OFFICIAL STATEMENT DATED NOVEMBER 5, 2026

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

THE BONDS HAVE **NOT** BEEN DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

NEW ISSUES – Book-Entry-Only

NORTH SAN GABRIEL MUNICIPAL UTILITY DISTRICT NO. 1

(A political subdivision of the State of Texas located within Williamson County, Texas)

$4,360,000
UNLIMITED TAX ROAD BONDS
SERIES 2026C

Dated Date: December 1, 2026 **Due: September 1, as shown on the inside cover page**
Interest Accrual Date: Date of Delivery

The North San Gabriel Municipal Utility District No. 1 $4,360,000 Unlimited Tax Road Bonds, Series 2026C (the "Bonds"), when issued, will constitute valid and legally binding obligations of North San Gabriel Municipal Utility District No. 1 (the "District") and will constitute valid and legally binding obligations of the District and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Williamson County, or any entity other than the District. The Bonds are subject to special risk factors described herein. See "RISK FACTORS."

Principal of the Bonds will be payable at stated maturity or redemption upon presentation of the Bonds at the principal payment office of the paying agent/registrar, initially BOKF, NA (the "Paying Agent/Registrar") in Dallas, Texas. Interest on the Bonds will accrue from the initial date of delivery (expected on or about December 4, 2026) (the "Date of Delivery") and be payable on September 1, 2027 and on each March 1 and September 1 thereafter until the earlier of maturity or redemption. The Bonds will be issued only in fully registered form in denominations of $5,000 each or integral multiples thereof. Interest will be calculated on the basis of a 360-day year of twelve 30-day months. The Bonds are subject to redemption prior to maturity as shown on the inside cover page hereof.

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 will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. See "BOOK-ENTRY-ONLY SYSTEM."

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

---

The Bonds are offered by the Initial Purchaser subject to prior sale, when, as and if issued by the District and accepted by the Initial Purchaser, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Allen Boone Humphries Robinson LLP, Bond Counsel. Certain legal matters will be passed on for the District by Orrick, Herrington & Sutcliffe LLP, Austin, Texas, as Disclosure Counsel. Delivery of the Bonds in book-entry form through the facilities of DTC is on or about December 4, 2026.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS

$4,360,000 Unlimited Tax Road Bonds, Series 2026C

Due (September 1)	Principal Amount		Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)	Due (September 1)	Principal Amount		Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)
2028	$ 85,000		7.250 %	3.70 %	66224C GA6	2041	$ 170,000	(c)	4.750 %	4.95 %	66224C GP3
2029	85,000		7.250	3.80	66224C GB4	2042	180,000	(c)	4.750	5.02	66224C GQ1
2030	90,000		7.250	3.90	66224C GC2	2043	190,000	(c)	4.750	5.07	66224C GR9
2031	100,000		7.250	3.95	66224C GD0	2044	200,000	(c)	4.750	5.12	66224C GS7
2032	105,000		7.250	4.00	66224C GE8	2045	215,000	(c)	4.750	5.17	66224C GT5
2033	110,000	(c)	7.250	4.05	66224C GF5	2046	225,000	(c)	4.750	5.22	66224C GU2
2034	115,000	(c)	7.250	4.10	66224C GG3	2047	240,000	(c)	4.875	5.27	66224C GV0
2035	120,000	(c)	7.000	4.15	66224C GH1	2048	250,000	(c)	4.875	5.31	66224C GW8
2036	130,000	(c)	4.750	4.40	66224C GJ7	2049	265,000	(c)	4.875	5.35	66224C GX6
2037	135,000	(c)	4.750	4.50	66224C GK4	2050	280,000	(c)	4.875	5.40	66224C GY4
2038	145,000	(c)	4.750	4.60	66224C GL2	2051	300,000	(c)	4.875	5.45	66224C GZ1
2039	150,000	(c)	4.750	4.70	66224C GM0	2052	315,000	(c)	4.875	5.50	66224C HA5
2040	160,000	(c)	4.750	4.80	66224C GN8						

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

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

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

TABLE OF CONTENTS

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS 2
OFFICIAL STATEMENT SUMMARY 4
SELECTED FINANCIAL INFORMATION 7
THE BONDS 8
BOOK-ENTRY-ONLY SYSTEM 12
THE DISTRICT 14
MANAGEMENT 15
THE DEVELOPER 16
THE SYSTEM 17
THE ROAD SYSTEM 18
UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED 18
FINANCIAL STATEMENT (UNAUDITED) 19
ESTIMATED OVERLAPPING DEBT STATEMENT 20
TAX DATA 21
TAX PROCEDURES 23
GENERAL FUND OPERATIONS 28
DEBT SERVICE REQUIREMENTS 30
RISK FACTORS 31
LEGAL MATTERS 37
TAX MATTERS 38
SALE AND DISTRIBUTION OF THE BONDS 40
MUNICIPAL BOND RATING 41
PREPARATION OF OFFICIAL STATEMENT 41
CONTINUING DISCLOSURE OF INFORMATION 42
MISCELLANEOUS 44
AERIAL PHOTOGRAPH 45
PHOTOGRAPHS OF THE DISTRICT 46
DISTRICT AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JULY 31, 2025 ... APPENDIX A

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 representation must not be relied upon as having been authorized by the District.

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

All of the summaries of the statutes, resolutions, contracts, audited financial statements, engineering and other related reports 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 Allen Boone Humphries Robinson LLP, Bond Counsel, 919 Congress Avenue, Suite 1500, Austin, Texas 78701, upon payment of duplication costs.

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

This Official Statement contains, in part, estimates, assumptions and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions or matters of opinion, or as to the likelihood that they will be realized. Any information and expressions of opinion herein contained are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described herein since the date hereof. However, the District has agreed to keep this Official Statement current by amendment or sticker to reflect material changes in the affairs of the District and, to the extent that information actually comes to its attention, the other matters described in this Official Statement until delivery of the Bonds to the Initial Purchaser (as herein defined) and thereafter only as specified in "PREPARATION OF OFFICIAL STATEMENT—Updating the Official Statement."

OFFICIAL STATEMENT SUMMARY

The following information is qualified in its entirety by the detailed information appearing elsewhere in this Official Statement.

THE FINANCING

The Issuer..... North San Gabriel Municipal Utility District No. 1 (the "District"), a political subdivision of the State of Texas, is located in Williamson County, Texas. See "THE DISTRICT."

The Issue..... $4,360,000 Unlimited Tax Road Bonds, Series 2026C (the "Bonds") are issued pursuant to a resolution (the "Bond Resolution") of the District's Board of Directors. The Bonds will be issued as fully registered bonds maturing in the years and in the amounts shown on the inside cover hereof. Interest on the Bonds accrues from the Date of Delivery, at the rates shown on the inside cover hereof, and is payable on September 1, 2027, and on each March 1 and September 1 thereafter until the earlier of maturity or prior redemption.

The Bonds maturing on and after September 1, 2033, are subject to redemption, in whole or in part, at the option of the District, prior to their maturity dates, on September 1, 2032, or on any date thereafter. Upon redemption, the Bonds will be payable at a price of par plus accrued interest to the date of redemption. See "THE BONDS—Redemption Provisions."

Authority for Issuance ..... The Bonds are the fourth series of bonds issued out of an aggregate $52,000,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of acquiring and constructing road facilities. The Bonds are issued by the District pursuant to the Bond Resolution adopted by the Board of Directors of the District (the "Board"), Article III, Section 52 of the Texas Constitution, House Bill 1355, an act of the 83rd Legislature of the State of Texas, Regular Session (2013), and codified as Chapter 8432 of the Special District Local Laws Code (the "Act"), Chapters 49 and 54 of the Texas Water Code, as amended, and the general laws of the State of Texas regarding the issuance of bonds by political subdivisions of the State of Texas. See "THE BONDS—Authority for Issuance."

Source of Payment..... The Bonds are payable from an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District (see "TAX PROCEDURES"). The Bonds are obligations of the District and are not obligations of the State of Texas, Williamson County, or any other political subdivision or agency other than the District. See "THE BONDS—Source of and Security for Payment."

Use of Proceeds..... Proceeds from the sale of the Bonds will be used to reimburse the Developer for the construction costs shown herein under "THE ROAD SYSTEM—Use and Distribution of Bond Proceeds." In addition, proceeds from the Bonds will also be used to capitalize eighteen (18) months of interest on the Bonds, to pay Developer interest, and to pay certain costs associated with the issuance of the Bonds. See "THE ROAD SYSTEM—Use and Distribution of Bond Proceeds."

Payment Record.....The District has previously issued three series of unlimited tax bonds for the purpose of acquiring and constructing water, sanitary sewer, and drainage facilities and three series of unlimited tax road bonds for the purpose of acquiring and constructing road facilities, $49,390,000 of which is currently outstanding as of the date hereof (the "Outstanding Bonds"). See "FINANCIAL STATEMENT (UNAUDITED)—Outstanding Bonds."

Not Qualified Tax-Exempt Obligations..... The Bonds have not been designated as "qualified tax-exempt obligations" for financial institutions.

Municipal Bond Rating ..... The District has not applied for an underlying rating on the Bonds nor is it expected that the District would have received an investment grade rating had such application been made. See "MUNICIPAL BOND RATING."

Legal Opinion ..... Allen Boone Humphries Robinson LLP, Bond Counsel, Austin, Texas.

Financial Advisor ..... Masterson Advisors LLC, Austin, Texas.

Disclosure Counsel ..... Orrick, Herrington & Sutcliffe LLP, Austin, Texas.

Engineer ..... Jones-Heroy & Associates, Inc., Austin, Texas.

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

THE DISTRICT

Description ..... The District was created by division of North San Gabriel Municipal Utility District of Williamson County pursuant to an Order Dividing District dated August 1, 2017. Prior to division, North San Gabriel Municipal Utility District was originally created by House Bill 1355, an act of the 83rd Legislature of the State of Texas, Regular Session (2013), and codified as Chapter 8432 of the Special District Local Laws Code (the "Act"). The District presently contains approximately 702 acres of land. The District is located in the northwest portion of Williamson County approximately 2 miles north of the central area of the City of Liberty Hill, Texas (the "City"), which City is located approximately 34 miles northwest of the central business district of the City of Austin, Texas. The District is not within the corporate limits nor within the extraterritorial jurisdiction of any city.

Status of Development ..... The District is being developed primarily for single-family residential purposes by River Oaks Land Partners II LLC, a Texas limited liability company (the "Developer"), as Lariat. Water, sanitary sewer, and drainage facilities have been constructed to serve Northgate Ranch, Phase 2, Sections 1 through 10, and Northgate Ranch, Phase 3, Sections 11, 12A and 13 through 16 (consisting of approximately 462 acres of land developed into 1,557 single-family residential lots). As of September 24, 2026, the District contained 725 single-family homes completed and occupied, 58 single-family homes completed and not occupied, 10 model homes, 132 single-family homes in various stages of construction, and 632 developed lots available to new home construction. Of the 132 single-family homes under construction, 50 are contracted for sale to home purchasers. Builders in the District include Tri Pointe Homes, Chesmar Homes, Perry Homes, Drees Custom Homes, Highland Homes, Coventry Homes, Westin Homes, CastleRock Communities, Risewell Homes and Ashton Woods Homes. New homes in the District range in offering prices from approximately $300,000 to $1,000,000. In addition, Northgate Ranch, Phase 3, Section 12B (67 single-family residential lots) is under construction on approximately 18 acres with completion expected in the second quarter of 2027.

In addition to the development described above, an amenity center which includes a playground, a swimming pool, splash pads, an outdoor event space, a dog park and a fishing dock has been constructed on approximately 4 acres. Liberty Hill Independent School District owns approximately 12 acres of land, which land is exempt from ad valorem taxation by the District, upon which an elementary school has been constructed. Also, approximately 175 acres of developable land are not provided with underground water, sanitary sewer, and drainage facilities and approximately 31 acres of undevelopable land is contained in easements, rights of way, storm water detention facilities and other land uses. See "THE DISTRICT—Status of Development."

The Developer ..... The Developer was created for the sole purpose of developing Lariat and its only substantial asset consists of the land in Lariat. The Developer is owned by WRR Interests, LLC, a Texas limited liability company.

RISK FACTORS

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

(The remainder of this page intentionally left blank.)

SELECTED FINANCIAL INFORMATION

2026 Taxable Assessed Valuation	$335,711,928	(a)
Estimated Taxable Assessed Valuation as of October 1, 2026	$383,148,000	(b)
Gross Direct Debt Outstanding	$53,750,000	(c)
Estimated Overlapping Debt	40,510,333	(d)
Gross Direct Debt and Estimated Overlapping Debt	$94,260,333	
Ratios of Gross Direct Debt to:		
2026 Taxable Assessed Valuation	16.01%	
Estimated Taxable Assessed Valuation as of October 1, 2026	14.03%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2026 Taxable Assessed Valuation	28.08%	(d)
Estimated Taxable Assessed Valuation as of October 1, 2026	24.60%	(d)
Funds Available for Debt Service as of October 23, 2026:		
System Debt Service Funds	$1,603,650	
Road Debt Service Funds	662,992	
Capitalized Interest from Proceeds of the Bonds (Eighteen (18) Months)	343,669	(e)
Total Funds Available for Debt Service	$2,610,311	
Funds Available for Operating Funds as of October 23, 2026	$849,331	
Funds Available for Capital Projects as of October 23, 2026:		
System Capital Project Funds	$371,178	
Road Capital Project Funds	308,525	
Total Funds Available for Capital Projects	$679,703	
2026 District Tax Rate:		
Debt Service	$0.70	
Maintenance and Operations	0.30	
Total	$1.00/$100 A.V.	
Average Annual Debt Service Requirement ("Average Requirement") (2027-2052)	$3,501,634	(f)
Maximum Annual Debt Service Requirement ("Maximum Requirement") (2049)	$3,923,750	(f)
Tax Rates Required to Pay Average Requirement (2027-2052) Based Upon:		
2026 Taxable Assessed Valuation at a 95% Collection Rate	$1.10/$100 A.V.	
Estimated Taxable Assessed Valuation as of October 1, 2026 at a 95% Collection Rate	$0.97/$100 A.V.	
Tax Rates Required to Pay Maximum Requirement (2049) Based Upon:		
2026 Taxable Assessed Valuation at a 95% Collection Rate	$1.24/$100 A.V.	
Estimated Taxable Assessed Valuation as of October 1, 2026 at a 95% Collection Rate	$1.08/$100 A.V.	
Status of Home Construction as of September 24, 2026 (g):		
Single-Family Residential – Completed and Occupied	725	
Single-Family Residential – Completed and Unoccupied	58	
Single-Family Residential – Under Construction	132	
Model Homes	10	
Lots Available for Home Construction	632	
Total	1,557	

Area of District – 702 acres
Estimated 2026 Population – 2,538 (h)

(a) The Williamson Central Appraisal District (the "Appraisal District") has certified $323,809,372 of taxable value and an additional $11,902,556 remains uncertified and subject to review and downward adjustment prior to certification. The 2026 Taxable Assessed Valuation shown throughout this Official Statement is the certified value plus the uncertified value. See "TAX PROCEDURES."
(b) Provided by the Appraisal District for informational purposes only. Such amount reflects an estimate of the taxable assessed valuation within the District on October 1, 2026. This estimate has no official status. Taxes are levied based on value as certified by the Appraisal District as of January 1 of each year. Consequently, this estimate will not be used to produce tax revenue for the District. See "TAX PROCEDURES."
(c) Includes the Bonds and the Outstanding Bonds. See "FINANCIAL STATEMENT (UNAUDITED)—Outstanding Bonds."
(d) See "ESTIMATED OVERLAPPING DEBT STATEMENT."
(e) The District will capitalize eighteen (18) months of interest from proceeds of the Bonds. See "THE ROAD SYSTEM—Use and Distribution of Bond Proceeds."
(f) See "DEBT SERVICE REQUIREMENTS."
(g) See "THE DISTRICT—Status of Development."
(h) Estimate based upon 3.5 persons per occupied single-family residence.

OFFICIAL STATEMENT

NORTH SAN GABRIEL MUNICIPAL UTILITY DISTRICT NO. 1

(A political subdivision of the State of Texas located within Williamson County, Texas)

$4,360,000
UNLIMITED TAX ROAD BONDS
SERIES 2026C

This Official Statement provides certain information in connection with the issuance by North San Gabriel Municipal Utility District No. 1 (the "District") of its $4,360,000 Unlimited Tax Road Bonds, Series 2026C (the "Bonds").

The Bonds are issued pursuant to the Texas Constitution, the general laws of the State of Texas, an election held in the District, and a resolution authorizing the issuance of the Bonds (the "Bond Resolution") adopted by the Board of Directors of the District (the "Board").

This Official Statement includes descriptions, among others, of the Bonds and the Bond Resolution, and certain other information about the District and River Oaks Land Partners II LLC, a Texas limited liability company (the "Developer"), and development activity in the District. Included in this Official Statement are descriptions of the Bonds and certain information about the District and its finances. ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT. Copies of such documents may be obtained from the District c/o Allen Boone Humphries Robinson LLP, 919 Congress Avenue, Suite 1500, Austin, Texas 78701 or from the District's Financial Advisor, Masterson Advisors LLC, 3013 Carlisle Drive, Austin, Texas 78757, upon payment of reasonable copying, mailing and handling charges.

THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Resolution of the Board authorizing the issuance and sale of the Bonds. The Bond Resolution authorizes the issuance and sale of the 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 will be dated December 1, 2026 and accrue interest from the Date of Delivery (expected on or about December 4, 2026). Interest is payable on each September 1 and March 1 commencing September 1, 2027, until the earlier of maturity or prior redemption. The Bonds mature on September 1 in the amounts and years shown on the inside cover page of this Official Statement. Interest calculations are based on a 360-day year comprised of twelve 30-day months. The Bonds will be issued in fully registered form only, without coupons, in denominations of $5,000 or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York, acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co., as the nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable by the paying agent to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds.

Authority for Issuance

At a bond election held within the District on May 2, 2020, the voters of the District authorized the issuance of a total of $52,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing road facilities to serve the District. The Bonds are being issued pursuant to such authorization. See "—Issuance of Additional Debt" herein.

The Bonds are issued by the District pursuant to the terms and provisions of the Bond Resolution, an election held in the District, Article III, Section 52 of the Texas Constitution (as to the Bonds), and Chapters 49 and 54 of the Texas Water Code, as amended.

Source of and Security for Payment

While the Bonds, the Outstanding Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, the District covenants in the Bond Resolution to levy an annual ad valorem tax, without legal limit as to rate or amount, upon all taxable property in the District sufficient to pay the principal of and interest on the Bonds, with full allowance being made for delinquencies and costs of collection.

The Bonds are obligations of the District and are not the obligations of the State of Texas, Williamson County, or any entity other than the District.

Funds

In the Bond Resolution, the Road Debt Service Fund is confirmed, and the proceeds from all taxes levied, assessed and collected for and on account of the Bonds authorized by the Bond Resolution shall be deposited, as collected, in such fund.

Eighteen (18) months of capitalized interest shall be deposited into the Road Debt Service Fund upon receipt. The remaining proceeds from sale of the Bonds, including interest earnings thereon, shall be deposited into the Road Capital Projects Fund, to reimburse the Developer for certain road construction costs, to pay Developer interest and to pay the costs of issuing the Bonds. See "THE ROAD SYSTEM—Use and Distribution of Bond Proceeds" for a more complete description of the use of Bond proceeds.

No Arbitrage

The District will certify as of the date each series of Bonds are delivered and paid for that, based upon all facts and estimates now known or reasonably expected to be in existence on the date such Bonds are delivered and paid for, the District reasonably expects that the proceeds of such Bonds will not be used in a manner that would cause such Bonds, or any portion of such Bonds, to be "arbitrage bonds" under the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations promulgated 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 such 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 such Bonds are delivered and paid for regarding the amount and use of the proceeds of such Bonds. Moreover, the District covenants in the Bond Resolution that it shall make such use of the proceeds of such Bonds, regulate investment of proceeds of such 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.

Record Date

The record date for determining to whom is owed payment of the interest on any regularly scheduled interest payment date is defined as the 15th day of the month (whether or not a business day) preceding such interest payment date.

Redemption Provisions

The District reserves the right, at its option, to redeem the Bonds maturing on and after September 1, 2033, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of $5,000, on September 1, 2032, or on any date thereafter, at a price of par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. If fewer than all of the Bonds are redeemed at any time, the particular maturities and amounts of Bonds to be redeemed shall be selected by the District. If fewer than all the Bonds of any maturity are redeemed at any time, the particular Bonds within a maturity to be redeemed shall be selected by the Paying Agent/Registrar (hereinafter defined) by lot or other customary method of random selection (or by DTC (hereinafter defined) in accordance with its procedures while the Bonds are in book-entry-only form).

Notice of any redemption identifying the Bonds to be redeemed in whole or in part shall be given by the Paying Agent/Registrar at least thirty (30) days prior to the date fixed for redemption by sending written notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the register. Such notices shall state the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment and, if fewer than all the Bonds outstanding within any one maturity are to be redeemed, the numbers of the Bonds or the portions thereof to be redeemed. Any notice given shall be conclusively presumed to have been duly given, whether or not the Registered Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed, plus accrued interest

to the date fixed for redemption. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Registered Owners to collect interest that would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

Registration and Transfer

BOKF, NA, Dallas, Texas is the initial paying agent/registrar (the "Paying Agent/Registrar," "Paying Agent" or "Registrar") for the Bonds. So long as any Bonds remain outstanding, the Paying Agent/Registrar shall keep the register at its principal payment office and, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of the Bond Resolution. While the Bonds are in the Book-Entry-Only System, the Bonds will be registered in the name of Cede & Co. and will not be transferred. See "BOOK-ENTRY-ONLY SYSTEM."

Replacement of Paying Agent/Registrar

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

Issuance of Additional Debt

The District may issue additional bonds, with the approval of the Commission, necessary to provide and maintain improvements and facilities consistent with the purposes for which the District was created. After issuance of the Bonds, the District will have $143,935,000 principal amount of unlimited tax bonds authorized but unissued for water, sanitary sewer, and drainage facilities, and $29,035,000 principal amount of unlimited tax bonds authorized but unissued for road facilities. The District's voters have also authorized a total of $8,000,000 principal amount of unlimited tax bonds for park and recreational facilities, $52,500,000 principal amount of unlimited tax bonds for refunding water, sanitary sewer and drainage facilities, $15,600,000 principal amount of unlimited tax bonds for refunding road facilities and $2,400,000 principal amount of unlimited tax bonds for refunding park and recreational facilities, none of which have been issued. The Bond Resolution does not impose any limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District. See "THE SYSTEM—Future Debt."

Additionally, the District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. The District has prepared and adopted a detailed park plan and the authorized voters of the District have also authorized the issuance of $8,000,000 principal amount of unlimited tax bonds for park and recreational facilities, all of which is unissued. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the park project and bonds by the TCEQ and (b) approval of the bonds by the Attorney General of Texas. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent (1%) of the value of the taxable property in the District, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent (1%) but not greater than three percent (3%) of the value of the taxable property in the District.

The District is also authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue fire-fighting bonds payable from taxes, the following actions would be required: (a) authorization of a detailed fire plan and bonds for such purpose by the qualified voters in the District; (b) approval of the fire plan by the TCEQ; and (c) approval of bonds by the Attorney General of Texas. It is not anticipated at this time that bonds will be issued by the District for fire-fighting purposes.

Consolidation

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) and liabilities (such as the Bonds), with the assets and liabilities of districts with which it is consolidating. Although no consolidation is presently contemplated by the District, no representation is made concerning the likelihood of consolidation in the future.

Remedies in Event of Default

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 Resolution, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Resolution, the Registered Owners have the statutory right of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Resolution. Except for mandamus, the Bond Resolution does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, 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 Resolution may not be reduced to a judgment for money damages. Even 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. Certain traditional legal remedies also may not be available. See "RISK FACTORS—Registered Owners' Remedies and Bankruptcy Limitations."

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Defeasance

The Bond Resolution provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct obligations of the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally

recognized investment rating firm not less than "AAA" or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, and which mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

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

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

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of 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 and the Financial Advisor believe the source of such information to be reliable, but neither of the District or the Financial Advisor takes any responsibility for the accuracy or completeness thereof.

The District cannot and does not give any assurances 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.

General

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 requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest 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 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating from S&P Global Rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owners") 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 Owners 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 the District (or the Trustee on behalf thereof) 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).

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 principal, premium, if any, interest payments and redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Paying Agent/Registrar, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Paying Agent/Registrar. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Paying Agent/Registrar's DTC account.

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 transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

THE DISTRICT

General

The District was created by division of North San Gabriel Municipal Utility District of Williamson County pursuant to an order dividing the District dated August 1, 2017. Prior to division, North San Gabriel Municipal Utility District was originally created by House Bill 1355, an act of the 83rd Legislature of the State of Texas, Regular Session (2013), and codified as Chapter 8432 of the Special District Local Laws Code (the "Act"). The rights, powers, privileges, authority and functions of the District are established by the general laws of the State of Texas pertaining to utility districts, particularly Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution and Chapters 49 and 54 of the Texas Water Code, as amended.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District is also empowered to establish parks and recreational facilities for the residents of the District, to construct certain streets and roads, to contract for or employ its own peace officers and, after approval by the Commission, and the voters of the District, to establish, operate, and maintain fire-fighting facilities. See "THE BONDS—Issuance of Additional Debt."

The Commission exercises continuing supervisory jurisdiction over the District. The City of Georgetown must approve the District construction plans of certain improvements; and permit connections only to platted lots and reserves which have been approved by the City of Georgetown. Construction and operation of the District's drainage system are subject to the regulatory jurisdiction of additional government agencies. See "THE SYSTEM."

Location

The District presently contains approximately 702 acres of land. The District is located in the northwest portion of Williamson County approximately 2 miles north of the central area of the City of Liberty Hill (the "City"), which City is located approximately 34 miles northwest of the central business district of the City of Austin, Texas.

Status of Development

The District is being developed primarily for single-family residential purposes by the Developer, as Lariat. Water, sanitary sewer, and drainage facilities have been constructed to serve Northgate Ranch, Phase 2, Sections 1 through 10, and Northgate Ranch, Phase 3, Sections 11, 12A and 13 through 16 (consisting of approximately 462 acres of land developed into 1,557 single-family residential lots). In addition, Northgate Ranch, Phase 3, Section 12B (67 single-family residential lots) is under construction on approximately 18 acres with completion expected in the second quarter of 2027.

Construction of homes is being conducted by ten builders: Tri Pointe Homes, Chesmar Homes, Perry Homes, Drees Custom Homes, Highland Homes, Coventry Homes, Westin Homes, CastleRock Communities, Risewell Homes and Ashton Woods Homes. New homes in the District range in offering prices from approximately $300,000 to $1,000,000. As of September 24, 2026, the District contained 925 single-family homes completed or under construction as shown below:

Status of Home Construction as of September 24, 2026:

Single-Family Residential – Completed and Occupied	725
Single-Family Residential – Completed and Unoccupied	58
Single-Family Residential – Under Construction	132
Model Homes	10
Total	925

In addition to the development described above, an amenity center which includes a playground, a swimming pool, splash pads, an outdoor event space, a dog park and a fishing dock has been constructed on approximately 4 acres. Liberty Hill Independent School District owns approximately 12 acres of land, which land is exempt from ad valorem taxation by the District, upon which an elementary school has been constructed. Also, approximately 175 acres of developable land are not provided with underground water, sanitary sewer, and drainage facilities and approximately 31 acres of undevelopable land is contained in easements, rights of way, storm water detention facilities and other land uses.

MANAGEMENT

Board of Directors

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

Name	Title	Term Expires
Mark Berman	President	May 2030
Delaine Teeple	Vice President	May 2030
Lissa Anderson	Secretary	May 2028
John L. Lohr	Asst. Secretary	May 2028
Andrew McDonald	Asst. Vice President	May 2028

While the District does not employ any full-time employees, it has contracted for certain services as follows:

Tax Assessor/Collector

Land and improvements within the District are appraised for ad valorem taxation purposes by the Williamson Central Appraisal District. The District's Tax Assessor/Collector is contracted with by the Board of the District, and the District has contracted with the Williamson County Tax Assessor/Collector to serve in this capacity for the District.

Bookkeeper

The District has engaged Bott & Douthitt, PLLC to serve as the District's bookkeeper (the "Bookkeeper").

Engineer

The consulting engineer for the District in connection with the design and construction of the District's facilities is Jones-Heroy & Associates, Inc. (the "Engineer").

Operations

The District contracts with Si Environmental, LLC for maintenance and operation of the District's system.

Bond Counsel and General Counsel

The District engages Allen Boone Humphries Robinson LLP as general counsel and 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.

Disclosure Counsel

Orrick, Herrington & Sutcliffe LLP, Austin, Texas has been engaged by the District to serve as Disclosure Counsel. Fees for services rendered by Disclosure Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

Financial Advisor

Masterson Advisors LLC (the "Financial Advisor") serves as financial advisor to the District. The fees to be paid the Financial Advisor 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.

Auditor

The District's financial statements for the year ended July 31, 2025, were audited by McCall Gibson Swedlund Barfoot Ellis PLLC. See "APPENDIX A" for a copy of the District's July 31, 2025 audited financial statements. The District has engaged McCall Gibson Swedlund Barfoot Ellis PLLC to audit its financial statements for the fiscal year ended July 31, 2026.

THE DEVELOPER

Role of a Developer

In general, the activities of a landowner or developer in a municipal utility district such as the District include designing the project; defining a marketing program and setting building schedules; securing necessary governmental approvals and permits for development; arranging for the construction of roads and the installation of utilities; and selling or leasing improved tracts or commercial reserves to other developers or third parties. In some instances, a landowner or developer will be required by the Commission to pay thirty percent (30%) of the cost of placing the water distribution, wastewater collection, and storm drainage facilities in a district, exclusive of water supply and storage and wastewater treatment plants of which the district incurs one hundred percent (100%) of the cost. While a developer is required by the Commission to pave streets (in areas where District facilities are being financed with bonds), a developer is under no obligation to a district to undertake development activities according to any particular plan or schedule. Furthermore, there is no restriction on a developer's right to sell any or all of the land which the developer owns within a district. In addition, the developer is ordinarily the major taxpayer within the district during the early stages of development. The relative success or failure of a developer to perform in the above-described capacities may affect the ability of a district to collect sufficient taxes to pay debt service and retire bonds.

River Oaks Land Partners II LLC

The Developer was created for the sole purpose of developing Lariat and its only substantial asset consists of the land in Lariat. The Developer is owned by WRR Interests, LLC, a Texas limited liability company.

The Developer financed, or is financing, the development of the District with a revolving acquisition and development loan provided by KL RTX AIV LLC, a Delaware limited liability company. The Developer has also obtained financing for a portion of the development of Lariat through the Public Finance Authority of Wisconsin (the "PFA"). The PFA issued $35,500,631 Revenue Anticipation Notes, Series 2023 (the "PFA Notes"), which are secured in part by the sale and assignment of the Developer's right to receive proceeds from the Bonds and the future sale of unlimited tax bonds issued by the District. According to the Developer, it is currently in compliance with all material representations and certifications made with respect to the PFA Notes and has made the necessary certifications required by the Texas Attorney General ensuring the proceeds of the Bonds are being used for lawful purposes authorized under Texas law.

The Developer has also obtained financing for a portion of the development of Lariat through the National Finance Authority ("NFA"), a component unit of the Business Finance Authority, created and existing under New Hampshire Revised Statutes 162-S, as amended. The NFA issued $29,455,138.12 (Value at Issuance) $48,341,000.00 (Value at Maturity) Special Revenue Capital Appreciation Bonds, Series 2025 (the "NFA Bonds"), which are secured in part by the sale and assignment of the Developer's right to receive proceeds from the future sale of unlimited tax bonds issued by the District. According to the Developer, it is currently in compliance with all material representations and certifications made with respect to the NFA Bonds.

The Developer is not responsible for, liable for, and has not made any commitment for payment of the Bonds or other obligations of the District. The Developer does not have any legal commitment to the District or owners of the Bonds to continue development of land within the District and may sell or otherwise dispose of their property within the District, or any other assets, at any time.

THE SYSTEM

Regulation

According to the Engineer, the District's water supply and distribution and storm drainage facilities (collectively, the "System") have been designed in accordance with accepted engineering practices and the then current requirements of various entities having regulatory or supervisory jurisdiction over the construction and operation of such facilities. The construction of the System was required to be accomplished in accordance with the standards and specifications of such entities and is subject to inspection by each such entity. The regulations and requirements of entities exercising regulatory jurisdiction over the System are subject to further development and revision which, in turn, could require additional expenditures by the District in order to achieve compliance. The following descriptions are based upon information supplied by the District's Engineer.

Water, Sanitary Sewer and Drainage Facilities

The construction of the water, sanitary sewer and drainage facilities to serve the District have been, or will be, financed with funds advanced by the Developer. It is expected that proceeds from sale of future issues of District Bonds will be used to reimburse the Developer for certain of the advances.

Source of Water Supply: The District is provided water supply by the City of Georgetown, Texas ("Georgetown") pursuant to a water service agreement. Water from Georgetown is obtained from a surface water treatment plant where Georgetown stores and treats water pumped from Lake Stillhouse Hollow. Georgetown's water supply facilities also include ground storage and elevated storage facilities, wells, and booster pumps. According to the Engineer, the District's water supply is capable of serving 1,850 equivalent single-family connections ("ESFCs"), which is sufficient to serve the 915 ESFCs currently being served by the District.

Source of Wastewater Treatment: The District's wastewater treatment is provided by a permanent wastewater treatment plant (the "WWTP") owned by the District that provides 360,000 gallons per day ("gpd") of treatment capacity. According to the Engineer, the District's wastewater treatment plant is capable of serving 1,200 ESFCs, which is sufficient to serve the 915 ESFCs currently being served by the District.

100-Year Flood Plain: According to the Engineer, approximately 31 acres of land in the District are located within the 100-year floodplain, as per approved Federal Insurance Rate Map. Substantially all of the land within the 100-year floodplain is located within the drainage ditches and other drainage facilities.

Future Debt

The Developer has financed or is financing the engineering and construction costs of underground utilities to serve the District, as well as certain other District improvements. After reimbursement from sale of the Bonds, the Developer will have expended approximately $66,450,000 (as of October 14, 2026) for design, construction and acquisition of District improvements not yet reimbursed. It is anticipated that proceeds from future issues of District bonds will be used, in part, to reimburse the Developer for these costs to the extent allowed by the Commission. The District can make no representation that any additional development will occur within the District. The Engineer has stated that the District's authorized but unissued bonds will be adequate, under present land use projections, to finance such improvements. See "RISK FACTORS—Future Debt."

