%	%	%
	6.5			
	11.6	100.0		
$ -0-	100.0 %	100.0 %	N/A %	N/A %
$	3.1 %	0.8 %	%	%
	139.7			
	0.2			
$ -0-	143.0 %	0.8 %	N/A %	N/A %
$ - 0 -	(43.0) %	99.2 %	N/A %	N/A %
$ -0-				
$ - 0 -				
$ - 0 -				
**				
**				

See accompanying independent auditor's report.

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4B
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
AUGUST 31, 2025

District Mailing Address - Kaufman County Fresh Water Supply District No. 4B
c/o Coats Rose, P.C.
16000 North Dallas Parkway, Suite 350
Dallas, TX 75248

District Telephone Number - (972) 788-1600

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended August 31, 2025	Expense Reimbursements for the year ended August 31, 2025	Title
Blake Burkhardt	05/22 05/26 (Elected)	$ 2,652	$ 199	President
Rachel Ross	05/22 05/26 (Elected)	$ 2,652	$ 240	Vice President
Justin Hester	05/24 05/28 (Elected)	$ 2,210	$ 275	Secretary
Cody Mankin	05/24 05/28 (Elected)	$ 1,547	$ 87	Assistant Secretary
Mark Taylor	05/24 05/28 (Elected)	$ 2,431	$ 296	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.

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

See accompanying independent auditor's report.

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4B
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
AUGUST 31, 2025

Consultants:	Date Hired	Fees for the year ended August 31, 2025	Title
Coats Rose, P.C.	09/22/17	$ 56,588	General Counsel
		$ 131,700	Bond Counsel
McCall Gibson Swedlund Barfoot Ellis PLLC	08/03/22	$ 15,000	Auditor
		$ 21,500	Bond Related
L & S District Services, LLC	09/22/17	$ 12,909	Bookkeeper/
Debra Loggins		$ -0-	Investment Officer
LJA Engineering, Inc.	01/14/19	$ 57,502	Engineer
Robert W. Baird & Co.	09/22/17	$ 92,032	Financial Advisor

See accompanying independent auditor's report.

APPENDIX B

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

ASSURED GUARANTY®

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No.: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

ASSURED GUARANTY INC. ("AG"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AG, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AG shall have received Notice of Nonpayment, AG will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AG, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AG. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AG is incomplete, it shall be deemed not to have been received by AG for purposes of the preceding sentence and AG shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AG shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AG hereunder. Payment by AG to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AG under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AG shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AG which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

SPECIMEN

AG may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AG pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AG and shall not be deemed received until received by both and (b) all payments required to be made by AG under this Policy may be made directly by AG or by the Insurer's Fiscal Agent on behalf of AG. The Insurer's Fiscal Agent is the agent of AG only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AG to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AG agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AG to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AG, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY INC.

By _____
Authorized Officer

1633 Broadway, New York, N.Y. 10019 (212) 974-0100

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