

OFFICIAL STATEMENT DATED FEBRUARY 26, 2025

NEW ISSUE -BOOK-ENTRY-ONLY

RATINGS: AG Insured S&P “AA” (stable outlook);

Underlying Rating: Moody’s “A1”

See “MUNICIPAL BOND RATINGS” AND “BOND INSURANCE”

In the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel to the District, interest on the Bonds is excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date of such opinion, subject to the matters described under “TAX MATTERS” herein, including the alternative minimum tax on certain corporations.

THE DISTRICT HAS DESIGNATED THE BONDS AS QUALIFIED TAX-EXEMPT OBLIGATIONS. See “TAX MATTERS - Qualified Tax-Exempt Obligations for Financial Institutions” herein.

\$3,150,000

BLOCK HOUSE MUNICIPAL UTILITY DISTRICT

(A Political Subdivision of the State of Texas Located in Williamson County, Texas)

UNLIMITED TAX PARK BONDS, SERIES 2025

Dated: March 27, 2025

Due: April 1, as shown on the inside cover page

Interest on the \$3,150,000 Block House Municipal Utility District Unlimited Tax Park Bonds, Series 2025 (the “Bonds”) will accrue from the Date of Initial Delivery, defined below, and is payable October 1, 2025 and each April 1 and October 1 thereafter until the earlier of maturity or redemption, and will be calculated on the basis of a 360-day year composed 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. The initial paying agent/registrars for the Bonds is UMB Bank, N.A., Austin, Texas (the “Paying Agent” or “Paying Agent/Registrar”). The Bonds are obligations solely of Block House Municipal Utility District (the “District”) and are not obligations of the City of Cedar Park, Texas; Williamson County, Texas; the State of Texas; or any entity other than the District.

The scheduled payment of principal of and interest on the Bonds, when due, will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by **Assured Guaranty Inc.** (“AG”).



**MATURITY SCHEDULE, INTEREST RATES, INITIAL YIELDS,
REDEMPTION PROVISIONS, AND CUSIP NUMBERS**

(See inside cover page)

The Bonds, when issued, will constitute valid and legally binding obligations of the District payable solely from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See “THE BONDS - Source of and Security for Payment.” This cover page contains information for quick reference only and is not a summary of the Bonds. Potential investors must read this entire Official Statement to obtain information essential to making an informed investment decision. INVESTMENT IN THE BONDS IS SUBJECT TO CERTAIN INVESTMENT CONSIDERATIONS DESCRIBED HEREIN. See “INVESTMENT CONSIDERATIONS” herein.

The Bonds are offered by the initial purchaser (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 initial Bond by the Attorney General of Texas and the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel to the District. Delivery of the Bonds in book-entry form is expected through the facilities of DTC on or about March 27, 2025 (the “Date of Initial Delivery”) in Austin, Texas.

**MATURITY SCHEDULE, INTEREST RATES, INITIAL YIELDS, REDEMPTION PROVISIONS, AND CUSIP NUMBERS
(Due April 1)**

CUSIP Prefix: 093674

Due	Principal Amount	Interest Rate	Initial Reoffering Yield^(a)	CUSIP Suffix^(b)	Due	Principal Amount	Interest Rate	Initial Reoffering Yield^(a)	CUSIP Suffix^(b)
2026	\$ 5,000	4.0000%	3.0900%	NT2	2031	\$ 390,000	4.0000%	2.9500%	NY1
2027	5,000	4.0000%	2.9700%	NU9	2032	405,000	4.0000%	3.000%	NZ8
2028	300,000	4.0000%	2.8200%	NV7	2033 *	420,000	4.0000%	3.160%	PA1
2029	355,000	4.0000%	2.8900%	NW5	2034 *	440,000	4.0000%	3.260%	PB9
2030	370,000	4.0000%	2.9100%	NX3	2035 *	460,000	4.0000%	3.310%	PC7

* Redemption Provisions: The District reserves the right to redeem, prior to maturity, in integral multiples of \$5,000, those Bonds maturing on and after April 1, 2033, in whole or from time to time in part, on April 1, 2032, or on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption. See “THE BONDS – Redemption.”

- (a) After requesting competitive bids for the purchase of the Bonds, the District has accepted the lowest bid to purchase the Bonds, bearing interest as shown, at a price of 103.2273% of par, resulting in a net effective interest rate to the District of 3.515713%.
- (b) The initial reoffering yields indicated represent the lower of the yields resulting when priced to maturity or the first redemption date. The initial yields at which the Bonds will be priced will be established by and will be the sole responsibility of the Initial Purchaser. The yields may be changed at any time at the discretion of the Initial Purchaser.
- (c) CUSIP is a registered trademark of The American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems, Inc., on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services provided by CUSIP Global Services. Neither the Initial Purchaser, the District, nor Public Finance Group LLC, the District’s financial advisor (the “Financial Advisor”), is responsible for the selection or correctness of the CUSIP numbers set forth herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part as a result of the procurement of secondary market portfolio insurance or other similar enhancements by investors that is applicable to all or a portion of certain maturities of the Bonds.

ASSURED GUARANTY INC. (“AG”) MAKES NO REPRESENTATION REGARDING THE BONDS OR THE ADVISABILITY OF INVESTMENT IN THE BONDS. IN ADDITION, AG HAS NOT INDEPENDENTLY VERIFIED, MAKES NO REPRESENTATION REGARDING, AND DOES NOT ACCEPT ANY RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT OR ANY INFORMATION OR DISCLOSURE CONTAINED HEREIN OR OMITTED HEREFROM, OTHER THAN WITH RESPECT TO THE ACCURACY OF THE INFORMATION REGARDING AG SUPPLIED BY AG AND PRESENTED UNDER THE HEADINGS “BOND INSURANCE” AND “APPENDIX C – SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

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USE OF INFORMATION IN OFFICIAL STATEMENT

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

This Official Statement does not alone constitute, and is not authorized by the District for use in connection with, an offer to sell or the solicitation of any offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

The information set forth herein has been obtained from the District and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the Financial Advisor. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinion, or that they will be realized.

Any references to website 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 websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

All of the summaries of the statutes, orders, contracts, records, and engineering and other related reports set forth in the Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from the Financial Advisor, for further information.

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 the 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, to the extent that information actually comes to its attention, until delivery of the Bonds to the Initial Purchaser and thereafter only as specified in "OFFICIAL STATEMENT – Updating the Official Statement during Underwriting Period."

NEITHER THE DISTRICT NOR THE FINANCIAL ADVISOR MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYSTEM.

THE CONTENTS OF THIS OFFICIAL STATEMENT ARE NOT TO BE CONSTRUED AS LEGAL, BUSINESS, OR TAX ADVICE, AND PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN ATTORNEYS AND BUSINESS AND TAX ADVISORS.

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid of TD Securities (USA) LLC (the "Initial Purchaser") to purchase the Bonds at the interest rates shown on the inside cover page of this Official Statement at a price of 103.277% of par. No assurance can be given that any trading market will be developed for the Bonds after their sale by the District to the Initial Purchaser. The District has no control over the price at which the Bonds are subsequently sold, and the initial yields at which the Bonds are priced and reoffered are established by and are the sole responsibility of the Initial Purchaser.

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 Initial Delivery of the Bonds stating the prices at which a substantial amount of the Bonds of each maturity has been sold to the public. For this purpose, the term "public" shall not include any person who is a bond house, broker or similar person acting in the capacity of underwriter or wholesaler. 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 from time-to time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial 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 which stabilize or maintain the market prices or the Bonds at levels above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The 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 municipal 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. Additionally, there are no assurances that if a secondary market for the Bonds were to develop, that any such secondary market would not be disrupted. Consequently, investors may not be able to resell the Bonds purchased should they need or wish to do so for emergency or other purposes. See “INVESTMENT CONSIDERATIONS – No Certainty of a Secondary Market.”