THE ROAD SYSTEM

All roadways and associated improvements are designed and constructed in accordance with Williamson County standards, rules, and regulations. Upon acceptance of roadway facilities, the District will be responsible for operation and maintenance thereof.

Use and Distribution of Bond Proceeds

The estimated use and distribution of Bond proceeds is shown below.

CONSTRUCTION RELATED COSTS		
• Northgate Phase 2, Section 10	$	170,686
• Northgate Phase 3, Section 13		1,738,630
• Northgate Phase 3, Sections 11 and 14 - 16		85,366
• Engineering		76,784
• Rights-of-Way Land Costs		1,272,163
Total Construction Related Costs	**$**	**3,343,629**
NON-CONSTRUCTION COSTS		
• Bond Discount (a)	$	130,554
• Capitalized Interest (Eighteen (18) Months) (a)		343,669
• Developer Interest (Estimated)		252,136
Total Non-Construction Costs	**$**	**726,359**
ISSUANCE COSTS AND FEES		
• Issuance Costs and Professional Fees	$	251,935
• Bond Engineering Report Costs		17,440
• State Regulatory Fees		4,360
• Contingency (a)		16,277
Total Issuance Costs and Fees	**$**	**290,012**
TOTAL BOND ISSUE REQUIREMENT	**$**	**4,360,000**

(a) Contingency represents the difference in the estimated and actual amounts of Bond Discount and capitalized interest.

UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED

Date of Authorization	Purpose	Amount Authorized	Issued to Date	Amount Unissued
05/02/2020	Water, Sanitary Sewer and Drainage Facilities	$175,000,000	$31,065,000	$143,935,000
05/02/2020	Road Facilities	$52,000,000	$22,965,000 (a)	$29,035,000
05/02/2020	Recreational Facilities	$8,000,000	$0	$8,000,000
05/02/2020	Refunding of Water, Sanitary Sewer and Drainage Facilities	$52,500,000	$0	$52,500,000
05/02/2020	Refunding Road Facilities	$15,600,000	$0	$15,600,000
05/02/2020	Refunding Recreational Facilities	$2,400,000	$0	$2,400,000

(a) Includes the Bonds.

FINANCIAL STATEMENT (UNAUDITED)

2026 Taxable Assessed Valuation	$335,711,928 (a)
Estimated Taxable Assessed Valuation as of October 1, 2026	$383,148,000 (b)
District Debt:	
Outstanding Bonds (as of October 1, 2026)	$49,390,000
The Bonds	4,360,000
Gross Direct Debt Outstanding (after issuance of the Bonds)	$53,750,000
Ratios of Gross Direct Debt to:	
2026 Taxable Assessed Valuation	16.01%
Estimated Taxable Assessed Valuation as of October 1, 2026	14.03%

Area of District – 702 acres
Estimated 2026 Population – 2,538 (c)

(a) The Appraisal District has certified $323,809,372 of taxable value and an additional $11,902,556 remains uncertified and subject to review and downward adjustment prior to certification. The 2026 Taxable Assessed Valuation shown throughout this Official Statement is the certified value plus the uncertified value. See "TAX PROCEDURES."

(b) Provided by the Appraisal District for informational purposes only. Such amount reflects an estimate of the taxable assessed valuation within the District on October 1, 2026. This estimate has no official status. Taxes are levied based on value as certified by the Appraisal District as of January 1 of each year. Consequently, this estimate will not be used to produce tax revenue for the District. See "TAX PROCEDURES."

(c) Estimate based upon 3.5 persons per occupied single-family residence.

Cash and Investment Balances (unaudited as of October 23, 2026)

General Operating Fund	Cash and Temporary Investments	$ 849,331
System Debt Service Fund	Cash and Temporary Investments	$1,603,650
System Capital Projects Fund	Cash and Temporary Investments	$ 371,178
Road Debt Service Fund	Cash and Temporary Investments	$ 662,992 (a)
Road Capital Projects Fund	Cash and Temporary Investments	$ 308,525

(a) Does not include eighteen (18) months of interest which will be capitalized from proceeds of the Bonds and deposited into such fund. Neither the Bond Resolution nor Texas law requires that the District maintain any particular balance in the Road Debt Service Fund.

Outstanding Bonds (as of October 1, 2026)

Series		Original Principal Amount	Outstanding Bonds (as of 10/1/2026)
2024A		$ 4,550,000	$ 4,450,000
2024B	(a)	8,000,000	7,820,000
2025A		15,900,000	15,900,000
2025B	(a)	4,500,000	4,500,000
2026A		10,615,000	10,615,000
2026B	(a)	6,105,000	6,105,000
Total		$49,670,000	$ 49,390,000

(a) Unlimited tax road bonds.

ESTIMATED OVERLAPPING DEBT STATEMENT

Expenditures of the various taxing entities within the territory of the District are paid out of ad valorem taxes levied by such entities on properties within the District. Such entities are independent of the District and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax bonds ("Tax Debt") was developed from information contained in the "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional bonds since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined. The following table reflects the estimated share of the overlapping Tax Debt of the District.

Taxing Jurisdiction	Outstanding Bonds	As of	Overlapping Percent	Overlapping Amount
Williamson County	$1,399,910,000	9/30/2026	0.23%	$ 3,219,793
Liberty Hill Independent School District	956,167,702	9/30/2026	3.90%	37,290,540
Williamson County ESD No. 4	-	9/30/2026	2.35%	-
Total Estimated Overlapping Debt				$ 40,510,333
The District	53,750,000	(a)	100.00%	53,750,000
Total Direct and Estimated Overlapping Debt				$ 94,260,333

Ratios of Direct and Estimated Overlapping Debt to:

2026 Taxable Assessed Valuation 28.08%

Estimated Taxable Assessed Valuation as of October 1, 2026 ..... 24.60%

(a) Includes the Outstanding Bonds and the Bonds.

Overlapping Tax Rates for 2026

	2026 Tax Rate per $100 of Taxable Assessed Valuation
Williamson County	$ 0.421547
Liberty Hill Independent School District	1.229800
Williamson County ESD No. 4	0.078218
Total Overlapping Tax Rate	$ 1.729565
The District (a)	1.000000
Total Tax Rate	$ 2.729565

(a) See "TAX DATA—Tax Rate Distribution."

TAX DATA

Tax Collections

The following statement of tax collections sets forth in condensed form the historical tax collection experience of the District. This summary has been prepared for inclusion herein, based upon information from District records. Reference is made to these records for further and more complete information.

Tax Year	Taxable Assessed Valuation	Tax Rate	Total Tax Levy	Total Collections as of August 31, 2026	
				Amount	Percent
2022	$ 12,998,867	$ 0.95	$ 123,489	$ 123,489	100.00%
2023	34,918,700	0.95	331,728	331,728	100.00%
2024	91,268,109	0.95	867,047	867,047	100.00%
2025	230,980,555	0.95	2,194,315	2,192,307	99.91%
2026	335,711,928	1.00	3,357,119	(a)	(a)

(a) In process of collection. Taxes for 2026 are due by January 31, 2027.

Taxes are due when billed and become delinquent if not paid before February 1 of the year following the year in which imposed. No split payments are allowed and no discounts are allowed.

Tax Rate Distribution

	2026	2025	2024	2023	2022
Debt Service	$ 0.70	$ 0.55	$ -	$ -	$ -
Maintenance and Operations	0.30	0.40	0.95	0.95	0.95
Total	$ 1.00	$ 0.95	$ 0.95	$ 0.95	$ 0.95

Tax Rate Limitations

Debt Service: Unlimited (no legal limit as to rate or amount).
Maintenance and Operations: $1.20 per $100 assessed valuation.

Debt Service Tax

The Board covenants in the Bond Resolution 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. For the 2026 tax year, the Board levied a debt service tax in the amount of $0.70 per $100 assessed valuation. See "—Tax Rate Distribution" above and "TAX PROCEDURES."

Maintenance and Operations Tax

The Board of Directors of the District 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. On May 2, 2020, the Board was authorized to levy such a maintenance tax in an amount not to exceed $1.20 per $100 of assessed valuation. For the 2026 tax year, the Board levied a maintenance tax in the amount of $0.30 per $100 assessed valuation. Such tax is in addition to taxes which the District is authorized to levy for paying principal and interest on the District's bonds. See "—Debt Service Tax" above.

Tax Exemptions

As discussed in the section titled "TAX 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's Tax Assessor/Collector has contracted with a delinquent tax attorney to collect certain delinquent taxes. In connection with that contract, the District established an additional penalty in the percentage of the tax determined by the Tax Assessor/Collector to defray the costs of collection. This penalty applies to taxes that either: (1) become delinquent on or after February 1 of a year, but not later than May 1 of that year, and that remain delinquent on April 1 (for personal property) and 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 Texas Property Tax Code.

Principal Taxpayers

The following list of principal taxpayers was provided by the District's Tax Assessor/Collector based upon the certified portion ($323,809,372) of the 2026 Taxable Assessed Valuation of $335,711,928. This represents ownership as of January 1, 2026. Accurate principal taxpayer lists related to the uncertified portion ($11,902,556) of the 2026 Taxable Assessed Valuation or the Estimated Taxable Assessed Valuation as of October 1, 2026 are not available as of the date hereof.

Taxpayer	Type of Property	2026 Certified Taxable Assessed Valuation	% of 2026 Certified Taxable Assessed Valuation
Tri Pointe Homes Texas Inc.	Land and Improvements	$ 15,304,755	4.73%
CastleRock Communities LLC	Land and Improvements	6,805,360	2.10%
JLE Investments LP	Land	5,150,400	1.59%
Oncor Electric Delivery Company	Personal Property	4,112,520	1.27%
Drees Custom Homes LP (a)	Land and Improvements	3,784,443	1.17%
Westin Homes and Properties LP	Land and Improvements	3,766,122	1.16%
Drees Custom Homes LP (a)	Land and Improvements	2,472,935	0.76%
Phau - Lariat 108 LLC	Land and Improvements	2,391,761	0.74%
2023 Lariat Development LLC	Land	2,004,480	0.62%
Highland Homes Austin LLC	Land and Improvements	1,503,360	0.46%
Total		$ 47,296,136	14.61%

(a) Related entities.

Summary of Assessed Valuation

The following summary of the 2026, 2025 and 2024 Taxable Assessed Valuations is provided by the District's Tax Assessor/Collector based on information contained in the 2026, 2025 and 2024 tax rolls of the District. Accurate breakdowns related to the uncertified portion of the 2026 Taxable Assessed Valuation and the Estimated Taxable Assessed Valuation as of October 1, 2026 are not available as of the date hereof.

	2026	2025	2024
Land	$ 134,570,219	$ 139,783,769	$ 97,860,111
Improvements	294,474,260	135,956,604	29,204,136
Personal Property	6,275,521	4,022,961	2,768,961
Exemptions and Deferments	(111,510,628)	(48,782,779)	(38,565,099)
Certified Value	$ 323,809,372	$ 230,980,555	$ 91,268,109
Uncertified Value	11,902,556	-	-
Total	$ 335,711,928	$ 230,980,555	$ 91,268,109

Tax Adequacy for Debt Service

The calculations shown below assume, solely for purposes of illustration, no increase or decrease in assessed valuation over the 2026 Taxable Assessed Valuation of $335,711,928 ($323,809,372 of certified value and $11,902,556 of uncertified value) and the Estimated Taxable Assessed Valuation as of October 1, 2026 of $383,148,000, no use of available funds, and utilize tax rates necessary to pay the District's average annual debt service requirements and maximum annual debt service requirements on the Outstanding Bonds and the Bonds. See "DEBT SERVICE REQUIREMENTS" and "RISK FACTORS—Impact on District Tax Rates."

Average Annual Debt Service Requirement (2027-2052)	$3,501,634
$1.10 Tax Rate on the 2026 Taxable Assessed Valuation of $335,711,928 at a 95% collection rate produces	$3,508,190
$0.97 Tax Rate on the Estimated Taxable Assessed Valuation as of October 1, 2026 of $383,148,000 at a 95% collection rate produces	$3,530,709
Maximum Annual Debt Service Requirement (2049)	$3,923,750
$1.24 tax rate on the 2026 Taxable Assessed Valuation of $335,711,928 at a 95% collection rate produces	$3,954,687
$1.08 tax rate on the Estimated Taxable Assessed Valuation as of October 1, 2026 of $383,148,000 at a 95% collection rate produces	$3,931,098

No representation or suggestion is made that the uncertified portion ($11,902,556) of the 2026 Taxable Assessed Valuation or the Estimated Taxable Assessed Valuation as of October 1, 2026 provided by the Appraisal District for the District will be certified as taxable value by the Appraisal District, and no person should rely upon such amounts or their inclusion herein as assurance of their attainment. See "TAX PROCEDURES."

TAX PROCEDURES

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 an amount sufficient 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 (see "RISK FACTORS—Future Debt") and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Resolution to levy such a tax from year to year as described more fully herein under "THE BONDS—Source of and Security for Payment." Under Texas law, the Board may also levy and collect an annual ad valorem tax for the operation and maintenance of the District and its water and wastewater system and for the payment of certain contractual obligations. See "TAX DATA."

Property Tax Code and County-Wide Appraisal District

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

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

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, and mobile homes 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; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; travel trailers; most individually owned automobiles; and intangible personal property. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years or older and of certain disabled persons to the extent deemed advisable by the Board. The District may be required to offer such an exemption if a majority of voters approve it at an election. The District would be required to call such 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. Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between $5,000 and $12,000 depending on the disability rating of the veteran if such rating is less than 100%. A veteran who receives a disability rating of 100%, and subject to certain conditions, the surviving spouse of such a veteran is entitled to the exemption for the full amount of the residential homestead. A disabled veteran who has a disability rating of less than 100% is entitled to an exemption equal to the percentage of the veteran's disability rating for a residence homestead that was donated by a charitable organization to such veteran (i) at no cost to such veteran or (ii) effective January 1, 2018, at some cost to such veteran in the form of a cash payment, a mortgage, or both in an aggregate amount that is not more than 50 percent of the good faith estimate of the market value of the residence homestead made by the charitable organization as of the date the donation is made. Effective January 1, 2018, 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. 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 and surviving spouse. The surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the first responder's death, and said property was the first responder's residence homestead at the time of death. Such exemption would be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received. See "TAX DATA."

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) (not less than $5,000) of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1. To date, the District has not adopted a homestead exemption. See "TAX DATA."

Freeport Goods and Goods-in-Transit Exemptions: A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing, or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, 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 is limited to 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 personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Tax Abatement

Williamson County may designate all or part of the area within the District as a reinvestment zone for abatement purposes. Thereafter, Williamson County, the District, and the City (after annexation of the District), at the option and discretion of each entity, 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 jurisdictions. The District has not entered into any tax abatement agreements.

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. Generally, 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. In determining market value, either the replacement cost or the income or the market data method of valuation may be used, whichever is appropriate. Nevertheless, certain land may be appraised at less than market value under the Property Tax Code. Increases in the appraised value of residence homesteads are limited by the Texas Constitution to 10% annually regardless of the market value of the property.

The Property Tax Code permits land designated for agricultural use, open space, or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation, or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three (3) years for agricultural use, open space land, and timberland.

The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraisal values. The plan must provide for appraisal of all real property in the Appraisal District at least once every three (3) years. It is not known what frequency of reappraisal will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis. The District, however, at its expense has the right to obtain from the Appraisal District a current estimate of appraised values within the District or an estimate of any new property or improvements within the District. While such current estimate of appraised values may serve to indicate the rate and extent of growth of taxable values within the District, it cannot be used for establishing a tax rate within the District until such time as the Appraisal District chooses formally to include such values on its appraisal roll.

The Property Tax Code provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% physically damaged by a disaster and located within an area declared to be a disaster area by the governor of the State of Texas. This temporary exemption is automatic if the disaster is declared prior to a taxing unit, such as 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.

District and Taxpayer Remedies

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

Tax Payment Installments After Disaster

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

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

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 rate of taxation is set by the Board, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the District and a delinquent tax attorney, 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, may be rejected. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and interest, if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) sixty-five (65) years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continue to accrue during the period of deferral.

Rollback of Operation and Maintenance Tax Rate

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

Special Taxing Units: Special Taxing Units that adopt a total tax rate that would impose more than 1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, may be 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 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, subject to certain homestead exemptions for the preceding tax year, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, may be required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus 1.035 times the previous year's operation and maintenance tax rate plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor of Texas or President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Special Taxing Unit and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Special Taxing Units.

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

The District: A determination as to the District's status as a Special Taxing Unit, Developed District, or Developing District is made by the Board on an annual basis. For the 2026 tax year, the District was classified as 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.

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 for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units (see "ESTIMATED OVERLAPPING DEBT STATEMENT—Overlapping Tax Rates for 2026"). A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both, subject to the restrictions on residential homesteads described under "—Levy and Collection of Taxes." 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 cost of suit and sale, 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 (a taxpayer may redeem property within six (6) months for commercial property and two (2) years for residential and all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. The District's ability to foreclose its tax lien or collect penalties or interest on delinquent taxes may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. See "RISK FACTORS."

GENERAL FUND OPERATIONS

General

The Bonds and the Outstanding Bonds are payable from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. Net revenues, if any, derived from the District's general fund are not pledged to the payment of the Bonds and the Outstanding Bonds but are available for any lawful purpose including payment of debt service on the Bonds, and the Outstanding Bonds at the discretion and upon action of the Board. It is not expected that significant net revenues, if any, will be available for debt service on the Bonds or the Outstanding Bonds.

(The remainder of this page intentionally left blank.)

Operating Statement

The following statement sets forth in condensed form the historical results of operation of the District's General Fund. Accounting principles customarily employed in the determination of net revenues have been observed and, in all instances, exclude depreciation. Such summary is based upon information obtained from the District's audited financial statements for the fiscal year ended July 31, 2023 through July 31, 2025 and an unaudited summary for the fiscal year ended July 31, 2026 as provided by the Bookkeeper. Reference is made to "APPENDIX A" for further and complete information for the fiscal year ended July 31, 2025.

	Fiscal Year Ended July 31			
	2026 (a)	2025	2024	2023 (b)
REVENUES:				
Property Taxes	$ 940,849	$ 859,419	$ 340,877	$ 121,729
Wastewater Service Fees	520,964	234,390	7,468	-
Tap and Inspection Fees	109,800	104,550	177,750	-
Interest and Other	107,145	9,143	5,008	189
TOTAL REVENUES	$ 1,678,758	$ 1,207,502	$ 531,103	$ 121,918
EXPENDITURES:				
Operations/Management	$ 142,445	$ 98,475	$ 11,800	$ 3,207
Sludge Hauling	32,022	14,449	-	-
Pump and Haul Fees	-	69,185	166,288	-
Tap Connections/Inspection Fees	19,098	18,223	20,561	-
Repairs/Maintenance	55,844	192,109	17,409	-
Utilities	42,292	38,316	1,542	-
Chemicals/Lab Fees	9,184	7,652	-	454
Mowing	280,357	97,281	-	-
	120,753	-	-	-
Engineering Fees	91,178	166,390	95,951	82,185
Construction Inspection Fees	36,375	-	101,067	34,205
Legal Fees	214,467	138,943	-	-
Accounting Fees	19,950	20,222	15,104	6,200
Audit Fees	15,000	12,000	11,000	-
Other Consultant Fees	8,010	4,010	3,600	3,600
Tax Appraisal/Collections Fees	4,729	4,891	1,665	493
Public Notice	-	-	-	507
Director Fees	11,182	12,847	12,404	7,912
Insurance	22,514	18,913	11,296	1,461
Bank Fees	-	-	-	1,398
Lease - Sewage Treatment Plant	-	390,000	390,000	390,000
Capital Outlay	-	15,200	-	-
Other	17,456	14,547	2,877	1,271
TOTAL EXPENDITURES	$ 1,142,854	$ 1,333,653	$ 862,564	$ 532,893
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	$ 535,904	$ (126,151)	$ (331,461)	$ (410,975)
OTHER FINANCING SOURCES:				
Developer Advances	$ -	$ 465,000	$ 465,000	$ 440,000
NET CHANGE IN FUND BALANCE	$ 535,904	$ 338,849	$ 133,539	$ 29,025
FUND BALANCE:				
Beginning of Year	491,770	152,921	19,382	(9,643)
End of Year	$ 1,027,674	$ 491,770	$ 152,921	$ 19,382

(a) Unaudited, prepared by the Bookkeeper.
(b) The District's initial audited financial statements.

DEBT SERVICE REQUIREMENTS

The following sets forth the debt service on the Outstanding Bonds and the Bonds. The schedule below does not reflect the fact that the District will capitalize eighteen (18) months of interest from proceeds of the Bonds to pay debt service on the Bonds. See "THE ROAD SYSTEM—Use and Distribution of Bond Proceeds."

Year	Outstanding Bonds Debt Service Requirements	Plus: Debt Service on the Bonds			Total Debt Service Requirements
		Principal	Interest	Total	
2027	$ 3,219,433		$ 169,925	$ 169,925	$ 3,389,358
2028	3,435,787	$ 85,000	229,113	314,113	3,749,900
2029	3,419,994	85,000	222,950	307,950	3,727,944
2030	3,400,281	90,000	216,788	306,788	3,707,069
2031	3,376,650	100,000	210,263	310,263	3,686,912
2032	3,358,100	105,000	203,013	308,013	3,666,112
2033	3,361,006	110,000	195,400	305,400	3,666,406
2034	3,347,506	115,000	187,425	302,425	3,649,931
2035	3,365,562	120,000	179,088	299,088	3,664,650
2036	3,379,412	130,000	170,688	300,688	3,680,100
2037	3,395,037	135,000	164,513	299,513	3,694,550
2038	3,416,312	145,000	158,100	303,100	3,719,412
2039	3,437,738	150,000	151,213	301,213	3,738,950
2040	3,443,994	160,000	144,088	304,088	3,748,081
2041	3,465,150	170,000	136,488	306,488	3,771,637
2042	3,480,500	180,000	128,413	308,413	3,788,912
2043	3,500,594	190,000	119,863	309,863	3,810,456
2044	3,520,500	200,000	110,838	310,838	3,831,338
2045	3,542,638	215,000	101,338	316,338	3,858,975
2046	3,557,413	225,000	91,125	316,125	3,873,538
2047	3,565,544	240,000	80,438	320,438	3,885,981
2048	3,596,075	250,000	68,738	318,738	3,914,813
2049	3,602,200	265,000	56,550	321,550	3,923,750
2050	2,708,000	280,000	43,631	323,631	3,031,631
2051	1,201,750	300,000	29,981	329,981	1,531,731
2052	-	315,000	15,356	330,356	330,356
Total	$ 83,097,177	$ 4,360,000	$ 3,585,319	$ 7,945,319	$ 91,042,495

Average Annual Debt Service Requirements (2027-2052) $3,501,634
Maximum Annual Debt Service Requirements (2049) $3,923,750

RISK FACTORS

General

The Bonds, which are obligations of the District and not obligations of the State of Texas, Williamson County, or any other political entity other than the District, will be secured by an annual ad valorem tax levied, without legal limitation as to rate or amount, on all taxable property within the District. The ultimate security for payment of the principal of and interest on the Bonds depends on the ability of the District to collect from the property owners within the District all taxes levied against the property, or in the event of foreclosure, on the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The collection by the District of delinquent taxes owed to it and the enforcement by registered owners of the District's obligation to collect sufficient taxes may be a costly and lengthy process. Furthermore, the District cannot and does not make any representations that continued development of property within the District will accumulate or maintain taxable values sufficient to justify continued payment by property owners or that there will be a market for the property. See "—Registered Owners' Remedies and Bankruptcy Limitations" herein.

Undeveloped Acreage and Vacant Lots

There are approximately 193 developable acres of land that have not been provided with water, wastewater, storm drainage, detention facilities and paving necessary for the construction of taxable improvements (including approximately 18 acres where construction is underway for the development of 67 single-family residential lots) and 632 vacant developed lots within the District. Failure of the Developer to develop the developable land or of builders to construct homes or taxable improvements on the developed lots could restrict the growth rate of taxable values in the District. The District makes no representation as to when or if development of the undeveloped acreage will occur or that the lot sales and building program will be successful. See "THE DISTRICT—Status of Development."

Developer/Landowner Obligation to the District

There are no commitments from or obligations of the Developer or any landowner to the District to proceed at any particular rate or according to any specified plan with the development of land or the construction of improvements in the District, and there is no restriction on any landowner's right to sell its land. Failure to construct taxable improvements on developed lots or developed tracts of land could restrict the rate of growth of taxable values in the District. The District cannot and does not make any representation that over the life of the Bonds continued development of taxable property within the District will increase or maintain its taxable value.

Economic Factors and Interest Rates

A substantial percentage of the taxable value of the District results from the current market value of single-family residences and of developed lots which are currently being marketed by the Developer for sale to homebuilders for the construction of primary residences. The market value of such homes and lots is related to general economic conditions in the City of Austin, Texas ("Austin"), the State of Texas and the nation and those conditions can affect the demand for residences. Demand for lots of this type and the construction of residential dwellings thereon can be significantly affected by factors such as interest rates, energy costs and availability, credit availability (see "—Credit Market and Liquidity in the Financial Markets" below), construction costs and the prosperity and demographic characteristics of the urban center toward which the marketing of lots is directed. Decreased levels of construction activity could tend to restrict the growth of property values in the District or could adversely impact such values.

Credit Markets and Liquidity in the Financial Markets

Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates at which developers are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, particularly liquidity in the national credit markets, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 34 miles from the central downtown business district of Austin, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Austin metropolitan and regional economies and national credit and financial markets. A downturn in the economic conditions of Austin and decline in the nation's real estate and financial markets could adversely affect development and homebuilding plans in the District and restrain the growth of the District's property tax base.

Competition

The demand for and construction of single-family homes in the District, which is approximately 34 miles from downtown Austin, could be affected by competition from other residential developments, including other residential developments located in the northwestern portion of the Austin area market. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in the area of the District. Such homes could represent additional competition for new homes proposed to be sold within the District.

The competitive position of the builders in the sale of single-family residential houses within the District is affected by most of the factors discussed in this section. Such a competitive position directly affects the growth and maintenance of taxable values in the District and tax revenues to be received by the District. The District can give no assurance that building and marketing programs in the District by the Developer will be implemented or, if implemented, will be successful.

Increase in Costs of Building Materials and Labor Shortages

As a result of low supply and high demand, shipping constraints, and ongoing trade disputes (including tariffs and retaliatory tariffs), there have been substantial increases in the cost of lumber and other materials, causing many homebuilders and general contractors to experience budget overruns. Further, the federal administration's unpredictable tariff policy (including the threatened impositions of tariffs) may impact the ability of the Developer or homebuilders in the District to estimate costs. The federal administration's immigration policies may additionally impact the State's workforce, particularly in construction. Mass deportations or immigration policies that make it challenging for foreign workers to work in the United States may result in labor shortages that impact the Developer's ability to construct utility and road facilities and homebuilders' ability to construct homes within the District. Decreased levels of construction activity could tend to restrict the growth of property values in the District or could adversely impact existing values. The District makes no representations regarding the probability of development or homebuilding continuing in a timely manner or the effects that current or future economic or governmental circumstances may have on any plans of the Developer or homebuilders.

Impact on District Tax Rates

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of District property owners to pay their taxes. The 2026 Taxable Assessed Valuation within the District is $335,711,928 ($323,809,372 of certified value and $11,902,556 of uncertified value). See "FINANCIAL STATEMENT (UNAUDITED)." After issuance of the Bonds, the maximum annual debt service requirement is $3,923,750 (2049) and the average annual debt service requirement is $3,501,634 (2027-2052, inclusive). Assuming no increase or decrease from the 2026 Taxable Assessed Valuation and no use of funds other than tax collections, a tax rate of $1.24 per $100 assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement of $3,923,750 and a tax rate of $1.10 per $100 assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement of $3,501,634. The Estimated Taxable Assessed Valuation as of October 1, 2026 of the District is $383,148,000. Assuming no increase or decrease from the Estimated Taxable Assessed Valuation as of October 1, 2026 and no use of funds other than tax collections, a tax rate of $1.08 per $100 assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement of $3,923,750 and a tax rate of $0.97 per $100 assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement of $3,501,634 (see "DEBT SERVICE REQUIREMENTS").

Although calculations have been made regarding average and maximum tax rates necessary to pay the debt service on the Bonds based upon the 2026 Taxable Assessed Valuation and the Estimated Taxable Assessed Valuation as of October 1, 2026, the District can make no representations regarding the future level of assessed valuation within the District. Increases in the tax rate may be required in the event the District's assessed valuation does not continue to increase or in the event major taxpayers do not pay their District taxes timely. Increases in taxable values depend primarily on the continuing construction and sale of homes and other taxable improvements within the District. See "TAX DATA—Tax Adequacy for Debt Service" and "TAX PROCEDURES."

Future Debt

The District reserves in the Bond Resolution the right to issue the remaining $143,935,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities, $8,000,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of park and recreational facilities, $29,035,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of constructing road facilities, $52,500,000 principal amount of unlimited tax bonds for refunding water, sanitary sewer and drainage facilities, $15,600,000 principal amount of unlimited tax bonds for refunding road facilities and $2,400,000 principal amount of unlimited tax bonds for refunding park and recreational facilities and the District may issue additional bonds which may be voted hereafter. See "THE BONDS—Issuance of Additional Debt" and "THE SYSTEM." The issuance of such future obligations may adversely affect the investment security of the Bonds. The District does not employ any formula with regard to assessed valuations or tax collections or otherwise to limit the amount of bonds which may be issued. Any bonds issued by the District, however, must be approved by the Attorney General of Texas and the Board of the District and any bonds issued to acquire or construct water, sanitary sewer and drainage and recreational facilities must be approved by the Commission.

Additionally, if the District does issue bonds to acquire or construct park and recreational facilities, the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent (1%) but not of the value of the taxable property in the District, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of bonds issued by the District for such purpose may exceed an amount equal to one percent (1%) but not greater than three percent (3%) of the value of the taxable property in the District.

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, tornadoes, 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 rate.

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.

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 market conditions limiting the proceeds from a foreclosure sale of taxable property and collection procedures. 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. The costs of collecting any such taxpayer's delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. Finally, a bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid. See "TAX PROCEDURES—District's Rights in the Event of Tax Delinquencies."

Registered Owners' Remedies and Bankruptcy Limitations

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 Resolution, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Resolution, the Registered Owners have the statutory right of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Resolution. Except for mandamus, the Bond Resolution does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, 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. Based on recent Texas court decisions, it is unclear whether Section 49.066 Texas Water Code, effectively waives governmental immunity of a municipal utility district for suits for money damages. Even 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.

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

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

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

The District may not be placed into bankruptcy involuntarily.

Continuing Compliance with Certain Covenants

Each Bond Resolution contains covenants by the District intended to preserve the exclusion from gross income for federal income tax purposes of interest on the Bonds. Failure by the District to comply with such covenants in said Bond Resolution 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."

Marketability

The District has no agreement with the Initial Purchaser (hereinafter defined) 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 of 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 generally bought, sold or traded in the secondary market.

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 Austin area. Under the Clean Air Act ("CAA") Amendments of 1990, the five-county Austin area ("Austin Area")—Travis, Hays, Williamson, Bastrop, and Caldwell Counties—has been designated an attainment/unclassifiable area under two separate federal ozone standards: the eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 ("the 2008 Ozone Standard"), and the EPA's most-recent promulgation of an even lower, 70 ppb eight-hour ozone standard in 2015 ("the 2015 Ozone Standard").

Although the Austin Area is currently in attainment, the Austin Area has been and continues to be near the non-attainment thresholds for ozone. Accordingly, it is possible that the Austin Area could be re-classified as a nonattainment area should ozone levels increase. A designation of nonattainment for ozone or any other pollutant could negatively impact business due to the additional permitting/regulatory constraints that accompany this designation and because of the community stigma associated with a nonattainment designation. In the past, the Austin Area has entered into agreements with the TCEQ to undertake voluntary actions to help avoid a nonattainment designation. Since 2004, the Austin Area has been party to a curtailment agreement with the TCEQ, and the Austin Area is currently part of an EPA Ozone Advance Program.

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

In addition to the foregoing, special district activities in the Austin Area involving the clearing of acreage and construction within the Edwards Aquifer recharge, transition, and contributing zones are subject to the TCEQ's Edwards Aquifer Protection Program, which requires a site-specific application, construction plan approval, and the implementation of temporary and permanent structural and non-structural Best Management Practices and the protection of sensitive features.

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.

Storm Water

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. See "THE SYSYEM—Water, Sanitary Sewer and Drainage Facilities—*100-Year Flood Plain*."

LEGAL MATTERS

Legal Proceedings

Delivery of the Bonds will be accompanied by the unqualified approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas payable from the proceeds of an annual ad valorem tax levied by the District, without legal limit as to rate or amount, upon all taxable property within the District, and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the approving legal opinion of Allen Boone Humphries Robinson LLP, Bond Counsel, to a like effect and to the effect that, under existing law, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under section 103 of the Code (as defined herein), and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals.

Bond Counsel has reviewed the information appearing in this Official Statement under "THE BONDS," "THE DISTRICT—General," "MANAGEMENT—Bond Counsel and General Counsel," "TAX PROCEDURES," "LEGAL MATTERS," "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION" solely to determine 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 or the Developer for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

Allen Boone Humphries Robinson LLP also serves as general counsel to the District on matters other than the issuance of bonds. The legal fees paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the bonds actually issued, sold and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds.

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

No Material Adverse Change

The obligations of the 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 financial condition of the District from that set forth or contemplated in the Preliminary Official Statement, as amended or supplemented through the date of sale.

No-Litigation Certificate

The District will furnish each Initial Purchaser a certificate, executed by both the President and Secretary of the Board, and dated as of the Date of Delivery of the Bonds, to the effect that there is not pending, and to their knowledge, there is not threatened, any litigation affecting the validity of the Bonds, or the levy and/or collection of taxes for the payment thereof, or the organization or boundaries of the District, or the title of the officers thereof to their respective offices, and that no additional bonds or other indebtedness have been issued since the date of the statement of indebtedness or non-encumbrance certificate submitted to the Attorney General of Texas in connection with approval of the Bonds.