Securities Laws

NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE “SEC”) NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THE BONDS OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

No registration statement relating to the offer and sale of the Bonds has been filed with 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 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.

The statements contained in this Official Statement, and in other information provided by the District, that are not purely historical, are forward-looking statements, including regarding the District’s expectations, hopes, intentions or strategies regarding the future. All forward-looking statements included in this Official Statement are based on information available to the District on the date hereof, and the District assumes no obligation to update any such forward-looking statements. See “INVESTMENT CONSIDERATIONS – Forward-Looking Statements.”

MUNICIPAL BOND RATINGS

S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”) is expected to assign the insured rating of “AA” (stable outlook) to the Bonds as a result of a municipal bond insurance policy to be issued by Assured Guaranty Inc. (“AG”) at the time of delivery of the Bonds. See “BOND INSURANCE” and “INVESTMENT CONSIDERATIONS – Bond Insurance Risks.” Additionally, Moody’s Investors Service, Inc. (“Moody’s”) assigned an underlying rating of “A1” to the Bonds.

An explanation of the significance of a rating may be obtained from the company furnishing the rating. The rating reflects only the respective view of such company, and the District makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating company, if, in the judgment of such company, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

BOND INSURANCE

Bond Insurance Policy

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

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

Assured Guaranty Inc.

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL” and together with its subsidiaries, “Assured Guaranty”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO.” AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG’s financial strength is rated “AA” (stable outlook) by S&P “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”) and “A1” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating

agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Merger of Assured Guaranty Municipal Corp. Into Assured Guaranty Inc.

On August 1, 2024, Assured Guaranty Municipal Corp., a New York domiciled financial guaranty insurance company and an affiliate of AG ("AGM"), merged with and into AG, with AG as the surviving company (such transaction, the "Merger"). Upon the Merger, all liabilities of AGM, including insurance policies issued or assumed by AGM, became obligations of AG.

Current Financial Strength Ratings

On October 18, 2024, KBRA announced it had affirmed AG's insurance financial strength rating of "AA+" (stable outlook).

On July 10, 2024, Moody's, following Assured Guaranty's announcement of the Merger, announced that it had affirmed AG's insurance financial strength rating of "A1" (stable outlook).

On May 28, 2024, S&P announced it had affirmed AG's financial strength rating of "AA" (stable outlook). On August 1, 2024, S&P stated that following the Merger, there is no change in AG's financial strength rating of "AA" (stable outlook).

AG can give no assurance as to any further ratings action that S&P, Moody's and/or KBRA may take. For more information regarding AG's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Capitalization of AG

At September 30, 2024:

- The policyholders' surplus of AG was approximately \$3,644 million.
- The contingency reserve of AG was approximately \$1,374 million.
- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately \$2,438 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG, and (ii) the net unearned premium reserves and net deferred ceding commissions of AG's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK"), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

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

Incorporation of Certain Documents by Reference

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

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (filed by AGL with the SEC on February 28, 2024);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2024 (filed by AGL with the SEC on May 8, 2024);
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024 (filed by AGL with the SEC on August 8, 2024); and
- (iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2024 (filed by AGL with the SEC on November 12, 2024).

All information relating to AG included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents.

Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Inc.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

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

Miscellaneous Matters

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

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OFFICIAL STATEMENT SUMMARY

The following material is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. Potential investors must read this entire Official Statement to obtain information essential to making an informed investment decision. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement. Investment in the Bonds is subject to certain INVESTMENT CONSIDERATIONS. See “INVESTMENT CONSIDERATIONS.”

THE DISTRICT

The District	Block House Municipal Utility District (the “District”) is a political subdivision of the State of Texas created by an order of the Texas Water Commission, predecessor to the Texas Commission on Environmental Quality (the “TCEQ” or the “Commission”), adopted on January 12, 1978 and confirmed at an election held within the District on April 4, 1981, and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. The District was created to provide water, wastewater, and storm drainage to the approximately 717 acres within its boundaries, all of which lies within Williamson County, Texas. See “THE DISTRICT – General.”
Location	The District, which encompasses approximately 717 acres of land, is located in southwestern Williamson County and lies approximately 23.5 miles north of the City of Austin’s central business district and adjacent to the City of Cedar Park’s city limits. The District lies entirely within the extraterritorial jurisdiction of the City of Cedar Park, Texas. See “LOCATION MAP.”

THE BONDS

Description	The \$3,150,000 Block House Municipal Utility District Unlimited Tax Park Bonds, Series 2025 (the “Bonds”) mature serially in varying amounts on April 1 of each year from 2026 to 2035, as set forth on the inside cover page hereof. Interest accrues from the Date of Initial Delivery (currently anticipated to be on or around March 27, 2025) at the rates per annum set forth on the inside cover page hereof and is payable October 1, 2025 and each April 1 and October 1 thereafter until maturity or earlier redemption. The Bonds are offered in fully registered form in integral multiples of \$5,000 for any one maturity. See “THE BONDS - General Description.”
Redemption	The District reserves the right to redeem, prior to maturity, in integral multiples of \$5,000, those Bonds maturing on and after April 1, 2033, in whole or from time to time in part, on April 1, 2032, or on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption. See “THE BONDS - Redemption.”
Source of Payment	Principal of and interest on the Bonds are payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. See “TAXING PROCEDURES.” The Bonds are obligations solely of the District and are not obligations of the City of Cedar Park, Texas; Williamson County, Texas; the State of Texas (the “State”); or any entity other than the District. See “THE BONDS - Source of and Security for Payment.”
Payment Record	The Bonds constitute the first (1st) series of unlimited tax bonds issued by the District for parks and recreational facilities. The District has previously issued eight (8) series of new money bonds for water, wastewater, and storm drainage facilities and nine (9) series of refunding bonds. The District has never defaulted on the payment of principal of or interest on its prior indebtedness. After the issuance of the Bonds, \$7,245,000 aggregate principal amount of unlimited tax bonds will remain outstanding (collectively, the “Outstanding Bonds”). See “FINANCIAL STATEMENT – Outstanding Bonds – Table 6.”
Authority for Issuance	The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution and the general laws of the State; Chapters 49 and 54 of the Texas Water Code, as amended; an election held on November 3, 2020; an order authorizing the issuance of the Bonds adopted by the Board of Directors of the District (the “Bond Order”); and an approving order of the TCEQ. See “THE BONDS - Authority for Issuance.”
Use of Proceeds	<p>The proceeds of the Bonds will be used to finance (i) Tumlinson Park playscape, (ii) trail improvements, and (iii) water, wastewater, and drainage facilities to serve Tonkawa Park.</p> <p>The remaining Bond proceeds will be used to: (i) capitalize approximately twelve (12) months' interest requirements on the Bonds; (ii) pay certain engineering costs; and (iii) pay other costs associated with the issuance of the Bonds. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”</p>

Bonds Authorized But

Unissued..... At an election held within the District on April 4, 1981, the voters within the District authorized a total of \$17,325,000 in unlimited tax bonds for water, wastewater, and storm drainage facilities. Additionally, at an election held within the District on January 24, 1998, the voters within the District authorized a total of \$17,000,000 in unlimited tax bonds for water, wastewater, and storm drainage facilities and refunding bonds in an amount not to exceed one and one-half times the amount of bonds or other obligations issued, assuming that the total amount of bonds authorized by the voters will be issued. Therefore, as a result of such elections, the District was authorized to issue a total of \$34,325,000 in unlimited tax bonds to acquire utility facilities and \$25,500,000 in refunding bonds. To date the District has issued eight installments of unlimited tax bonds to acquire utility facilities in the aggregate amount of \$25,805,000, leaving \$8,250,000 in unlimited tax bonds authorized but unissued to acquire utility facilities. At an election held within the District on November 3, 2020, the voters within the District authorized a total of \$3,150,000 in unlimited tax bonds for park and recreational facilities. After the issuance of the Bonds, the District will not have any remaining authorized but unissued unlimited tax bonds for park and recreational facilities. See “FINANCIAL STATEMENT - Outstanding Bonds – Table 6” and “THE BONDS – Issuance of Additional Debt.”