TAX MATTERS

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

Tax Exemption

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

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

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

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

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

Not Qualified Tax-Exempt Obligations

The Bonds have not been designated as "qualified tax-exempt obligations" for financial institutions.

Additional Federal Income Tax Considerations

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

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

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

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

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

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

Tax Accounting Treatment of Original Issue Discount: If the issue price of any maturity of the Bonds is less than the stated redemption price payable at maturity of such Bonds (the "OID Bonds"), the difference between (i) the amount payable at the maturity of each OID Bond, and (ii) the initial offering price to the public of such OID Bond constitutes original issue discount with respect to such OID Bond in the hands of any owner who has purchased such OID Bond in the initial public offering of the Bonds. Generally, such initial owner is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such OID Bond equal to that portion of the amount of such original issue discount allocable to the period that such OID Bond continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Bonds under the captions "—Tax Exemption" and "—Additional Federal Income Tax Considerations—*Collateral Tax Consequences*" and "—*Tax Legislative Changes*" generally apply and should be considered in connection with the discussion in this portion of the Official Statement.

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

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

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

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

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

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net interest cost, which bid was tendered by SAMCO Capital Markets, Inc. (the "Initial Purchaser") bearing the interest rates shown on the inside cover page hereof, at a price of approximately 97.0056% of the principal amount thereof which resulted in a net effective interest rate of 5.149230% as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended.

Prices and Marketability

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Initial Purchaser on or before the Date of Delivery of the Bonds stating the prices at which the Bonds have been offered for sale to the public. Otherwise, the District has no understanding with the Initial Purchaser regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the responsibility of the Initial Purchaser.

The prices and other terms with respect to the offering and sale of the Bonds may be changed at any 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 offering 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 that stabilize or maintain the market prices of the Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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

Securities Laws

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

MUNICIPAL BOND RATING

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

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

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

Financial Advisor

The Financial Advisor is employed as the financial advisor to the District to render certain professional services, including advising the District on a plan of financing and preparing the Official Statement, including the Official Notice Of Sale and the Official Bid Form for the sale of the Bonds. In its capacity as Financial Advisor, the Financial Advisor has compiled and edited this Official Statement. The Financial Advisor has reviewed the information in this official statement in accordance with, and as part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

Consultants

In approving this Official Statement, the District has relied upon the following consultants.

Engineer: The information contained in this Official Statement relating to engineering matters and to the description of the District's water, wastewater, and drainage system and road system, and in particular that information included in the sections entitled "THE DISTRICT," "THE SYSTEM" and "THE ROAD SYSTEM" has been provided by the Engineer and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

Appraisal District: The information contained in this Official Statement relating to the assessed valuations has been provided by the Appraisal District and has been included herein in reliance upon the authority of such entity as experts in assessing the values of property in Williamson County, including the District.

Tax Assessor/Collector: The information contained in this Official Statement relating to the historical breakdown of the assessed valuations, principal taxpayers, and certain other historical data concerning tax rates and tax collections has been provided by the Appraisal District and the Williamson County Tax Assessor/Collector, and is included herein in reliance upon their authority as experts in assessing and collecting taxes.

Auditor: The District's financial statements for the year ended July 31, 2025, were audited by McCall Gibson Swedlund Barfoot Ellis PLLC. See APPENDIX A for a copy of the District's July 31, 2025 audited financial statements.

Bookkeeper: The information related to the "unaudited" summary of the District's General Fund has been provided by Bott & Douthitt PLLC and is included herein in reliance upon the authority of such firm as experts in the tracking and managing the various funds of municipal utility districts.

Updating the 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 an Initial Purchaser, of any adverse event which causes the Official Statement to be materially misleading, and unless such 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 such Initial Purchaser notifies the District 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 as required by law (but not more than 90 days after the date the District delivers such Bonds).

Certification of Official Statement

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

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The District will provide certain updated financial information and operating data annually to the MSRB, or any successor, through its EMMA. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings "FINANCIAL STATEMENT (UNAUDITED)," "TAX DATA," "DEBT SERVICE REQUIREMENTS," and "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 ending in or after 2026.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12. The updated information will include audited financial statements, if the District commissions an audit and the audit is completed by the required time. If the audit of such financial statements is not complete within such period, then the District will provide unaudited financial statements for the applicable fiscal year to the MSRB within such six month period, and audited financial statements when the audit report of such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Resolution or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

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

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) nonpayment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms "obligated person" and "financial obligation" when used in this paragraph shall have the meanings ascribed to them under SEC Rule 15c2-12 (the "Rule"). The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution make any provision for debt service reserves, or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described under "—Annual Reports."

Availability of Information from MSRB

The District has agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of specified 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 Registered or beneficial owners 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 the changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with 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 either the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the Registered and beneficial owners of the Bonds. The District may amend or repeal the agreement in the Bond Resolution if the SEC amends or repeals the applicable provisions of SEC Rule 15c2-12 or a court of final jurisdiction determines that such provisions are invalid or unenforceable, but only to the extent that its right to do so would not prevent each Initial Purchaser from lawfully purchasing the Bonds in the initial offering. 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 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.

Compliance with Prior Undertakings

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

MISCELLANEOUS

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

This Official Statement was approved by the Board of Directors of North San Gabriel Municipal Utility District No. 1, as of the date shown on the cover page.

/s/ Mark Berman
President, Board of Directors
North San Gabriel Municipal Utility District No. 1

ATTEST:

/s/ Lissa Anderson
Secretary, Board of Directors
North San Gabriel Municipal Utility District No. 1

AERIAL PHOTOGRAPH
(As of April 2026)


North San Gabriel
Municipal Utility District No. 1
CR. 214
N

PHOTOGRAPHS OF THE DISTRICT
(As of March 2026)

























APPENDIX A

Audited Financial Statements for the Fiscal Year Ended July 31, 2025

NORTH SAN GABRIEL
MUNICIPAL UTILITY DISTRICT NO. 1

YEAR ENDED JULY 31, 2025

FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORT

NORTH SAN GABRIEL
MUNICIPAL UTILITY DISTRICT NO. 1

TABLE OF CONTENTS

	Page
Annual Filing Affidavit	1
Independent Auditor's Report	2
Management's Discussion and Analysis	MDA-1
Financial Statements	
Statement of Net Position and Governmental Funds Balance Sheet	FS-1
Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances	FS-2
Notes to the Financial Statements	FS-3
Required Supplementary Information (RSI)	
Budgetary Comparison Schedule – General Fund	FS-16
Texas Supplementary Information (TSI)	
Services and Rates	TSI-1
General Fund Expenditures	TSI-2
Temporary Investments	TSI-3
Taxes Levied and Receivable	TSI-4
Long-Term Debt Service Requirements - By Years	TSI-5
Changes in Long-Term Bonded Debt	TSI-6
Comparative Schedule of Revenues and Expenditures General Fund and Debt Service Fund - Five Years	TSI-7
Board Members, Key Personnel and Consultants	TSI-8
Other Supplementary Information (OSI)	
Principal Taxpayers	OSI-1
Assessed Value by Classification	OSI-2

ANNUAL FILING AFFIDAVIT

ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS }

COUNTIES OF WILLIAMSON }

I, Noel W. Barfoot of the
(Name of Duly Authorized District Representative)
North San Gabriel Municipal Utility District No. 1
(Name of District)

hereby swear, or affirm, that the district named above has reviewed and approved at a meeting of the Board of Directors of the District on the 6th day of November, 2025, its annual audit report for the fiscal year or period ended July 31, 2025 and that copies of the annual audit report have been filed in the district office, located at

919 Congress Avenue, Suite 1500, Austin, TX 78701
(Address of District)

The annual filing affidavit and the attached copy of the audit report are being submitted to the Texas Commission on Environmental Quality in satisfaction of the annual filing requirements of Texas Water Code Section 49.194.

Date: December 12, 2025.

By: Noel W. Barfoot
(Signature of District Representative)

Noel W. Barfoot, Auditor
(Typed Name & Title of above District Representative)

Sworn to and subscribed to before me this the 12th day of December, 2025.

(Seal)

TONIA FRENZA
My Notary ID # 132125859
Expires August 12, 2027

(Signature of Notary)

My Commission Expires On: August 12, 2027.
Notary Public in the State of Texas.

INDEPENDENT AUDITOR'S REPORT

McCall Gibson Swedlund Barfoot Ellis PLLC

Certified Public Accountants

Chris Swedlund
Noel W. Barfoot
Joseph Ellis
Ashlee Martin

Mike M. McCall
(retired)
Debbie Gibson
(retired)

INDEPENDENT AUDITOR'S REPORT

Board of Directors
North San Gabriel Municipal Utility District No. 1
Williamson County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of North San Gabriel Municipal Utility District No. 1 (the "District") as of and for the year ended July 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 July 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.

Houston | Austin | Dallas
13100 Wortham Center Drive, Suite 235, Houston, Texas 77065-5610 713-462-0341

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 Budgetary Comparison Schedule - 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 Texas 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 information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on it.

Other Information

Management is responsible for the Other Supplementary Information included in the annual report. The Other Supplementary Information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the Other Supplementary Information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

McCall Gibson Swedlund Barfoot Ellis PLLC

McCall Gibson Swedlund Barfoot Ellis PLLC
Certified Public Accountants
Houston, Texas

November 6, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

NORTH SAN GABRIEL
MUNICIPAL UTILITY DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JULY 31, 2025

In accordance with Governmental Accounting Standards Board Statement No. 34 ("GASB 34"), the management of North San Gabriel Municipal Utility District No. 1 (the "District") offers the following discussion and analysis to provide an overview of the District's financial activities for the year ended July 31, 2025. Since this information is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the District's basic financial statements that follow.

FINANCIAL HIGHLIGHTS

- *General Fund*: At the end of the current fiscal year, the unassigned fund balance was $491,770, an increase of $338,849 from the previous fiscal year. General Fund revenues were $1,207,502; expenditures were $1,333,653; and other financing sources were $465,000 for the fiscal year ending July 31, 2025.
- *Debt Service Fund*: Fund balance restricted for debt service increased to $881,877 in the current fiscal year. The District received $857,222 of capitalized interest from the Series 2024A and 2024B bond issues during the current fiscal year.
- *Capital Projects Fund*: Fund balance restricted for capital projects increased to $334,258 in the current fiscal year. The District issued $4,550,000 of Series 2024A Unlimited Tax Bonds and $8,000,000 of Series 2024B Unlimited Tax Road Bonds to purchase $9,105,470 of infrastructure assets, pay $967,170 of developer interest, reimburse prior operating advances of $202,500 and pay $1,176,358 of bond issuance related expenditures.
- *Governmental Activities*: On a government-wide basis for governmental activities, the District had expenses net of revenues of $2,690,188 in the current fiscal year. Net position decreased from a deficit balance of $1,027,443 at July 31, 2024 to a deficit balance of $3,717,631 at July 31, 2025.

OVERVIEW OF THE DISTRICT

The District was created by division of North San Gabriel Municipal Utility District of Williamson County pursuant to an Order Dividing District adopted by the Board of Directors of North San Gabriel Municipal Utility District of Williamson County on August 1, 2017. North San Gabriel Municipal Utility District of Williamson County was created by House Bill 1355, Act of the 83rd Legislature, Regular Session, and codified as Chapter 8432 of the Special District Local Laws Code. The District was confirmed at an election held on May 2, 2020 and was created for, among other purposes, financing the construction of the water, wastewater, drainage, roads and recreational facilities within its boundaries.

The District is located on 701.670 acres in southwestern Williamson County west of the City of Georgetown near the northeast corner of Highway 183 and State Highway 29.

NORTH SAN GABRIEL
MUNICIPAL UTILITY DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JULY 31, 2025

USING THIS ANNUAL REPORT

This annual report consists of five parts:

1. *Management's Discussion and Analysis* (this section)
2. *Basic Financial Statements*
3. *Required Supplementary Information*
4. *Texas Supplementary Information* (required by the Texas Commission on Environmental Quality (the TSI section))
5. *Other Supplementary Information* (the OSI section)

For purposes of GASB 34, the District is considered a special purpose government. This allows the District to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements that are prepared on the modified accrual basis of accounting is met with the "Governmental Funds Total" column. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements. Government-wide statements are comprised of the Statement of Net Position and the Statement of Activities.

OVERVIEW OF THE FINANCIAL STATEMENTS

The *Statement of Net Position and Governmental Funds Balance Sheet* includes a column (titled "Governmental Funds Total") that represents a balance sheet prepared using the modified accrual basis of accounting. This method measures cash and all other financial assets that can be readily converted to cash. The adjustments column converts those balances to a balance sheet that more closely reflects a private-sector business. Over time, increases or decreases in the District's net position will indicate financial health.

The *Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances* includes a column (titled "Governmental Funds Total") that derives the change in fund balances resulting from current year revenues, expenditures, and other financing sources or uses. These amounts are prepared using the modified accrual basis of accounting. The adjustments column converts those activities to full accrual, a basis that more closely represents the income statement of a private-sector business.

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the information presented in the *Statement of Net Position and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances*.

The *Required Supplementary Information* presents a comparison statement between the District's adopted budget and its actual results.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

Summary Statement of Net Position

	Governmental Activities		Change Increase
	2025	2024	(Decrease)
Current and other assets	$ 1,861,749	$ 266,409	$ 1,595,340
Non-current assets	9,537,457	890,301	8,647,156
Total Assets	$ 11,399,206	$ 1,156,710	$ 10,242,496
Current liabilities	$ 890,290	$ 475,653	$ 414,637
Long-term liabilities	14,226,547	1,708,500	12,518,047
Total Liabilities	$ 15,116,837	$ 2,184,153	$ 12,932,684
Net Investment in Capital Assets	$ (3,327,883)	$ (40,364)	$ (3,287,519)
Restricted	511,246	-	511,246
Unrestricted	(900,994)	(987,079)	86,085
Total Net Position	$ (3,717,631)	$ (1,027,443)	$ (2,690,188)

The District's net position decreased by $2,690,188 during the 2025 fiscal year to a deficit balance of $3,717,631 at July 31, 2025 from the previous year's deficit balance of $1,027,443.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Revenues and Expenses:

Summary Statement of Activities

	Governmental Activities		Change Increase
	2025	2024	(Decrease)
Property taxes	$ 869,155	$ 338,784	$ 530,371
Service fees, including penalties	234,390	7,468	226,922
Tap/inspection fees	104,550	177,750	(73,200)
Interest and other	43,438	5,008	38,430
Total Revenues	$ 1,251,533	$ 529,010	$ 722,523
District operations	$ 535,690	$ 318,667	$ 217,023
Professional fees	341,565	122,055	219,510
Other	1,018,368	31,842	986,526
Interest Expense	396,226	40,744	355,482
Bond issuance costs	1,176,358	-	1,176,358
Depreciation/Amortization	473,514	356,120	117,394
Total Expenses	$ 3,941,721	$ 869,428	$ 3,072,293
Change in Net Position	$ (2,690,188)	$ (340,418)	$ (2,349,770)
Beginning Net Position	(1,027,443)	(687,025)	(340,418)
Ending Net Position	$ (3,717,631)	$ (1,027,443)	$ (2,690,188)

Revenues were $1,251,533 for the fiscal year ended July 31, 2025 while expenses were $3,941,721. Net position decreased $2,690,188 during the 2025 fiscal year.

For the fiscal year ended July 31, 2025, property tax revenues totaled $869,155. Property tax revenue is derived from taxes being levied based upon the assessed value of real and personal property within the District. Property taxes levied for the 2024 tax year (July 31, 2025 fiscal year) were based upon a current assessed value of $91,268,109 and a tax rate of $0.95 per $100 of assessed valuation. Property taxes levied for the 2023 tax year (July 31, 2024 fiscal year) were based upon a current assessed value of $34,918,700 and a tax rate of $0.95 per $100 of assessed valuation.

The tax rate levied is determined after the District's Board of Directors reviews the General Fund budget requirements and the Debt Service Fund debt service obligations of the District. The District's primary source of revenue is property taxes, service revenues and connection/inspection fees.

ANALYSIS OF GOVERNMENTAL FUNDS

Governmental Funds by Year

	2025	2024	2023
Cash and cash equivalents	$ 1,789,544	$ 221,763	$ 34,323
Receivables	75,705	44,646	2,093
Total Assets	$ 1,865,249	$ 266,409	$ 36,416
Accounts payable	$ 103,712	$ 113,488	$ 14,941
Other	43,896	-	-
Total Liabilities	$ 147,608	$ 113,488	$ 14,941
Deferred Inflows of Resources	$ 9,736	$ -	$ 2,093
Restricted	$ 1,216,135	$ -	$ -
Unassigned	491,770	152,921	19,382
Total Fund Balances	$ 1,707,905	$ 152,921	$ 19,382
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,865,249	$ 266,409	$ 36,416

As of July 31, 2025, the District's General Fund reflected a fund balance of $491,770, an increase of $338,849 from last year.

The Debt Service Fund reflects an increase of $881,877 in fiscal year 2025. The Debt Service Fund received $857,222 of capitalized interest from the Series 2024A and Series 2024B bond issues. More detailed information about the District's debt is presented in the *Notes to the Financial Statements*.

The Capital Projects Fund purchases the District's infrastructure. The Capital Projects Fund had a $334,258 increase in fund balance for fiscal year 2025. The District issued $4,550,000 of Series 2024A Unlimited Tax Bonds and $8,000,000 of Series 2024B Unlimited Tax Road Bonds to purchase $9,105,470 of infrastructure assets, reimburse prior operating advances of $202,500, pay $967,170 of developer interest and fund $1,176,358 of bond issuance related expenditures.

BUDGETARY HIGHLIGHTS

The General Fund pays for daily operating expenditures. The Board of Directors adopted the 2025 budget on July 8, 2024. The budget included revenues of $1,158,516 and other financing sources of $440,000 as compared to expenditures of $985,907 for the 2025 fiscal year. When comparing actual figures to budget amounts, the District had a negative net variance of $273,760. More detailed information about the District's budgetary comparison is presented in the *Required Supplementary Information.*

RIGHT-OF-USE ASSET

The District has entered into a lease agreement for a sewage treatment plant, which was recorded as a right-of-use asset of $534,181 in the government-wide financial statements. The corresponding lease liability of $568,500 was also recorded in the government-wide financial statements. See Note 11 of the *Notes to the Financial Statements* for further disclosure.

CAPITAL ASSETS

The District's investment in capital assets are recorded in governmental activities and total $9,003,276 in as of July 31, 2025, which consisted of land, easements, water, wastewater and drainage improvements, and road improvements. The detail is reflected in the following schedule:

Summary of Capital Assets, net

	7/31/2025	7/31/2024
Land and easements	$ 308,520	$ -
Water/Wastewater/Drainage Improvements	3,019,419	-
Road Improvements	5,792,731	-
Less: Accumulated Depreciation	(117,394)	-
Total Net Capital Assets	$ 9,003,276	$ -

More detailed information about the District's capital assets is presented in the *Notes to the Financial Statements*.

LONG-TERM DEBT

The District has the following balances outstanding on unlimited tax bonds:

	Bonds Payable
Series 2024A	$ 4,550,000
Series 2024B	8,000,000
Total	$ 12,550,000

Also at July 31, 2025, the District owed the developer $1,402,500, which consisted of $200,000 for advances used to fund operating activities and $1,202,500 for sewer treatment plant lease payments made on behalf of the District.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The property tax assessed value for the 2025 tax year is approximately $233 million. The fiscal year 2026 tax rate (2025 tax year) is $0.95 on each $100 of taxable value, of which 42% will fund general operating expenses, 58% will fund debt service obligations.

The adopted budget for fiscal year 2026 projects an operating fund balance increase of $421,238.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District in care of Allen Boone Humphries Robinson LLP, 919 Congress Ave., Suite 1500, Austin, TX 78701.

FINANCIAL STATEMENTS

NORTH SAN GABRIEL MUNICIPAL UTILITY DISTRICT NO. 1
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JULY 31, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds Total	Adjustments Note 2	Government - Wide Statement of Net Position
ASSETS						
Cash and cash equivalents:						
Cash	$ 121,103	$ -	$ -	$ 121,103	$ -	$ 121,103
Cash equivalents	448,806	881,877	337,758	1,668,441	-	1,668,441
Receivables:						
Property taxes	9,736	-	-	9,736	-	9,736
Service accounts, net of reserve for doubtful account of $-0-	12,622	-	-	12,622	-	12,622
Interfund	3,500	-	-	3,500	(3,500)	-
Other	49,847	-	-	49,847	-	49,847
Right-of-use asset, net of accumulated amortization:	-	-	-	-	534,181	534,181
Capital assets, net of accumulated depreciation:						
Land and easements	-	-	-	-	308,520	308,520
Water/Sewer/Drainage improvements	-	-	-	-	2,979,261	2,979,261
Road improvements	-	-	-	-	5,715,495	5,715,495
TOTAL ASSETS	$ 645,614	$ 881,877	$ 337,758	$ 1,865,249	$ 9,533,957	$ 11,399,206
LIABILITIES						
Accounts payable	$ 103,712	$ -	$ -	$ 103,712	$ -	$ 103,712
Accrued bond interest payable	-	-	-	-	370,631	370,631
Customer deposits	40,396	-	-	40,396	-	40,396
Interfund payables	-	-	3,500	3,500	(3,500)	-
Long-term liabilities:						
Lease payable, due within one year	-	-	-	-	375,551	375,551
Lease payable, due after one year	-	-	-	-	192,949	192,949
Due to developer	-	-	-	-	1,402,500	1,402,500
Bonds payable:						
Due after one year	-	-	-	-	12,631,098	12,631,098
TOTAL LIABILITIES	$ 144,108	$ -	$ 3,500	$ 147,608	$ 14,969,229	$ 15,116,837
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue - property taxes	9,736	-	-	9,736	(9,736)	-
TOTAL DEFERRED INFLOWS OF RESOURCES	9,736	-	-	9,736	(9,736)	-
FUND BALANCES / NET POSITION						
Fund balances:						
Restricted for:						
Debt service	$ -	$ 881,877	$ -	$ 881,877	$ (881,877)	$ -
Authorized construction	-	-	334,258	334,258	(334,258)	-
Unassigned	491,770	-	-	491,770	(491,770)	-
TOTAL FUND BALANCES	$ 491,770	$ 881,877	$ 334,258	$ 1,707,905	$ (1,707,905)	$ -
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 645,614	$ 881,877	$ 337,758	$ 1,865,249		
Net position:						
Net investment in capital assets					$ (3,327,883)	$ (3,327,883)
Restricted for debt service					511,246	511,246
Unrestricted					(900,994)	(900,994)
TOTAL NET POSITION					$ (3,717,631)	$ (3,717,631)

The accompanying notes are an integral part of this statement.

NORTH SAN GABRIEL MUNICIPAL UTILITY DISTRICT NO. 1
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JULY 31, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds Total	Adjustments Note 2	Government - Wide Statement of Activities
REVENUES:						
Property taxes, including penalties	$ 859,419	$ -	$ -	$ 859,419	$ 9,736	$ 869,155
Wastewater service fees, including penalties	234,390	-	-	234,390	-	234,390
Tap connection/inspection fees	104,550	-	-	104,550	-	104,550
Interest and other	9,143	24,655	9,640	43,438	-	43,438
TOTAL REVENUES	$ 1,207,502	$ 24,655	$ 9,640	$ 1,241,797	$ 9,736	$ 1,251,533
EXPENDITURES / EXPENSES:						
Operations	$ 98,475	$ -	$ -	$ 98,475	$ -	$ 98,475
Repair/maintenance	192,109	-	-	192,109	-	192,109
Sludge hauling	14,449	-	-	14,449	-	14,449
Pump and haul	69,185	-	-	69,185	-	69,185
Utilities	38,316	-	-	38,316	-	38,316
Chemicals/lab fees	7,652	-	-	7,652	-	7,652
Inspections/connections	18,223	-	-	18,223	-	18,223
Mowing	97,281	-	-	97,281	-	97,281
Lease costs	390,000	-	-	390,000	(390,000)	-
Engineering fees	166,390	-	-	166,390	-	166,390
Legal fees	138,943	-	-	138,943	-	138,943
Accounting fees	20,222	-	-	20,222	-	20,222
Audit fees	12,000	-	-	12,000	-	12,000
Other consulting fees	4,010	-	-	4,010	-	4,010
Tax appraisal/collection fees	4,891	-	-	4,891	-	4,891
Director fees, including payroll taxes	12,847	-	-	12,847	-	12,847
Insurance	18,913	-	-	18,913	-	18,913
Developer interest	-	-	967,170	967,170	-	967,170
Repayment of operating advances	-	-	202,500	202,500	(202,500)	-
Other	14,547	-	-	14,547	-	14,547
Debt service:						
Interest	-	-	-	-	396,226	396,226
Bond issuance costs	-	-	1,176,358	1,176,358	-	1,176,358
Capital outlay	15,200	-	9,105,470	9,120,670	(9,120,670)	-
Depreciation and amortization	-	-	-	-	473,514	473,514
TOTAL EXPENDITURES / EXPENSES	$ 1,333,653	$ -	$ 11,451,498	$ 12,785,151	$ (8,843,430)	$ 3,941,721
Excess (deficiency) of revenues over (under) expenditures/expenses	$ (126,151)	$ 24,655	$ (11,441,858)	$ (11,543,354)	$ 8,853,166	$ (2,690,188)
OTHER FINANCING SOURCES/USES:						
Proceeds from sale of bonds	$ -	$ 857,222	$ 11,692,778	$ 12,550,000	$ (12,550,000)	$ -
Premium on bonds	-	-	193,008	193,008	(193,008)	-
Discount on bonds	-	-	(109,670)	(109,670)	109,670	-
Developer advances	465,000	-	-	465,000	(465,000)	-
TOTAL OTHER FINANCING SOURCES, NET	$ 465,000	$ 857,222	$ 11,776,116	$ 13,098,338	$ (13,098,338)	$ -
NET CHANGE IN FUND BALANCES	$ 338,849	$ 881,877	$ 334,258	$ 1,554,984	$ (1,554,984)	$ -
CHANGE IN NET POSITION					(2,690,188)	(2,690,188)
FUND BALANCES / NET POSITION:						
Beginning of the year	152,921	-	-	152,921	(1,180,364)	(1,027,443)
End of the year	$ 491,770	$ 881,877	$ 334,258	$ 1,707,905	$ (5,425,536)	$ (3,717,631)

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

NORTH SAN GABRIEL MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of North San Gabriel Municipal Utility District No. 1 (the "District") relating to the funds included in the accompanying financial statements conform to generally accepted accounting principles ("GAAP") as applied to governmental entities. GAAP for local governments include those principles prescribed by the *Governmental Accounting Standards Board* ("GASB"), which constitutes the primary source of GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

Reporting Entity - The District was created by division of North San Gabriel Municipal Utility District of Williamson County pursuant to an Order Dividing District adopted by the Board of Directors of North San Gabriel Municipal Utility District of Williamson County on August 1, 2017. North San Gabriel Municipal Utility District of Williamson County was created by House Bill 1355, Act of the 83rd Legislature, Regular Session, and codified as Chapter 8432 of the Special District Local Laws Code. The District, which was confirmed at an election on May 2, 2020, was created for, among other purposes, financing the construction of the water, wastewater, drainage, roads and recreational facilities within its boundaries. The reporting entity of the District encompasses those activities and functions over which the District's officials exercise significant oversight or control. The District is governed by a five-member Board of Directors (the "Board"), which has been elected or deemed elected by District residents or appointed by the Board. The Board held its first meeting on July 22, 2019. The District is not included in any other governmental "reporting entity" as defined by GASB standards since the majority of Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined by GASB standards which are included in the District's reporting entity.

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

- Net Investment in Capital Assets – This component of net position consists of right-of-use assets and capital assets, including restricted capital assets, net of accumulated amortization and depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

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

The basic financial statements are prepared in conformity with GASB Statement No. 34 and include a column for government-wide (based upon the District as a whole) and fund financial statement presentations. GASB Statement No. 34 also requires as supplementary information Management's Discussion and Analysis, which includes an analytical overview of the District's financial activities. In addition, a budgetary comparison statement is presented that compares the adopted General Fund budget with actual results.

- **Government-wide Statements:** The District's statement of net position includes both non-current assets and non-current liabilities of the District, which were previously recorded in the General Fixed Assets Account Group and the General Long-Term Debt Account Group. In addition, the government-wide statement of activities column reflects depreciation and amortization expense on the District's capital and right-of-use assets, including infrastructure, if any.

  The government-wide focus is more on the sustainability of the District as an entity and the change in aggregate financial position resulting from financial activities of the fiscal period. The focus of the fund financial statements is on the individual funds of the governmental categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

- **Fund Financial Statements:** Fund based financial statement columns are provided for governmental funds. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures of either fund category) for the determination of major funds. All of the District's funds are reported as major funds.

Governmental Fund Types - The accounts of the District are organized and operated on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a self-balancing set of accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. The various funds are grouped by category and type in the financial statements. The District maintains the following fund types:

- **General Fund** - The General Fund accounts for financial resources in use for general types of operations which are not encompassed within other funds. This fund is established to account for resources devoted to financing the general services that the District provides for its residents. Tax revenues and other sources of revenue used to finance the fundamental operations of the District are included in this fund.

- **Debt Service Fund** - The Debt Service Fund is used to account for the resources restricted, committed or assigned for the payment of debt principal, interest and related costs.

- **Capital Projects Fund** - The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

Non-current Governmental Assets and Liabilities - GASB Statement No. 34 eliminates the presentation of Account Groups, but provides for these records to be maintained and incorporates the information into the government-wide financial statement column in the Statement of Net Position.

Basis of Accounting

Government-wide Statements - The government-wide financial statement column is reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Fund Financial Statements - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in the net fund balances. Governmental funds are accounted for on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e. both measurable and available).

"Measurable" means that the amount of the transaction can be determined and "available" means the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Expenditures, if measurable, are generally recognized on the accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include the unmatured principal and interest on general obligation long-term debt which is recognized when due. This exception is in conformity with generally accepted accounting principles.

Property tax revenues are recognized when they become available. In this case, available means when due, or past due and receivable within the current period and collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days. Tax collections expected to be received subsequent to the 60-day availability period are reported as deferred inflows of resources. All other revenues of the District are recorded on the accrual basis in all funds.

The District may report unearned revenue on its combined balance sheet. Unearned revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when revenue recognition criteria are met, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized.

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

Budgets and Budgetary Accounting - An unappropriated budget was adopted on July 8, 2024 for the General Fund on a basis consistent with generally accepted accounting principles. The District's Board utilizes the budget as a management tool for planning and cost control purposes. The budget was not amended during the current fiscal year. All annual appropriations lapse at fiscal year-end. The Budgetary Comparison Schedule – General Fund presents the original and amended budget amounts, if amended, compared to actual amounts of revenues and expenditures for the current year.

Accounting Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

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

Cash and Cash Equivalents - Cash and cash equivalents includes cash on deposit as well as investments with maturities of three months or less. The investments, consisting of obligations in the State Treasurer's Investment Pool, are recorded at amortized cost.

Interfund Transactions - Transfers from one fund to another fund are reported as interfund receivables and payables if there is intent to repay that amount and if the debtor fund has the ability to repay the advance on a timely basis. Operating transfers represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

Capital Assets - Capital assets are reported in the government-wide column in the Statement of Net Position. Public domain ("infrastructure") capital assets, including water, wastewater and drainage facilities and road improvements, are capitalized. Items purchased or acquired are reported at historical cost or estimated historical cost. Contributed fixed assets are recorded as capital assets at their estimated acquisition value at the time received. Interest incurred during construction of capital assets is not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset	Years
Water, wastewater and drainage facilities	50
Road improvements	50

1. SIGNIFICANT ACCOUNTING POLICIES (continued) -

Long-Term Debt - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the government-wide Statement of Net Position. Bond premiums and original issue discounts are deferred over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures in both the government-wide and the fund financial statements.

Ad Valorem Property Taxes - Property taxes, penalties, and interest are reported as revenue in the fiscal year in which they become available to finance expenditures of the District. Allowances for uncollectible property taxes within the General Fund and Debt Service Fund are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

Fund Balance - Fund balances in governmental funds are classified using the following hierarchy:

- *Nonspendable*: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District does not have any nonspendable fund balances.
- *Restricted*: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.
- *Committed*: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.
- *Assigned*: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District 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.

2. RECONCILIATION OF THE GOVERNMENTAL FUNDS

Adjustments to convert the Governmental Funds Balance Sheet to the Statement of Net Position are as follows:

Fund Balances - Total Governmental Funds		$ 1,707,905
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds:		
Right-of-use asset	$ 1,780,601	
Less: Accumulated depreciation	(1,246,420)	
Capital assets	9,120,670	
Less: Accumulated depreciation	(117,394)	9,537,457
Revenue is recognized when earned in the government-wide statements, regardless of availability. Governmental funds report deferred inflows of resources for revenues earned but not available.		9,736
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Due to developer	(1,402,500)	
Lease payable	(568,500)	
Bonds payable	(12,550,000)	
Issuance premium/discount, net of accumulated amort	(81,098)	
Accrued interest	(370,631)	(14,972,729)
Net Position - Governmental Activities		$ (3,717,631)

Adjustments to convert the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities are as follows:

Net Change in Fund Balances - Governmental Funds		$ 1,554,984
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report:		
Interest expenditures in year paid	$ (396,226)	
Tax revenue when collected	9,736	
Receipt/repayment of developer advances	(262,500)	
Lease payment s	390,000	
Bond sale and related bond premiums/discounts as other financing sources/uses	(12,633,338)	
Capital outlay in year paid	9,120,670	(3,771,658)
Governmental funds do not report:		
Depreciation	$ (117,394)	-
Amortization	(356,120)	(473,514)
Change in Net Position - Governmental Activities		$ (2,690,188)

3. CASH AND CASH EQUIVALENT INVESTMENTS

The investment policies of the District are governed by Section 2256 of the Texas Government Code (the "Public Funds Investment Act") and an adopted District investment policy that includes depository contract provisions and custodial contract provisions. Major provisions of the District's investment policy, which complies with the Public Funds Investment Act, include: depositories must be Federal Deposit Insurance Corporation ("FDIC") insured Texas banking institutions; depositories must fully insure or collateralize all demand and time deposits; and securities collateralizing time deposits are held by independent third party trustees.

Cash - At July 31, 2025, the carrying amount of the District's deposits was $121,103 and the bank balance was $109,569. The bank balance was covered by FDIC insurance.