Municipal Bond Ratings

And Bond Insurance..... S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”) is expected to assign the insured rating of “AA” (stable outlook) to the Bonds as a result of a municipal bond insurance policy to be issued by Assured Guaranty Inc. (“AG”) at the time of delivery of the Bonds. See “BOND INSURANCE” and “INVESTMENT CONSIDERATIONS – Bond Insurance Risks.” Additionally, Moody’s Investors Service, Inc. (“Moody’s”) assigned an underlying rating of “A1” to the Bonds.

Qualified Tax-Exempt

Obligations The District has designated the Bonds as “qualified tax-exempt obligations” pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended, and has represented that the total amount of tax-exempt obligations (including the Bonds) issued by it during calendar year 2025 is not reasonably expected to exceed \$10,000,000. See “TAX MATTERS - Qualified Tax-Exempt Obligations for Financial Institutions.”

General Counsel Armbrust & Brown PLLC, Austin, Texas.

Bond Counsel

and Disclosure Counsel McCall, Parkhurst & Horton L.L.P., Austin, Texas.

Financial Advisor Public Finance Group LLC, Austin, Texas.

Engineer..... Gray Engineering, Inc., Austin, Texas.

Paying Agent / Registrar UMB Bank, N.A., Austin, Texas.

INVESTMENT CONSIDERATIONS

The purchase and ownership of the Bonds involve certain investment considerations and all prospective purchasers are urged to examine carefully the Official Statement, including particularly the section captioned “INVESTMENT CONSIDERATIONS,” with respect to investment in the Bonds.

SELECTED FINANCIAL INFORMATION

(Unaudited)

2024 Certified Assessed Valuation	\$ 725,319,660 ^(a)
Estimated Assessed Valuation as of December 12, 2024	728,217,000 ^(b)
Gross Debt Outstanding (after the issuance of the Bonds)	\$ 7,245,000 ^(c)
Ratio of Gross Debt to 2024 Certified Assessed Valuation	1.00%
Ratio of Gross Debt to Estimated Assessed Valuation as of December 12, 2024	0.99%
2024 Tax Rate	
Debt Service	\$ 0.1875
Fire Fighting	0.1145
Maintenance	<u>0.2484</u>
Total 2024 Tax Rate	\$ 0.5504 ^(d)
Debt Service Fund Balance (as of February 26, 2025)	\$ 1,823,201 ^(e)
Percentage of current tax collections (Tax Year 2024)	99.65% ^(f)
Percentage of total tax collections (Tax Years 2010-2024)	99.87% ^(f)
Average Annual Debt Service Requirement of the Outstanding Bonds and the Bonds ("Average Requirement") (2025-2035, inclusive)	\$ 765,359 ^(g)
Tax Rate Required to pay Average Requirement based upon the 2024 Certified Assessed Valuation at 95% collections	\$0.12 /\$100 AV
Tax Rate Required to pay Average Requirement based upon the Estimated Assessed Valuation as of December 12, 2024 at 95% collections	\$0.12 /\$100 AV
Maximum Annual Debt Service Requirement of the Outstanding Bonds and the Bonds ("Maximum Requirement") (2027)	\$ 1,654,300 ^(g)
Tax Rate Required to pay Maximum Requirement based upon the 2024 Certified Assessed Valuation at 95% collections	\$0.25 /\$100 AV
Tax Rate Required to pay Maximum Requirement based upon the Estimated Assessed Valuation as of December 12, 2024 at 95% collections	\$0.24 /\$100 AV
Number of Connections as of December 12, 2024	
Single Family - occupied	2,156
Single Family - vacant lots	9
Residential Builder	0
Commercial	1
School	2
Fire Hydrants	0
District Connections	9
Irrigation Connections	<u>26</u>
Total Number of Active Connections	2,203
Estimated Population as of December 12, 2024	7,546 ^(h)

[Footnotes appear on the following page]

- (a) The certified assessed valuation as of January 1, 2024, as provided by the Williamson Central Appraisal District ("WCAD"). See "TAXING PROCEDURES."
- (b) The estimated assessed valuation as of December 12, 2024, as provided by WCAD, is included solely for purposes of illustration. No taxes will be levied on this assessed valuation unless it is certified by WCAD. See "TAXING PROCEDURES."
- (c) Includes the Bonds and the Outstanding Bonds.
- (d) The District's Board, at the meeting in September 2024, levied a total tax rate of \$0.5504 for the 2024 tax year. See "TAXING PROCEDURES."
- (e) Unaudited as of February 26, 2025. Does not include approximately twelve months (12) capitalized interest (\$110,745 at an interest rate of 3.515713%) included in the Bond proceeds, to be deposited into the District's Debt Service Fund upon closing. Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the District's Debt Service Fund at closing from the proceeds of the Bonds.
- (f) See "TAX DATA – Tax Collections – Table 10."
- (g) See "DEBT SERVICE REQUIREMENTS – TABLE 3."
- (h) Based upon 3.0 residents per completed and occupied single family home.

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OFFICIAL STATEMENT
relating to
\$3,150,000
Block House Municipal Utility District
(A Political Subdivision of the State of Texas Located in Williamson County, Texas)
UNLIMITED TAX PARK BONDS, SERIES 2025

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Block House Municipal Utility District (the “District”), a political subdivision of the State of Texas (the “State”), of its \$3,150,000 Unlimited Tax Park Bonds, Series 2025 (the “Bonds”).

The Bonds are issued pursuant to an order authorizing the issuance of the Bonds adopted by the Board of Directors of the District (the “Board”) on the date of the sale of the Bonds (the “Bond Order”); Article XVI, Section 59 of the Texas Constitution, and the general laws of the State, including Chapters 49 and 54 of the Texas Water Code, as amended; an election held within the District on November 3, 2020; and an approving order of the Texas Commission on Environmental Quality (the “TCEQ”).

Unless otherwise indicated, capitalized terms used in this Preliminary Official Statement have the same meaning assigned to such terms in the Bond Order.

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 Armbrust & Brown, PLLC, 100 Congress Avenue, Suite 1300, Austin, Texas 78701, or from the District’s Financial Advisor, Public Finance Group LLC, P O Box 81849, Austin, Texas 78708, upon payment of reasonable copying, mailing, and handling charges.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. A copy of this Official Statement will be submitted by the Initial Purchaser to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (EMMA) system. See “CONTINUING DISCLOSURE OF INFORMATION” and “OFFICIAL STATEMENT – Updating the Official Statement during Underwriting Period” for a description of the District undertaking to provide certain information on a continuing basis.

THE BONDS

General Description

The Bonds will bear interest from the Date of Initial Delivery (expected to be on or about March 27, 2025) and will mature on April 1 of the years and in the principal amounts, and will bear interest at the rates per annum, set forth on the inside cover page hereof. Interest on the Bonds will be paid on October 1, 2025 and each April 1 and October 1 thereafter until maturity or earlier redemption and will be calculated on the basis of a 360-day year composed 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. The initial paying agent and registrar for the Bonds is UMB Bank, N.A., Austin, Texas (the “Paying Agent” or “Paying Agent/Registrar”).

Redemption

Optional Redemption... The District reserves the right to redeem, prior to maturity, in integral multiples of \$5,000, those Bonds maturing on and after April 1, 2033, in whole or from time to time in part, on April 1, 2032, or on any date thereafter, at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption.

Notice of Redemption . . . At least 30 calendar days prior to the date fixed for any optional redemption of Bonds or portions thereof prior to maturity a written notice of such redemption shall be sent by the Paying Agent by United States mail, first-class postage prepaid, to the registered owner of each Bond to be redeemed at its address as it appeared on the 45th calendar day prior to such redemption date and to major securities depositories and bond information services.

The Bonds of a denomination larger than \$5,000 may be redeemed in part (\$5,000 or any multiple thereof). Any Bond to be partially redeemed must be surrendered in exchange for one or more new Bonds of the same maturity for the unredeemed portion of the principal of the Bonds so surrendered.

With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by the Bond Order have been met and money sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed have been received by the Paying Agent prior to the giving of such notice of redemption, such notice will state that said redemption may, at the option of the District, be conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent on or prior to the date fixed for such

redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not fulfilled, such notice will be of no force and effect, the District will not redeem such Bonds, and the Paying Agent will give notice in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

Selection of Bonds for Redemption

If less than all of the Bonds are called for redemption, the particular Bonds, or portions thereof, to be redeemed shall be selected and designated by the District, and if less than all of a maturity is to be redeemed, the Paying Agent/Registrar shall determine by lot or other customary random method the Bonds, or portions thereof within such maturity to be redeemed (provided that a portion of a Bond may be redeemed only in integral multiples of \$5,000 principal amount); provided, that during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity, such interest rate and such sinking fund installment in the case of the Term Bonds shall be selected in accordance with the arrangements between the District and the securities depository.

DTC Redemption Provision

The Paying Agent/Registrar and the District, so long as a book-entry-only system is used for the Bonds, will send any notice of optional redemption, notice of proposed amendment to the Bond Order or other notices with respect to the Bonds only to DTC. Any failure by DTC to advise any DTC Participant, as herein defined, or of any Direct Participant or Indirect Participant, as herein defined, to notify the beneficial owner, shall not affect the validity of the redemption of Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the Bonds by the District will reduce the outstanding principal amount of such Bonds held by DTC. In such event, DTC may implement, through its book-entry-only system, a redemption of such Bonds held for the account of DTC Participants in accordance with its rules or other agreements with DTC Participants and then Direct Participants and Indirect Participants may implement a redemption of such Bonds and such redemption will not be conducted by the District or the Paying Agent/Registrar. Neither the District nor the Paying Agent/Registrar will have any responsibility to the DTC Participants. Neither the District nor the Paying Agent/Registrar will have any responsibility to the DTC Participants, Indirect Participants, or the persons for whom DTC Participants act as nominees, with respect to the payments on the Bonds or the providing of notice to Direct Participants, Indirect Participants, or beneficial owners of the selection of portions of the Bonds for redemption.

Termination of Book-Entry-Only System

The District is initially utilizing the book-entry-only system of DTC ("Book-Entry-Only-System"). See "BOOK-ENTRY-ONLY SYSTEM." In the event that the Book-Entry-Only System is discontinued by DTC or the District, the following provisions will be applicable to the Bonds.

Payment . . . Principal of the Bonds will be payable at maturity to the registered owners as shown by the registration books maintained by the Paying Agent upon presentation and surrender of the Bonds to the Paying Agent at the designated office for payment of the Paying Agent in Austin, Texas (the "Designated Payment/Transfer Office"). Interest on the Bonds will be payable by check or draft, dated as of the applicable interest payment date, sent by the Paying Agent by United States mail, first-class, postage prepaid, to the registered owners at their respective addresses shown on such records, or by such other method acceptable to the Paying Agent requested by registered owner at the risk and expense of the registered owner. If the date for the payment of the principal or of interest on the Bonds falls on a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent is located are required or authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday, or day on which banking institutions are required or authorized to close, and payment on such date shall for all purposes be deemed to have been made on the original date payment was due.

Registration. . . If the Book-Entry-Only System is discontinued, the Bonds may be transferred and re-registered on the registration books of the Paying Agent only upon presentation and surrender thereof to the Paying Agent at the Designated Payment/Transfer Office. A Bond also may be exchanged for a Bond or Bonds of like maturity and interest and having a like aggregate principal amount or maturity amount, as the case may, upon presentation and surrender at the Designated Payment/Transfer Office. All Bonds surrendered for transfer or exchange must be endorsed for assignment by the execution by the registered owner or his duly authorized agent of an assignment form on the Bonds or other instruction of transfer acceptable to the Paying Agent. Transfer and exchange of Bonds will be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such transfer or exchange. A new Bond or Bonds, in lieu of the Bond being transferred or exchanged, will be delivered by the Paying Agent to the registered owner, at the Designated Payment/Transfer Office of the Paying Agent or by United States mail, first-class, postage prepaid. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner not more than three (3) business days after the receipt of the Bonds to be canceled in the exchange or transfer in the denominations of \$5,000 or any integral multiple thereof.

Limitation on Transfer of Bonds . . . Neither the District nor the Paying Agent shall be required to make any transfer, conversion or exchange to an assignee of the registered owner of the Bonds (i) during the period commencing on the close of business on the fifteenth (15th) (whether or not a business day) calendar day of the month preceding each interest payment date (the "Record Date") and ending with the opening of business on the next following principal or interest payment date or (ii) with respect to any Bond called for redemption, in whole or in part, within forty-five (45) days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Bond.

Replacement Bonds . . . If a Bond is mutilated, the Paying Agent will provide a replacement Bond in exchange for the mutilated bond. If a Bond is destroyed, lost or stolen, the Paying Agent will provide a replacement Bond upon (i) the filing by the registered owner with the Paying Agent of

evidence satisfactory to the Paying Agent of the destruction, loss or theft of the Bond and the authenticity of the registered owner's ownership and (ii) the furnishing to the Paying Agent of indemnification in an amount satisfactory to hold the District and the Paying Agent harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Bond must be borne by the registered owner. The provisions of the Bond Order relating to the replacement Bonds are exclusive and to the extent lawful, preclude all other rights and remedies with respect to the replacement and payment of mutilated, destroyed, lost or stolen Bonds.

Authority for Issuance

At an election held within the District on November 3, 2020, the voters within the District authorized a total of \$3,150,000 in unlimited tax bonds for park and recreational facilities. After the issuance of the Bonds, the District will not have any remaining authorized but unissued unlimited tax bonds for park and recreational facilities. See "FINANCIAL STATEMENT - Outstanding Bonds – Table 6" and "THE BONDS – Issuance of Additional Debt."

The Bonds are issued pursuant to the terms and provisions of the Bond Order; Chapters 49 and 54 of the Texas Water Code, as amended; an election held within the District on November 3, 2020; and Article XVI, Section 59 of the Texas Constitution. The issuance of the Bonds has been approved by an order of the TCEQ.

Source of and Security for Payment

The Bonds will be payable from and secured by a pledge of the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. The Board covenants in the Bond Order that, while any of the Bonds are outstanding and the District is in existence, it will levy an annual ad valorem tax and will undertake to collect such a tax against all taxable property within the District at a rate from year to year sufficient, full allowance being made for anticipated delinquencies, together with revenues and receipts from other sources which are legally available for such purposes, to pay interest on the Bonds as it becomes due, to provide a sinking fund for the payment of principal of the Bonds when due or the redemption price at any earlier required redemption date, to pay when due any other contractual obligations of the District payable in whole or in part from taxes, and to pay the expenses of assessing and collecting such tax. The net proceeds from taxes levied to pay debt service on the Bonds and the Outstanding Bonds (defined herein) are required to be placed in a special account of the District designated its "Debt Service Fund" for the Bonds. The Bond Order provides for the termination of the pledge of taxes when and if the City of Cedar Park, Texas (the "City" or "Cedar Park") annexes the District and assumes all debts and liabilities of the District. See "THE BONDS - Annexation."

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

Payment Record

The Bonds constitute the first (1st) series of unlimited tax bonds issued by the District for parks and recreational facilities. The District has previously issued eight (8) series of new money bonds for water, wastewater, and storm drainage facilities and nine (9) series of refunding bonds. The District has never defaulted in the payment of principal of or interest on its prior bonded indebtedness. After the issuance of the Bonds, \$7,245,000 aggregate principal amount of unlimited tax bonds will remain outstanding (collectively, the "Outstanding Bonds"). See "FINANCIAL STATEMENT – Outstanding Bonds – Table 6."