Cash Equivalents and Investments -

Interest rate risk. In accordance with its investment policy, the District manages its exposure to declines in fair values through investment diversification and limiting investments as follows:

- Money market mutual funds are required to have weighted average maturities of 90 days or fewer; and

- Other mutual fund investments are required to have weighted average maturities of less than two years.

Credit risk. The District's investment policy requires the application of the prudent-person rule: investments are made as a prudent person would be expected to act, with discretion and intelligence, and considering the probable safety of their capital as well as the probable income to be derived. The District's investment policy requires that District funds be invested in:

- Obligations of the United States Government and/or its agencies and instrumentalities;

- Money market mutual funds with investment objectives of maintaining a stable net asset value of $1 per share;

- Mutual funds rated in one of the three highest categories by a nationally recognized rating agency;

- Securities issued by a State or local government or any instrumentality or agency thereof, in the United States, and rated in one of the three highest categories by a nationally recognized rating agency; or

- Public funds investment pools rated AAA or AAAm by a nationally recognized rating agency.

3. CASH AND CASH EQUIVALENT INVESTMENTS (continued) –

Cash Equivalents and Investments (continued) -

At July 31, 2025, the District held the following investments:

		Governmental Fund				
		General	Debt Service	Capital Projects	Investment Rating	
Investment	Fair Value at 7/31/2025	Unrestricted	Restricted (1)	Restricted (2)	Rating	Rating Agency
TexPool	$ 1,668,441	$ 448,806	$ 881,877	$ 337,758	AAAm	Standard & Poors
	$ 1,668,441	$ 448,806	$ 881,877	$ 337,758		

(1) Restricted for payment of debt service and cost of assessing and collecting taxes.

(2) Restricted for purchase of capital assets.

The District invests in TexPool, an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Hermes, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures all of its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool.

Concentration of credit risk. In accordance with the District's investment policy, investments in individual securities are to be limited to ensure that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. As of July 31, 2025, the District did not own any investments in individual securities.

Custodial credit risk-deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The government's investment policy requires that the District's deposits be fully insured by FDIC insurance or collateralized with obligations of the United States or its agencies and instrumentalities. As of July 31, 2025, the District's bank deposits were fully covered by FDIC insurance.

4. PROPERTY TAXES

Property taxes attach as an enforceable lien on January 1. Taxes are levied on or about October 1, are due on November 1, and are past due the following February 1. The Williamson Central Appraisal District establishes appraisal values in accordance with requirements of the Texas Legislature. The District levies taxes based upon the appraised values. The Williamson County Tax Assessor Collector bills and collects the District's property taxes. The Board of Directors set current tax rates on September 5, 2024.

The property tax rates, established in accordance with state law, were based on 100% of the net assessed valuation of real property within the District on the 2024 tax roll. The tax rate, based on total taxable assessed valuation of $91,268,109 was $0.95 on each $100 valuation and was allocated solely to the General Fund. The maximum allowable maintenance tax of $1.20 and road tax of $0.25 was established by the voters at an election held on May 2, 2020.

Property taxes of $9,736 for the General Fund were receivable as of July 31, 2025.

5. INTERFUND ACCOUNTS

A summary of interfund accounts, which resulted from the time lag between dates that payments are made between funds, is as follows at July 31, 2025:

	Interfund	
	Receivables	Payables
General Fund -		
Capital Projects Fund	$ 3,500	$ -
Capital Projects Fund -		
General Fund	-	3,500
	$ 3,500	$ 3,500

6. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	8/1/2024	Additions	Deletions	7/31/2025
Capital assets not being amortized -				
Land and easements	$ -	$ 308,520	$ -	$ 308,520
Capital assets:				
Water, Sewer and Drainage Improvements	-	3,019,419	-	3,019,419
Road Improvements	-	5,792,731	-	5,792,731
Total capital assets	-	8,812,150	-	8,812,150
Less accumulated depreciation for:				
Water, Sewer and Drainage Improvements	-	(40,158)	-	(40,158)
Road Improvements	-	(77,236)	-	(77,236)
Total accumulated amortization	-	(117,394)	-	(117,394)
Total capital assets, net of accumulated depreciation	-	8,694,756	-	8,694,756
Total capital assets, net	$ -	$ 9,003,276	$ -	$ 9,003,276

7. BONDED DEBT

The following is a summary of bond transactions of the District for the year ended July 31, 2025:

	Unlimited Tax and Revenue Bonds
Bonds payable at August 1, 2024	$ -
Bonds issued	12,550,000
Unamortized premium/discount, net	81,098
Bonds payable at July 31, 2025	$ 12,631,098

On December 6, 2024, the District issued $4,550,000 of Unlimited Tax Bonds, Series 2024A, and $8,000,000 of Unlimited Tax Road Bonds, Series 2024B, with interest rates ranging from 4.125% to 6.625%. The net proceeds of $4,130,270 and $7,377,351, respectively, (after payment of the underwriter's discount and other bond issuance costs) were deposited with the District's investment accounts to finance construction costs associated with water, wastewater and drainage improvements and road improvements and to pay for future bond interest and subsequent bond issuance costs.

Bonds payable at July 31, 2025, were comprised of the following individual issues:

Unlimited Tax Road Bonds:

$8,000,000 – 2024B Unlimited Tax Road Bonds payable serially through the year 2049 at interest rates which range from 4.125% to 6.625%. Bonds maturing on or after September 1, 2031, are callable prior to maturity beginning on September 1, 2030.

Unlimited Tax Bonds:

$4,550,000 – 2024A Unlimited Tax Bonds payable serially through the year 2049 at interest rates which range from 4.125% to 6.625%. Bonds maturing on or after September 1, 2031, are callable prior to maturity beginning on September 1, 2030.

The annual requirements to amortize all bonded debt at July 31, 2025, including interest, are as follows:

	Annual Requirements for All Series		
Year Ended July 31,	Principal	Interest	Total
2026	$ -	$ 706,414	$ 706,414
2027	280,000	562,207	842,207
2028	295,000	543,159	838,159
2029	315,000	522,954	837,954
2030	330,000	501,587	831,587
2031-2035	1,895,000	2,226,473	4,121,473
2036-2040	2,425,000	1,779,133	4,204,133
2041-2045	3,075,000	1,208,824	4,283,824
2046-2050	3,935,000	456,098	4,391,098
	$ 12,550,000	$ 8,506,849	$ 21,056,849

7. BONDED DEBT (continued) –

Bonds authorized but not issued as of July 31, 2025 are as follows:

Type		Amount
Unlimited Tax Bonds	$	170,450,000
Road Bonds	$	44,000,000
Park and Recreational Facilities	$	8,000,000

8. COMMITMENTS AND CONTINGENCIES

The Developer of the land within the District has incurred costs for the construction of facilities, as well as costs pertaining to the creation and operation of the District. Claims for reimbursement of construction costs and operational advances will be evaluated upon receipt of adequate supporting documentation and proof of contractual obligation. Such costs may be reimbursable to the Developer by the District from proceeds of future District bond issues, subject to approval by the Commission, or from operations. On May 2, 2020, a bond election held within the District approved authorization to issue $175,000,000 of bonds to fund costs of proposed water works, improvements, facilities, plants, equipment, appliances and non-construction costs based upon the District's engineer's report. Additionally, $8,000,000 of bonds to fund costs for parks and recreational facilities and $52,000,000 to fund road improvements were approved by voters of the District. As of July 31, 2025, the District has issued $8,000,000 of unlimited tax road bonds and $4,550,000 of unlimited tax bonds to repay the Developer. The District owes the developer $1,402,500 for advances used to fund operating activities and sewer treatment plant lease payments as of July 31, 2025.

9. RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has obtained coverage from commercial insurance companies and the Texas Municipal League Intergovernmental Risk Pool ("TML Pool") to effectively manage its risk. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

The TML Pool was established by various political subdivisions in Texas to provide self-insurance for its members and to obtain lower costs for insurance. TML Pool members pay annual contributions to obtain the insurance. Annual contribution rates are determined by the TML Pool Board. Rates are estimated to include all claims expected to occur during the policy including claims incurred but not reported. The TML Pool has established claims reserves for each of the types of insurance offered. Although the TML Pool is a self-insured risk pool, members are not contingently liable for claims filed above the amount of the fixed annual contributions. If losses incurred are significantly higher than actuarially estimated, the TML Pool adjusts the contribution rate for subsequent years. Members may receive returns of contributions if actual results are more favorable than estimated.

10. WATER SERVICE AGREEMENT

Pursuant to the Water Service Agreement entered into by the developer and the City of Georgetown (the "City"), effective April 20, 2021, as assigned to the District on February 25, 2022, the District and the developer will design, finance, and construct all water facilities required to serve the District in accordance with applicable City requirements and design standards. Upon completion of the construction of water facilities constructed by or on behalf of the District, and following the City's acceptance of such facilities, the facilities will be conveyed to the City. In exchange for the conveyance of the water facilities to serve the District, the City agrees to operate and maintain all water facilities conveyed and to provide retail water service to customers within the District under the City's standard rules and policies. The Agreement will continue in effect for ten years from the effective date unless otherwise terminated.

11. WASTEWATER TREATMENT PLANT LEASE

In June 2021, the District entered into an agreement to lease sewage treatment equipment. Lease payments of $32,500 are due monthly. The initial term of the lease, which begins on the first day of the month following substantial completion of the sewage treatment plant, is five years and will automatically be extended under the same terms for successive 90-day periods after the initial term of the lease until such time the District gives notice of its intent to exercise its purchase option, cancel or terminate the lease. The lease term began in February 2022 as the sewage treatment plant was substantially complete in January 2022. The lease agreement includes a purchase option whereby the District can purchase the sewage treatment equipment at any time beginning 24-months after the initial term of the lease commences and at 12-month intervals thereafter in accordance with provisions outlined in the lease agreement. Currently, the Developer is funding the sewage treatment plant lease on behalf of the District.

In accordance with the requirements of GASB Statement No. 87, the District recorded a right-of-use asset and related lease liability on its books for the sewage treatment plant. The lease liability was measured using the initial lease term of five years and a discount rate of 3.635%. The right-of-use asset, current amortization expense, and accumulated amortization is summarized below:

	Balance 8/1/2024	Additions	Deletions	Balance 7/31/2025
Right-of-use asset subject to amortization:				
Sewage treatment plant lease	$ 1,780,601	$ -	$ -	$ 1,780,601
Less accumulated amortization for:				
Sewage treatment plant lease	(890,300)	(356,120)	-	(1,246,420)
Right-of-use asset, net of accumulated amortization	$ 890,301	$ (356,120)	$ -	$ 534,181

11. WASTEWATER TREATMENT PLANT LEASE (continued) –

During the current fiscal year, the Developer, on behalf of the District, paid lease payments totaling $390,000, of which $362,165 applied to principal and $27,835 applied to interest. The beginning lease liability as of May 1, 2022 of $1,780,601 was reduced by prior years and current year principal repayments totaling $1,212,101, resulting in a fiscal year ending lease liability balance of $568,500 at July 31, 2025.

Future lease payments are summarized in the following table:

Year Ended 31-Jul	Principal	Interest	Total
2026	$ 375,551	$ 14,449	$ 390,000
2027	192,949	2,051	195,000
	$ 568,500	$ 16,500	$ 585,000

12. SUBSEQUENT EVENTS

On September 9, 2025, the District closed on the issuance of $15,900,000 of Unlimited Tax Bonds, Series 2025A, and $4,500,000 of Unlimited Tax Road Bonds, Series 2025B, with interest rates ranging from 4.00% to 6.50% and principal maturities through September 1, 2050. The proceeds of the bonds were used to finance construction costs associated with water, wastewater and drainage improvements and road improvements and to pay for future bond interest and bond issuance costs.

REQUIRED SUPPLEMENTARY INFORMATION

NORTH SAN GABRIEL MUNICIPAL UTILITY DISTRICT NO. 1
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED JULY 31, 2025

	Actual	Original and Final Budget	Variance Positive (Negative)
REVENUES:			
Property taxes, including penalties	$ 859,419	$ 918,696	$ (59,277)
Wastewater service fees, including penalties	234,390	189,420	44,970
Tap connection/inspection fees	104,550	50,400	54,150
Interest and other	9,143	-	9,143
TOTAL REVENUES	$ 1,207,502	$ 1,158,516	$ 48,986
EXPENDITURES:			
Operations	$ 98,475	$ 90,237	$ (8,238)
Repair/maintenance	192,109	24,000	(168,109)
Sludge hauling	14,449	-	(14,449)
Pump and haul	69,185	30,000	(39,185)
Utilities	38,316	60,000	21,684
Chemicals/lab fees	7,652	24,000	16,348
Inspections/connections	18,223	7,200	(11,023)
Mowing	97,281	-	(97,281)
Lease costs	390,000	390,000	-
Legal fees	138,943	120,000	(18,943)
Engineering fees	166,390	159,000	(7,390)
Accounting fees	20,222	24,650	4,428
Audit fees	12,000	12,000	-
Other consulting fees	4,010	3,600	(410)
Tax appraisal/collection fees	4,891	6,000	1,109
Director fees, including payroll taxes	12,847	14,280	1,433
Insurance	18,913	12,000	(6,913)
Other	14,547	8,940	(5,607)
Capital outlay	15,200	-	(15,200)
TOTAL EXPENDITURES	$ 1,333,653	$ 985,907	$ (347,746)
Excess (deficiency) of revenues over (under) expenditures	$ (126,151)	$ 172,609	$ (298,760)
OTHER FINANCING SOURCES -			
Developer advances	$ 465,000	$ 440,000	$ 25,000
NET CHANGE IN FUND BALANCE	$ 338,849	$ 612,609	$ (273,760)
FUND BALANCE:			
Beginning of the year	152,921		
End of the year	$ 491,770		

TEXAS SUPPLEMENTARY INFORMATION

NORTH SAN GABRIEL MUNICIPAL UTILITY DISTRICT NO. 1
TSI-1. SERVICES AND RATES
JULY 31, 2025

1. Services Provided by the District during the Fiscal Year:

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

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

☐ Other (specify):_____

2. Retail Service Providers

a. Retail Rates Based on 5/8" Meter (or equivalent):

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1000 Gallons Over Minimum	Usage Levels
WATER:	(1)	(1)	(1)	(1)	(1)
WASTEWATER:	$ 55.00	n/a	Y	n/a	n/a
SURCHARGE:	(1)	(1)	(1)	(1)	(1)

District employs winter averaging for wastewater usage? Yes ☐ No ☒

Total charges per 10,000 gallons usage: Water (1) Wastewater $ 55.00

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC's
Unmetered			1.0	
< 3/4"			1.0	
1"			2.5	
1 1/2"			5.0	
2"			8.0	
3"			15.0	
4"			25.0	
6"			50.0	
8"			80.0	
10"			115.0	
Total Water	(1)	(1)		(1)
Total Wastewater	562	562	1.0	562

(1) Water service to be provided to District customers by City of Georgetown, Texas.

NORTH SAN GABRIEL MUNICIPAL UTILITY DISTRICT NO. 1
TSI-1. SERVICES AND RATES (continued)
JULY 31, 2025

3. Total Water Consumption during the Fiscal Year (rounded to the nearest thousand):

Gallons pumped into system: **(1)**

Gallons billed to customers: **(1)**

Water Accountability Ratio
(Gallons billed / Gallons Pumped)
N/A

4. Standby Fees (authorized only under TWC Section 49.231):

Does the District assess standby fees? Yes [ ] No [X]

If yes, Date of the most recent Commission Order: _____

Does the District have Operation and Maintenance standby fees? Yes [ ] No [X]

If yes, Date of the most recent Commission Order: _____

5. Location of District

County(ies) in which district is located: Williamson County, Texas

Is the District located entirely within one county? Yes [X] No [ ]

Is the District located within a city? Entirely [ ] Partly [ ] Not at all [X]

City(ies) in which district is located: _____

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

Entirely [ ] Partly [ ] Not at all [X]

ETJ's in which district is located: _____

Are Board members appointed by an office outside the district?

Yes [ ] No [X]

If Yes, by whom? _____

(1) Water service to be provided to District customers by City of Georgetown, Texas.