Flow of Funds

The Bond Order creates or affirms creation, establishment and maintenance by the District of a Debt Service Fund and a Capital Projects Fund.

Each fund shall be kept separate and apart on the books and record of the District from all other funds of the District. The Debt Service Fund shall constitute a trust fund which shall be held in trust for the benefit of the registered owners of the Bonds.

Any cash balance in any fund must be continuously secured by a valid pledge to the District of securities eligible under the laws of the State of Texas to secure the funds of municipal utility districts having an aggregate market value, exclusive of accrued interest, at all times equal to the cash balance in the fund to which such securities are pledged.

Debt Service Fund... The Bond Order confirms the creation of the Debt Service Fund to be used to pay principal and interest on and Paying Agent fees in respect to the Bonds and the Outstanding Bonds. The Bond Order requires that the District deposit to the credit of the Debt Service Fund (i) from the delivery of the Bonds to the Initial Purchaser the amount received from proceeds of the Bonds representing capitalized interest on the Bonds, (ii) District ad valorem taxes (and penalties and interest thereon) levied to pay debt service requirements on (or fees and expenses of the Paying Agent with respect of) the Bonds, and (iii) such other funds as the Board shall, at its option, deem advisable. The Bond Order requires that the Debt Service Fund be applied solely to provide for the payment of the principal or redemption price of and interest on the Bonds when due, and to pay fees to Paying Agent when due.

Capital Projects Fund... The Capital Projects Fund is the capital improvements fund of the District. The Bond Order requires the District to deposit to the credit of the Capital Projects Fund the balance of the proceeds of the Bonds remaining after the deposits to the Debt Service Fund provided in the Bond Order. The Capital Projects Fund may be applied solely to (i) pay the costs necessary or appropriate to accomplish the purposes for which the Bonds are issued; (ii) pay the costs of issuing the Bonds; and (iii) to the extent the proceeds of the Bonds and investment

income attributable thereto are in excess of the amounts required to acquire and construct water, wastewater, and drainage facilities as approved by the TCEQ, then in the discretion of the Board of Directors of the District to transfer such unexpected proceeds or income to the Debt Service Fund or to utilize such funds as otherwise authorized by the TCEQ.

Paying Agent/Registrar

Principal of and semiannual interest on the Bonds will be paid by the initial Paying Agent/Registrar, UMB Bank, N.A., having an office for payment in Austin, Texas. Any Paying Agent must be either a bank, trust company, financial institution, or other entity duly qualified and equally authorized to serve and perform the duties as paying agent and registrar for the Bonds. Provision is made in the Bond Order for the District to replace the Paying Agent by a resolution of the District giving notice to the Paying Agent of the termination of the appointment, stating the effective date of the termination and appointing a successor Paying Agent. If the Paying Agent is replaced by the District, the new Paying Agent shall be required to accept the previous Paying Agent's records and act in the same capacity as the previous Paying Agent. Any successor paying agent/registrar selected by the District shall be subject to the same qualification requirements as the Paying Agent. The successor paying agent/registrar, if any, shall be determined by the Board of Directors and written notice thereof, specifying the name and address of such successor paying agent/registrar will be sent by the District or the successor paying agent/registrar to each registered owner by first-class mail, postage prepaid.

Defeasance of Outstanding Bonds

General . . . The Bond Order provides for the defeasance of the Bonds and the termination of the pledge of taxes and all other general defeasance covenants in the Bond Order under certain circumstances. Any Bond and the interest thereon shall be deemed to be paid, retired, and no longer outstanding within the meaning of the Bond Order (a "Defeased Bond"), except to the extent provided below for the Paying Agent to continue payments, when the payment of all principal and interest payable with respect to such Bond to the due date or dates thereof (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption) or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent or an eligible trust company or commercial bank for such payment (1) lawful money of the United States of America sufficient to make such payment, (2) Defeasance Securities (defined below) that mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment, or (3) any combination of (1) and (2) above, and when proper arrangements have been made by the District with the Paying Agent or an eligible trust company or commercial bank for the payment of its services until after all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes levied and pledged, as provided in the Bond Order and such principal and interest shall be payable solely from such money or Defeasance Securities, and shall not be regarded as outstanding under the Bond Order and the District will have no further responsibility with respect to the payment of such Defeased Bonds including any insufficiency to receive payments when due on the Defeased Securities.

Any money so deposited with or made available to the Paying Agent or an eligible trust company or commercial bank also may be invested at the written direction of the District in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent or an eligible trust company or commercial bank that is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be remitted to the District or deposited as directed in writing by the District.

Until all Defeased Bonds shall have become due and payable, the Paying Agent shall perform the services of Registrar for such Defeased Bonds the same as if they had not been defeased, and the District shall make proper arrangements to provide and pay for such services as required by the Bond Order.

For purposes of these provisions, "Defeasance Securities" means (i) direct non-callable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) non-callable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the Board of Directors adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (iii) non-callable 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 Board of Directors adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provides for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent and (iv) any other then authorized securities or obligations under applicable State law that may be used to defease obligations such as the Bonds.

Any such obligations must be certified by an independent public accounting firm of national reputation to be of such maturities and interest payment dates and bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to provide all debt service payments on the Bonds.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made without amounts deposited to defease the Bonds. Because the Bond Order does not contractually limit such investments, registered owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be

of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Defeasance Securities or those for any other Defeasance Securities will be maintained at any particular rating category.

Retention of Rights . . . To the extent that, upon the defeasance of any Defeased Bond to be paid at its maturity, the District retains the right under Texas law to later call the Defeased Bond for redemption in accordance with the provisions of the order authorizing its issuance, the District may call such Defeased Bond for redemption upon complying with the provisions of Texas law and upon satisfaction of the provisions set forth above regarding such Defeased Bond as though it was being defeased at the time of the exercise of the option to redeem the Defeased Bond and the effect of the redemption is taken into account in determining the sufficiency of the provisions made for the payment of the Defeased Bond.

Investments . . . Any escrow agreement or other instrument entered into between the District and the Paying Agent or an eligible trust company or commercial bank pursuant to which money and/or Defeasance Securities are held by the Paying Agent or an eligible trust company or commercial bank for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of certain requirements. All income from such Defeasance Securities received by the Paying Agent or an eligible trust company or commercial bank which is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, will be remitted to the District or deposited as directed in writing by the District.

Record Date

The Record Date for payment of the interest on Bonds on any regularly scheduled interest payment date is defined as the close of business on the fifteenth (15th) calendar day of the month (whether or not a business day) preceding such interest payment date.

Issuance of Additional Debt

At an election held within the District on April 4, 1981, the voters within the District authorized a total of \$17,325,000 in unlimited tax bonds for water, wastewater, and storm drainage facilities. Additionally, at an election held within the District on January 24, 1998, the voters within the District authorized a total of \$17,000,000 in unlimited tax bonds for water, wastewater, and storm drainage facilities and refunding bonds in an amount not to exceed one and one-half times the amount of bonds or other obligations issued, assuming that the total amount of bonds authorized by the voters will be issued. Therefore, as a result of such elections, the District was authorized to issue a total of \$34,325,000 in unlimited tax bonds to acquire utility facilities and \$25,500,000 in refunding bonds. To date the District has issued eight installments of unlimited tax bonds to acquire utility facilities in the aggregate amount of \$25,805,000, leaving \$8,250,000 in unlimited tax bonds authorized but unissued to acquire utility facilities. At an election held within the District on November 3, 2020, the voters within the District authorized a total of \$3,150,000 in unlimited tax bonds for park and recreational facilities. After the issuance of the Bonds, the District will not have any remaining authorized but unissued unlimited tax bonds for park and recreational facilities. See “FINANCIAL STATEMENT - Outstanding Bonds – Table 6” and “THE BONDS – Issuance of Additional Debt.”

The District may issue bonds or other obligations necessary to provide those improvements and facilities for which the District was created, with the approval of the TCEQ, if applicable, and, in the case of bonds payable from taxes, the District’s voters. Additional consent from the City may also be required to the extent the amount of bonds to be issued exceeds the amount authorized by the City. See “THE BONDS – Authority for Issuance” for details regarding authorized but unissued Bonds of the District. Neither Texas law nor the Bond Order imposes a limitation on the amount of additional bond which may be issued by the District. The principal amount of park bonds sold by the District is limited to 1% of the District’s assessed valuation, however, if the District meets certain financial feasibility requirements under TCEQ rules, the outstanding principal amount of such bonds issued by the District may exceed an amount equal to 1% but not more than 3% of the value of the taxable property in the District. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. Any additional bonds issued by the District may dilute the security for the Bonds.

The District does not employ any formula with respect to assessed valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. The issuance of certain additional bonds is subject to approval of the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in taxable value in the District.

Legal Investment and Eligibility to Secure Public Funds in Texas

Pursuant to Section 49.186 of the Texas Water Code, bonds, notes or other obligations issued by a municipal utility 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.” Additionally, Section 49.186 of the Texas Water Code provides that bonds, notes or other obligations issued by a municipal utility district are eligible and lawful security for all deposits of public funds of the State and all agencies, subdivisions, and instrumentalities of the State. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act (Texas Government Code, Chapter 2256), the bonds may have to be assigned a rating of not less than “A” or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds. See “MUNICIPAL BOND RATINGS” and “BOND INSURANCE.”

The Bonds are rated and the District makes no representation that the Bonds will be acceptable to banks, savings and loan associations, or public entities for investment purposes or to secure deposits of public funds. The District has made no investigation of other laws, regulations or investment criteria which might apply to or otherwise limit the availability of the Bonds for investment or collateral purposes. Prospective purchasers are urged to carefully evaluate the investment quality of the Bonds and as to the acceptability of the Bonds for investment or collateral purposes.

Specific Tax Covenants

In the Bond Order the District covenants with respect to, among other matters, the use of the proceeds of the Bonds and the manner in which the proceeds of the Bonds are to be invested. The District may omit to comply with any such covenant if it has received a written opinion of a nationally recognized bond counsel to the effect that regulations or rulings hereafter promulgated modify or expand provisions of the Internal Revenue Code of 1986, as amended (the “Code”), so that such covenant is ineffective or inapplicable or non-compliance with such covenant will not adversely affect the exemption from federal income taxation of interest on the Bonds under Section 103 of the Code.

Additional Covenants

The District additionally covenants in the Bond Order that it will keep accurate records and accounts and employ an independent certified public accountant to audit and report on its financial affairs at the close of each fiscal year, such audits to be in accordance with applicable law, rules and regulations and open to inspection in the office of the District.

Remedies in Event of Default

The Bond Order establishes specific events of default with respect to the Bonds. If the District defaults in the payment of the principal of or interest on the Bonds when due, or the District defaults in the observance or performance of any of the covenants, conditions, or obligations of the District, the failure to perform which materially, adversely affects the rights of the owners, including but not limited to, their prospect or ability to be repaid in accordance with the Bond Order, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the District, the Bond Order and Chapter 54 of the Texas Water Code provides that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the District to make such payment or observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Bonds or the Bond Order and the District's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, subject to the discretion of the court, but may not be arbitrarily refused. 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. The Bond Order does not provide for the appointment of a trustee to represent the interest of the Bondholders upon any failure of the District to perform in accordance with the terms of the Bond Order, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) (“*Wasson I*”), that governmental immunity does not imbue a city with derivative immunity when it performs a proprietary, as opposed to a governmental, function in respect to contracts executed by a city. On May 2, 2018, the Texas Supreme Court issued a second opinion to clarify *Wasson I*, *Wasson Interest, Ltd. v. City of Jacksonville*, 559 S.W.3d 142 (Tex. 2018) (“*Wasson II*”), and together with *Wasson I*, “*Wasson*”), ruling that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function at the time it entered into the contract, not at the time of the alleged breach. In *Wasson*, the Court recognized that the distinction between governmental and proprietary functions is not clear. Therefore, in regard to municipal contract cases (as opposed to tort claim cases), it is incumbent on the courts to determine whether a function was governmental or proprietary based upon the statutory and common law guidance at the time of the contractual relationship. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under authority or for the benefit of the State; these are usually activities that can be, and often are, provided by private persons, and therefore are not done as a branch of the State, and do not implicate the state's immunity since they are performed under the authority, or for the benefit, of the State as sovereign. Issues related to the applicability of governmental immunity as they relate to the issuance of municipal debt have not been adjudicated. Each situation will be evaluated on the facts and circumstances surrounding the contract in question. On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 49 Tex. Sup. Ct. J. 819 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in “clear and unambiguous” language. Because it is unclear whether the Texas legislature has effectively waived the District's sovereign immunity from a suit for money damages, Bondholders may not be able to bring such a suit against the District for breach of the Bonds or Bond Order covenants. Even if a judgment against the District could be 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. Furthermore, the District is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code (“Chapter 9”). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bondholders of an entity which has sought protection under Chapter 9. Therefore, should the District avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bonds are qualified with respect to the customary rights of debtors relative to their creditors.

Consolidation

A district (such as the District) has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its water system with the water system(s) of the district(s) with which it is consolidating. The revenues of the consolidated system may be pledged equally to all first lien revenue bonds of the consolidating districts. No representation is made that the District will consolidate its water system with that of any other district.

Annexation

The District is located entirely within the extraterritorial jurisdiction of the City. Generally, under current Texas law, (a) a municipality may annex a district with a population of less than 200 residents only if: (i) the municipality obtains the consent to annex the area through a petition signed by more than 50% of the registered voters of the district, and (ii) if the registered voters in the area to be annexed do not own more than 50% of the land in the area, a petition has been signed by more than 50% of the landowners consenting to the annexation; and (b) a municipality may annex a district with a population of 200 residents or more only if: (i) such annexation has been approved by a majority of those voting in an election for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50% of the land in the area, a petition has been signed by more than 50% of the landowners consenting to the annexation. Notwithstanding the foregoing, a municipality may annex an area if each owner of land in the area requests the annexation. As of January 22, 2025, the District had an estimated population of 7,546, thus triggering the voter approval and/or landowner consent requirements discussed above. The described election and petition process does not apply, however, during the term of a strategic partnership agreement between a municipality and a district specifying the procedures for annexation of all or a portion of the District.

If the District is full purpose annexed, the City must assume the assets, functions, and obligations of the District, including the Bonds and Outstanding Bonds, and the pledge of taxes will terminate. Annexation of the District by the City is a policymaking matter within the discretion of the Mayor and the City of Council of the City, and, therefore, the District makes no representation that annexation will or will not occur. No representation is made concerning the likelihood of annexation of the District or the ability of the City to make debt service payments on the Bonds and Outstanding Bonds should annexation occur.

Alteration of Boundaries

In certain circumstances, under Texas law the District may alter its boundaries to: (i) upon satisfying certain conditions, annex additional territory; and (ii) exclude land subject to taxation within the District that does not need to utilize the service of District facilities if certain conditions are satisfied, including the District's simultaneous annexation of land of at least equal value that may be practicably served by District facilities. Such land substitution is subject to the approval of the TCEQ. No representation is made concerning the likelihood that the District will affect any change in its boundaries.

Approval of the Bonds

The TCEQ approved the issuance of the Bonds by an order signed on December 3, 2024 (the "TCEQ Order").

The Attorney General of Texas must approve the legality of the Bonds prior to their delivery. The Attorney General of Texas does not pass upon or guarantee the quality of the Bonds as an investment, nor does he pass upon the adequacy or accuracy of the information contained in this Official Statement.