NORTH SAN GABRIEL MUNICIPAL UTILITY DISTRICT NO. 1
TSI-2. GENERAL FUND EXPENDITURES
JULY 31, 2025

Personnel Expenditures (including benefits)	$ -
Professional Fees:	
Auditing	12,000
Legal	138,943
Engineering	166,390
Financial Advisor	-
Purchased Services For Resale -	
Bulk Water and Wastewater Purchases	-
Contracted Services:	
Bookkeeping	20,222
General Manager	98,475
Appraisal District/Tax Collector	4,891
Other Contracted Services	105,867
Utilities	38,316
Repairs and Maintenance	289,390
Chemicals	7,652
Administrative Expenditures:	
Directors' Fees	12,847
Office Supplies	-
Insurance	18,913
Election Costs	-
Other Administrative Expenditures	14,547
Lease Expenditures	390,000
Capital Outlay:	
Capitalized Assets	15,200
Expenditures not Capitalized	-
Bad Debt	-
Parks and Recreation	-
Other Expenditures	-
TOTAL EXPENDITURES	$ 1,333,653

Number of persons employed by the District: [-] Full-Time [-] Part-Time

NORTH SAN GABRIEL MUNICIPAL UTILITY DISTRICT NO. 1
TSI-3. TEMPORARY INVESTMENTS
JULY 31, 2025

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
General Fund -					
TexPool	XXX0001	Varies	Daily	$ 448,806	$ -
Debt Service Fund:					
TexPool	XXX0002	Varies	Daily	$ 320,829	$ -
TexPool	XXX0004	Varies	Daily	561,048	-
Total				$ 881,877	$ -
Capital Projects Fund:					
TexPool	XXX0003	Varies	Daily	$ 165,839	$ -
TexPool	XXX0005	Varies	Daily	171,919	-
Total				$ 337,758	$ -
Total - All Funds				$ 1,668,441	$ -

NORTH SAN GABRIEL MUNICIPAL UTILITY DISTRICT NO. 1
TSI-4. TAXES LEVIED AND RECEIVABLE
JULY 31, 2025

	Maintenance Taxes	Debt Service Taxes
Taxes Receivable, Beginning of Year	$ -	$ -
2024 Original Tax Levy, less abatements	867,077	-
Total to be accounted for	867,077	-
Tax collections:		
Current year	857,341	-
Prior years	-	-
Total collections	857,341	-
Taxes Receivable, End of Year	$ 9,736	$ -
Taxes Receivable, By Tax Years		
2023	$ -	$ -
2024	9,736	-
Taxes Receivable, End of Year	$ 9,736	$ -

Property Valuations:	**2024**	2023	2022
Land and improvements	**$ 91,268,109**	$ 34,918,700	$ 12,998,867
Total Property Valuations	**$ 91,268,109** (a)	$ 34,918,700 (a)	$ 12,998,867 (a)
Tax Rates per $100 Valuation:			
Debt Service tax rates	**$ -**	$ -	$ -
Maintenance tax rates	**0.95**	0.95	0.95
Total Tax Rates per $100 Valuation:	**$ 0.95**	$ 0.95	$ 0.95
Original Tax Levy	**$ 867,077**	$ 332,085	$ 123,489
Percent of Taxes Collected to Taxes Levied **	**98.9%**	100.0%	100.0%

Maximum Tax Rates Approved by Voters:	**$ 1.20**	**on 5/2/2020**	**Maintenance Tax**
	$ 0.25	**on 5/2/2020**	**Road Tax**

**Calculated as taxes collected in current and previous years divided by tax levy.

(a) Valuations are provided by the appropriate Appraisal District. Due to various factors including tax protests and disputes, such valuations change over time; therefore, they may vary slightly from those disclosed to the District's bond offering documents or the District's annual bond disclosure filings.

NORTH SAN GABRIEL MUNICIPAL UTILITY DISTRICT NO. 1
TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS
JULY 31, 2025

Fiscal Year Ending	Unlimited Tax Bonds Series 2024A			Unlimited Tax Road Bonds Series 2024B			Annual Requirements for All Series		
	Principal Due 9/01	Interest Due 3/01, 9/01	Total	Principal Due 9/01	Interest Due 3/01, 9/01	Total	Principal Due 9/01	Interest Due 3/01, 9/01	Total
2026	$ -	$ 256,995	$ 256,995	$ -	$ 449,419	$ 449,419	$ -	$ 706,414	$ 706,414
2027	100,000	204,594	304,594	180,000	357,613	537,613	280,000	562,207	842,207
2028	105,000	197,803	302,803	190,000	345,356	535,356	295,000	543,159	838,159
2029	115,000	190,516	305,516	200,000	332,438	532,438	315,000	522,954	837,954
2030	120,000	182,731	302,731	210,000	318,856	528,856	330,000	501,587	831,587
2031	125,000	174,616	299,616	220,000	304,613	524,613	345,000	479,229	824,229
2032	130,000	167,794	297,794	230,000	292,581	522,581	360,000	460,375	820,375
2033	135,000	162,328	297,328	240,000	282,888	522,888	375,000	445,216	820,216
2034	145,000	156,553	301,553	255,000	272,678	527,678	400,000	429,231	829,231
2035	150,000	150,469	300,469	265,000	261,953	526,953	415,000	412,422	827,422
2036	160,000	144,075	304,075	280,000	250,712	530,712	440,000	394,787	834,787
2037	165,000	137,372	302,372	295,000	238,853	533,853	460,000	376,225	836,225
2038	175,000	130,359	305,359	305,000	226,478	531,478	480,000	356,837	836,837
2039	185,000	122,934	307,934	325,000	213,484	538,484	510,000	336,418	846,418
2040	195,000	115,097	310,097	340,000	199,769	539,769	535,000	314,866	849,866
2041	200,000	106,825	306,825	355,000	185,434	540,434	555,000	292,259	847,259
2042	210,000	98,112	308,112	375,000	170,378	545,378	585,000	268,490	853,490
2043	225,000	88,869	313,869	390,000	154,356	544,356	615,000	243,225	858,225
2044	235,000	79,094	314,094	410,000	137,356	547,356	645,000	216,450	861,450
2045	245,000	68,894	313,894	430,000	119,506	549,506	675,000	188,400	863,400
2046	260,000	58,000	318,000	455,000	100,700	555,700	715,000	158,700	873,700
2047	270,000	46,406	316,406	475,000	80,641	555,641	745,000	127,047	872,047
2048	285,000	34,087	319,087	500,000	59,313	559,313	785,000	93,400	878,400
2049	300,000	20,925	320,925	525,000	36,563	561,563	825,000	57,488	882,488
2050	315,000	7,088	322,088	550,000	12,375	562,375	865,000	19,463	884,463
	$ 4,550,000	$ 3,102,536	$ 7,652,536	$ 8,000,000	$ 5,404,313	$ 13,404,313	$ 12,550,000	$ 8,506,849	$ 21,056,849

NORTH SAN GABRIEL MUNICIPAL UTILITY DISTRICT NO. 1
TSI-6. CHANGES IN LONG-TERM BONDED DEBT
JULY 31, 2025

	Series 2024A	Series 2024B	Total
Interest Rate	4.125% - 6.625%	4.125% - 6.625%	
Dates Interest Payable	3/01 ; 9/01	3/01 ; 9/01	
Maturity Dates	9/1/2049	9/1/2049	
Bonds Outstanding at Beginning of Current Fiscal Year	$ -	$ -	$ -
Bonds Sold During the Current Fiscal Year	4,550,000	8,000,000	12,550,000
Retirements During the Current Fiscal Year:			
Principal	-	-	-
Refunded	-	-	-
Bonds Outstanding at End of Current Fiscal Year	$ 4,550,000	$ 8,000,000	$ 12,550,000
Interest Paid During the Current Fiscal Year	$ -	$ -	$ -
Paying Agent's Name and Address:	BOKF, NA Dallas, TX	BOKF, NA Dallas, TX	

Bond Authority:	Unlimited Tax Bonds*	Road Bonds*	Park and Recreational Facilities*
Amount Authorized by Voters	$ 175,000,000	$ 52,000,000	$ 8,000,000
Amount Issued	4,550,000	8,000,000	-
Remaining To Be Issued	$ 170,450,000	$ 44,000,000	$ 8,000,000

* Includes all bonds secured with tax revenues. Bonds in this category may also be secured secured with other revenues in combination with taxes.

Debt Service Fund Cash and Temporary Investments balances as of July 31, 2025:	$ 881,877
Average Annual Debt Service Payment (Principal and Interest) for the remaining term of all debt:	$ 842,274

NORTH SAN GABRIEL MUNICIPAL UTILITY DISTRICT NO. 1
TSI-7. COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND AND DEBT SERVICE FUND - FIVE YEARS
JULY 31, 2025

	Amounts					Percent of Fund Total Revenues				
	2025	2024	2023	2022*	2021*	**2025**	2024	2023	2022*	2021*
GENERAL FUND REVENUES:										
Property taxes, including penalties	**$ 859,419**	$ 340,877	$ 121,729	$ 43,037	$ 1,980	**51.4%**	34.2%	21.7%	28.8%	15.3%
Wastewater service fees, including penalties	**234,390**	7,468	-	-	-	**14.0%**	0.8%	-	-	-
Tap and inspection fees	**104,550**	177,750	-	-	-	**6.3%**	17.8%	-	-	-
Interest and other	**9,143**	5,008	189	-	2	**0.5%**	0.5%	-	-	-
Developer advances	**465,000**	465,000	440,000	204,000	11,000	**27.8%**	46.7%	78.3%	71.2%	84.7%
TOTAL GENERAL FUND REVENUES	**1,672,502**	996,103	561,918	247,037	12,982	**100.0%**	100.0%	100.0%	100.0%	100.0%
GENERAL FUND EXPENDITURES:										
Operations	**98,475**	11,800	3,207	285	-	**5.9%**	1.2%	0.6%	0.1%	-
Repair/maintenance	**192,109**	17,409	-	-	-	**11.5%**	1.7%	-	-	-
Sludge hauling	**14,449**	-	-	-	-	**0.9%**	-	-	-	-
Pump and haul	**69,185**	166,288	-	-	-	**4.1%**	16.7%	-	-	-
Utilities	**38,316**	1,542	-	-	-	**2.3%**	0.2%	-	-	-
Chemicals/lab fees	**7,652**	-	454	436	-	**0.5%**	-	0.1%	0.2%	-
Inspections/connections	**18,223**	20,561	-	-	-	**1.1%**	2.1%	-	-	-
Mowing	**97,281**	-	-	-	-	**5.8%**	-	-	-	-
Lease costs	**390,000**	390,000	390,000	195,000	-	**23.3%**	39.1%	69.4%	78.9%	-
Engineering fees	**166,390**	197,018	116,390	44,264	7,791	**9.9%**	19.8%	20.7%	17.9%	60.0%
Legal fees	**138,943**	-	-	-	-	**8.3%**	-	-	-	-
Accounting fees	**20,222**	15,104	6,200	4,450	3,850	**1.2%**	1.5%	1.1%	1.8%	29.7%
Audit fees	**12,000**	11,000	-	-	-	**0.7%**	1.1%	-	-	-
Other consulting fees	**4,010**	3,600	3,600	-	-	**0.2%**	0.4%	0.6%	-	-
Tax appraisal/collection fees	**4,891**	1,665	493	12	17	**0.3%**	0.2%	0.1%	-	0.1%
Director fees, including payroll taxes	**12,847**	12,404	7,912	4,844	4,360	**0.8%**	1.2%	1.4%	2.0%	33.6%
Insurance	**18,913**	11,296	1,461	1,179	1,149	**1.1%**	1.1%	0.2%	0.5%	8.9%
Other	**14,547**	2,877	3,176	3,429	768	**0.9%**	0.3%	0.6%	1.4%	5.9%
Capital outlay	**15,200**	-	-	-	-	**0.9%**	-	-	-	-
TOTAL GENERAL FUND EXPENDITURES	**1,333,653**	862,564	532,893	253,899	17,935	**79.7%**	86.6%	94.8%	102.8%	138.2%
EXCESS (DEFICIENCY) OF GENERAL FUND REVENUES OVER (UNDER) EXPENDITURES	**$ 338,849**	$ 133,539	$ 29,025	$ (6,862)	$ (4,953)	**20.3%**	13.4%	5.2%	-2.8%	-38.2%
DEBT SERVICE FUND REVENUES:										
Interest and other	**$ 24,655**	**$ -**	**$ -**	**$ -**	**$ -**	**2.8%**	-	-	-	-
Bond proceeds, net of discount	**857,222**	-	-	-	-	**97.2%**	-	-	-	-
TOTAL DEBT SERVICE FUND REVENUES	**881,877**	-	-	-	-	**100.0%**	-	-	-	-
DEBT SERVICE FUND EXPENDITURES:										
Bond interest	-	-	-	-	-	-	-	-	-	-
Fiscal agent fees and other	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE FUND EXPENDITURES	-	-	-	-	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF DEBT SERVICE FUND REVENUES OVER (UNDER) EXPENDITURES	**$ 881,877**	**$ -**	**$ -**	**$ -**	**$ -**	**100.0%**	-	-	-	-
TOTAL ACTIVE RETAIL WATER CONNECTIONS	**(1)**	(1)	(1)	(1)	(1)					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	**562**	66	(2)	(2)	(2)					

(1) The City of Georgetown, Texas provides water service.

(2) Prior to 2024, the District had no active wastewater connections.

* Unaudited

NORTH SAN GABRIEL MUNICIPAL UTILITY DISTRICT NO. 1
TSI-8. BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JULY 31, 2025

Complete District Mailing Address:	919 Congress Ave., Suite 1500 Austin, TX 78701
District Business Telephone Number:	(512) 518-2424
Submission Date of the most recent District Registration Form TWC Sections 36.054 and 49.054):	June 6, 2024
Limits on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution TWC Section 49.060)	$ 7,200

Name and Address:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid * 7/31/2025	Expense Reimbursements 7/31/2025	Title at Year End
Board Members:				
MARK BERMAN	(Elected) 5/7/2022 - 5/2/2026	$ 2,431	$ 225	President
DELAINE TEEPLE	(Elected) 5/7/2022 - 5/2/2026	$ 1,989	$ -	Vice President
LISSA ANDERSON	(Elected) 5/4/2024 - 5/6/2028	$ 2,652	$ -	Secretary
JOHN L. LOHR	(Elected) 5/4/2024 - 5/6/2028	$ 2,652	$ -	Assistant Secretary
ANDREW McDONALD	(Elected) 5/4/2024 - 5/6/2028	$ 2,210	$ -	Assistant Vice President
Consultants:				
Allen Boone Humphries Robinson LLP	7/22/2019	$ 120,000 $ 341,300	$ - $ -	Legal Services Bond Related Services
Jones-Heroy & Associates Inc.	7/22/2019	$ 125,820 $ 47,140	$ - $ -	Engineer Bond Related Services
Bott & Douthitt, PLLC	7/22/2019	$ 20,423	$ -	Accountant
McCall Gibson Swedlund Barfoot Ellis PLLC	7/20/2023	$ 12,000 $ 38,500	$ - $ -	Auditor Bond Related Services
Masterson Advisors LLC	2/6/2025	$ -	$ -	Financial Advisor
Specialized Public Finance	7/22/2019	$ 255,450	$ -	Former Financial Advisor
Si Environmental LLC	9/14/2021	$ 447,169	$ -	Operator
Williamson County Tax Collector	9/1/2020	$ 345	$ -	Tax Collector

**Fees of Office* are the amounts actually paid to a director during the District's fiscal year.

OTHER SUPPLEMENTARY INFORMATION

NORTH SAN GABRIEL MUNICIPAL UTILITY DISTRICT NO. 1
OSI-1. PRINCIPAL TAXPAYERS
JULY 31, 2025

Taxpayer	Type of Property	Tax Roll Year 2025	2024	2023
Tri Pointe Homes Texas Inc.	N/A	**$ 21,874,755**	$ 26,417,993	$ 16,706,821
Drees Custom Homes LP	N/A	**15,725,140**	-	-
Castlerock Communities LLC	N/A	**10,282,108**	-	-
Phau-Lariat 108 LLC	N/A	**9,463,638**	12,898,288	6,976,188
DRP TX 4 LLC	N/A	**8,315,340**	6,968,775	3,807,114
Lariat Section 15 Development LLC	N/A	**7,630,596**	-	-
Oncor Electric Delivery Company	N/A	**3,339,600**	2,628,640	396,000
McGuyer Land Holdings LLC	N/A	**2,436,000**	-	-
River Oaks Land Partners II LLC	N/A	**2,425,256**	2,036,961	3,912,639
Landsea Homes of Texas LLC	N/A	**2,376,779**	6,100,511	-
Chesmar Homes LLC	N/A	**-**	3,964,634	-
Perry Homes LLC	N/A	**-**	3,624,036	-
Ashton Austin Residential LLC	N/A	**-**	3,062,266	-
Homeowner	N/A	**-**	1,065,795	991,675
Berman, et al	N/A	**-**	-	636,000
River Oaks Land Partners II LLC	N/A	**-**	-	538,757
Komatsu Financial LP	N/A	**-**	-	441,281
Homeowner	N/A	**-**	-	279,000
Total		**$ 83,869,212**	$ 68,767,899	$ 34,685,475
Percent of Assessed Valuation		**36.0%**	75.3%	99.3%

NORTH SAN GABRIEL MUNICIPAL UTILITY DISTRICT NO. 1
OSI-2. ASSESSED VALUE BY CLASSIFICATION
JULY 31, 2025

	Tax Roll Year					
	2025		2024		2023	
Type of Property	**Amount**	**%**	Amount	%	Amount	%
Residential Single Family	**$ 132,522,844**	**56.8%**	$ 11,394,844	12.5%	$ 991,675	2.8%
Vacant Platted Lots	**376,453**	**0.2%**	607,893	0.7%	317,079	0.9%
Farm and Ranch Improvements	**49,988,137**	**21.4%**	16,155,131	17.7%	32,259,066	92.4%
Utilities	**3,339,600**	**1.4%**	2,628,640	2.9%	396,000	1.1%
Tangible Business Property	**142,358**	**0.1%**	85,103	0.1%	441,281	1.3%
Real Inventory	**89,789,308**	**38.5%**	103,577,293	113.5%	707,241	2.0%
Exempt	**3,088,122**	**1.3%**	598,346	0.7%	-	-
Adjustments & Exemptions	**(46,030,463)**	**-19.7%**	(43,779,141)	-48.1%	(193,642)	-0.5%
Total	**$ 233,216,359**	**100.0%**	$ 91,268,109	100.0%	$ 34,918,700	100.0%