Amendments to the Bond Order

The District may, without the consent of or notice to any registered owners, amend the Bond Order in any manner not detrimental to the interest of the registered owners, including the curing of an ambiguity, inconsistency, or formal defect or omission therein. In addition, the District may, with the written consent of the owners of a majority in principal amount of the Bonds then outstanding affected thereby, amend, add to, or rescind any of the provisions of the Bond Order, except that, without the consent of the owners of all of the Bonds affected, no such amendment, addition, or rescission may (i) extend the time or times of payment of the principal of and interest on the Bonds, reduce the principal amount thereof or the rate of interest thereon, change the place or places at, or the coin or currency in which, any Bond or the interest thereon is payable, or in any other way modify the terms of payment of the principal of or interest on the Bonds, (ii) give any preference to any Bond over any other Bond, or (iii) reduce the aggregate principal amount of Bonds required for consent to any such amendment, addition, or rescission. In addition, a state, consistent with federal law, may within the exercise of its police powers make such modifications in the terms and conditions of contractual covenants relating to the payment of indebtedness of its political subdivisions as are reasonable and necessary for attainment of an important public purpose.

BOOK-ENTRY-ONLY SYSTEM

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

The District cannot and does not give any assurance that (i) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participant, (ii) 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 (iii) 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 (the "SEC"), and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

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

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

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

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

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

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

representative of DTC) is the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

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USE AND DISTRIBUTION OF BOND PROCEEDS

The proceeds of the Bonds will be used to finance (i) Tumlinson Park playscape, (ii) trail improvements, and (iii) water, wastewater, and drainage facilities to serve Tonkawa Park. The remaining Bond proceeds will be used to: (i) capitalize approximately twelve (12) months' interest requirements on the Bonds; (ii) pay certain engineering costs; and (iii) pay other costs associated with the issuance of the Bonds.

The use and distribution of Bond proceeds is set forth below. Of the proceeds to be received from the sale of the Bonds, \$2,683,100 is required for construction costs, and \$466,900 is required for non-construction costs, including \$110,745 of capitalized interest (approximately twelve (12) months' interest at 3.515713%).

Construction Costs

A. Developer Contribution Items

1. N/A	\$ -
Total Developer Contribution Items	\$ -

B. District Contribution Items

1. Tonkawa Park Restroom, Storage Pavilion, and Dog Park Improvements	\$ 450,000
2. Tumlinson Park Playscape	1,200,000
3. Trail Improvements	550,000
4. Contingencies (13%)	285,822
5. Engineering and Design (9%)	197,278
Total District Contribution Items	\$ 2,683,100

Total Construction Costs	\$ 2,683,100
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Non-Construction Costs

A. Legal Fees (2.3%)	\$ 73,000
B. Fiscal Agent Fees (2.0%)	63,000
C. Interest Costs	
1. Capitalized Interest (12 months estimated @ 3.515713%)	110,745
D. Bond Discount (1.0327701%)	50,400
E. Bond Issuance Expenses	44,250
F. Bond Application Report Costs	47,250
G. Attorney General's Fee (0.10%)	3,150
H. TCEQ Review Fee (0.25%)	7,875
I. Contingency ^(a)	67,230
Total Non-Construction Costs	\$ 466,900

TOTAL BOND ISSUE REQUIREMENT	\$ 3,150,000
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(a) The TCEQ, in its approval of the Bonds, directed any surplus Bond proceeds to be shown as a contingency line item and be subject to the TCEQ rules on use of surplus Bond funds.

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INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations of the District and are not obligations of the City of Cedar Park, Texas; Williamson County, Texas; the State of Texas; or any entity other than the District, will be secured by a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied on all taxable property located within the District. See “THE BONDS - Source of and Security for Payment.”

The ultimate security for payment of 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 occur or that the development in the District will 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” below.

Factors Affecting Taxable Values and Tax Payments

Economic Factors, Interest Rates, Credit Availability and Residential Foreclosures: A substantial percentage of the taxable value of the District results from the current market value of single-family residences. The market value of such homes is related to general economic conditions affecting the demand for and taxable value of residences. Demand for residential dwellings can be significantly affected by factors such as interest rates, credit availability, construction costs, energy availability and the economic prosperity and demographic characteristics of the urban centers.

Impact on District Tax Rates: Assuming no further development, the value of the land and improvements currently existing within the District will be the major determinant of the ability or willingness of owners of property within the District to pay their taxes. The 2024 Certified Assessed Valuation of the District is \$725,319,660. After issuance of the Bonds, the Maximum Requirement will be \$1,654,300 (2027) and the Average Requirement will be \$765,359 (2025 through 2035, inclusive). Assuming (1) no increase or decrease from the 2024 Certified Assessed Valuation; (2) the issuance of no additional debt; and (3) no other funds available for the payment of debt service, tax rates of \$0.25 and \$0.12 per \$100 assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay the Maximum Requirement and the Average Requirement, respectively. The Estimated Assessed Valuation as of December 12, 2024 of the District is \$728,217,000. Based upon the assumptions above, tax rates of \$0.24 and \$0.12 per \$100 assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay the Maximum Requirement and the Average Requirement, respectively, based upon such estimated assessed valuation. See “DEBT SERVICE REQUIREMENTS – TABLE 3” and “TAX DATA - Tax Adequacy for Debt Service.”

Tax Collections and Foreclosure Remedies

The District has a right to seek judicial foreclosure on a tax lien, but such remedy may prove to be costly and time consuming and, since the future market or resale market, if any, of the taxable real property within the District is uncertain, there can be no assurance that such property could be sold and delinquent taxes paid. Additionally, the District's tax lien is on a parity with the liens of all other State and local taxing authorities on the property against which the taxes are levied. Registered owners of the Bonds are entitled under Texas law to a writ of mandamus to compel the District to perform its obligations. Such a remedy would have to be exercised upon each separate default and may prove costly, time-consuming and difficult to enforce. Furthermore, there is no trust indenture or trustee, and all legal actions would have to be taken on the initiative of, and be financed by, registered owners to enforce such remedies. The rights and remedies of the registered owners and the enforceability of the Bonds may also be limited by bankruptcy, reorganization and other similar laws affecting the enforcement of creditors' rights generally.

Registered Owners' Remedies

In the event of default in the payment of principal of or interest on the Bonds, the registered owners have the right to seek a writ of mandamus, requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interest 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. Although the registered owners could obtain a judgement against the District, such a judgment 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 in order to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the registered owners may be further be limited by laws relating to governmental immunity, bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District.

Marketability

The District has no understanding with the Initial Purchaser regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked price for the Bonds may be greater than the difference between the bid and asked

price of bonds of comparable maturity and quality issued by more traditional issuers as such bonds are more generally bought, sold or traded in the secondary market.

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of registered owners may be limited 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 State 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 USC sections 901-946. The filing of such petition would automatically stay the enforcement of registered owners' remedies, including mandamus and the foreclosure of tax liens upon property within the District discussed above. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismissed 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 (i) is specifically authorized to file for federal bankruptcy protection by applicable state law, (ii) is insolvent or unable to meet its debts as they mature, (iii) desires to effect a plan to adjust such debts, and (iv) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiations are impracticable. Under State law a municipal utility district, such as the District, must obtain the approval of the TCEQ as a condition to seeking relief under the Federal Bankruptcy Code. The TCEQ is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under Federal bankruptcy law only if such district has fully exercised its rights and powers under State law and remains unable to meet its debts and other obligations as they mature.

Notwithstanding noncompliance by a district with State law requirements, a district could file a voluntary bankruptcy petition under Chapter 9, thereby involving the protection of the automatic stay until the bankruptcy court, after a hearing, dismisses the petition. A Federal bankruptcy court is a court of equity and Federal bankruptcy judges have considerable discretion in the conduct of bankruptcy proceedings and in making the decision of whether to grant the petitioning district relief from its creditors. While such a decision might be applicable, the concomitant delay and loss of remedies to the registered owners 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 a registered owner by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of the registered owner's claim against a district. A district may not be forced into bankruptcy involuntarily.

Future Debt

At an election held within the District on April 1, 1981, the voters within the District authorized a total of \$17,325,000 in unlimited tax bonds for water, wastewater, and storm drainage facilities. Additionally, at an election held within the District on January 24, 1998, the voters within the District authorized a total of \$17,000,000 in unlimited tax bonds for water, wastewater, and storm drainage facilities and refunding bonds in an amount not to exceed one and one-half times the amount of bonds or other obligations issued. To date the District has issued eight (8) installments of unlimited tax bonds to acquire utility facilities, and \$8,250,000 in unlimited tax bonds to acquire utility facilities remains authorized but unissued. At an election held within the District on November 30, 2020, the voters within the District authorized a total of \$3,150,000 in unlimited tax bonds for park and recreational facilities. After the issuance of the Bonds, the District will not have any remaining authorized but unissued unlimited tax bonds for park and recreational facilities. See "FINANCIAL STATEMENT – Outstanding Bonds – Table 6" and "THE BONDS – Issuance of Additional Debt."

The District has reserved in the Bond Order the right to issue the remaining authorized but unissued bonds approved by the voters. All of the remaining unlimited tax bonds which have heretofore been authorized by the voters of the District may be issued by the District from time to time for qualified purposes, as determined by the Board of Directors of the District, subject to the approval of the Board, the Attorney General of the State of Texas and, if applicable, the TCEQ.

The District does not employ any formula with respect to assessed valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. The issuance of certain additional bonds is subject to approval of the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in taxable value in the District. The District also has the right to issue certain other additional bonds, revenue bonds, special project bonds, and other obligations described in the Bond Order.

Continuing Compliance with Certain Covenants

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

Governmental Approval

As required by law, engineering plans, specifications and estimates of construction costs for the facilities and services to be purchased or constructed by the District with the proceeds of the Bonds have been approved, subject to certain conditions, by the TCEQ. See "USE AND

DISTRIBUTION OF BOND PROCEEDS.” The TCEQ approved the issuance of the Bonds by an order signed on December 3, 2024. In addition, the Attorney General of Texas must approve the legality of the Bonds prior to their delivery.

The Attorney General of Texas does not pass upon or guarantee the security of the Bonds as an investment, nor has the foregoing authority passed upon the adequacy or accuracy of the information contained in this Official Statement.

Forward-Looking Statements

The statements contained in this Official Statement, and in any other information provided by the District, that are not purely historical, are forward-looking statements, including statements regarding the District’s expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the District on the date hereof, and the District assumes no obligation to update any such forward-looking statements.

The forward looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by first parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

Drought Conditions

Central Texas, like other areas of the State, is susceptible to experiencing drought conditions. The District provides water to the retail customers within the District in amounts sufficient to service the residents of the District; however, as drought conditions continue, the District’s water usage and rates could be impacted.

Storm Water

In 2018, the National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Participation-Frequency Atlas of the United States (“Atlas 14”). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on 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 SYSTEM – 100-Year Flood Plain.”

Potential Impact of Natural Disaster

The District could be impacted by a natural disaster such as wide-spread fires, earthquakes, or weather events such as hurricanes, tornados, tropical storms, or other severe weather events that could produce high winds, heavy rains, hail, and flooding. In the event that a natural disaster should damage or destroy improvements and personal property in the District, the assessed valuation of such taxable properties could be significantly reduced, resulting in a decrease in the taxable properties could be substantially reduced, resulting in a decrease in the taxable value of the District or an increase in the District’s tax rate.

There can be no assurances that 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 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 disasters. See “TAXING PROCEDURES – Valuation of Property for Taxation.”

Environmental Regulation

Water and wastewater facilities acquired by the District from the Developer are transferred to the City for ownership and operation. The City provides retail water and wastewater service residents in the District. The District owns and operates drainage facilities built by the Developer. Wastewater treatment and water supply facilities are subject to stringent and complex environmental laws and regulations. Facilities must comply with environmental laws at the federal, state, and local levels. These laws and regulations can restrict or prohibit certain activities that affect the environment in many ways such as:

1. Requiring permits for construction and operation of water supply wells and wastewater treatment facilities;
2. Restricting the manner in which wastes are released into the air, water, or soils;
3. Restricting or regulating the use of wetlands or other property;
4. Requiring remedial action to prevent or mitigate pollution; and
5. Imposing substantial liabilities for pollution resulting from facility operations.

Compliance with environmental laws and regulations can increase the cost of planning, designing, constructing and operating water production and wastewater treatment facilities. Sanctions against a water 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 as to future compliance of and the ability to operate the District's water supply, wastewater treatment, and drainage facilities. Environmental laws and regulations can also impact an area's ability to grow and develop. The following is a discussion of certain environmental concerns that relate to the District. It should be noted that changes in environmental laws and regulations occur frequently, and any changes that result in more stringent and costly requirements could materially impact the District.

Air Quality Issues. The Federal Clean Air Act ("CAA") requires the United States Environmental Protection Agency (the "EPA") to adopt and periodically revise national ambient air quality standards ("NAAQS") for each air pollutant that may reasonably be anticipated to endanger public health or welfare. Areas that exceed the NAAQS for a given pollutant can be designated as nonattainment by the EPA. A nonattainment designation then triggers a process by which the affected state must develop and implement a plan to improve air quality and "attain" compliance with the appropriate standard. This so-called State Implementation Plan ("SIP") entails enforceable control measures and time frames.

In 1997, the EPA adopted the "8-hour" ozone standard of 80 parts per billion ("ppb") (the "1997 Ozone Standard") to protect public health and welfare. In 2008, the EPA lowered the ozone standard to 75 ppb (the "2008 Ozone Standard"). The Austin area, consisting of Williamson, Hays, Travis, Bastrop, and Caldwell Counties (the "Austin Area") was not designated "nonattainment" under the 2008 Ozone Standard.

On October 1, 2015, the EPA lowered the ozone standard to 70 ppb (the "2015 Ozone Standard"). On May 1, 2018, the EPA designated the Austin Area as "attainment" under the 2015 Ozone Standards, which became effective on September 7, 2018.

Should the Austin Area fail to achieve EPA NAAQS, or should the Austin Area fail to satisfy a then effective SIP (for nonattainment or otherwise), or for any other reason should a lapse in conformity with the CAA occur, the Austin Area may be subjected to sanctions pursuant to the CAA. Under such circumstances, the TCEQ would be required under the CAA to submit to the EPA a new SIP under the CAA for the Austin Area. Due to the complexity of nonattainment/conformity analysis, the status of EPA's implementation of any future EPA NAAQS and the incomplete information surrounding any SIP requirements for areas designated nonattainment under any future EPA NAAQS, the exact nature of sanctions or any potential SIP that may be applicable to the Austin Area in the near future is uncertain. The CAA provides for mandatory sanctions, including the suspension of federal highway funding, should the State fail to submit a proper SIP, or associated submissions, or fail to revise or implement a SIP, or fail to comply with an existing SIP. Subject to certain exceptions, if the Austin Area falls out of conformity and the mandatory highway funding suspension sanction is implemented, the United States Secretary of Transportation may be prohibited from approving or awarding transportation projects or grants within the area.

It is possible that nonattainment, a lapse in conformity under the CAA, litigation involving injunctive or other relief, or other environmental issues may impact new industrial, commercial and residential development in the Austin Area.

Water Supply & Discharge Issues. Water supply and discharge regulations that the City and the District may be required to comply with involve: (1) public water supply systems, (2) wastewater discharges from treatment facilities, (3) storm water discharges and (4) wetlands dredge and fill activities. Each of these is addressed below:

Pursuant to the federal Safe Drinking Water Act ("SDWA") and Environmental Protection Agency's National Primary Drinking Water Regulations ("NPDWRs"), which are implemented by the TCEQ's Water Supply Division, a city's and 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 other regulatory action levels established under the agency's rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified other contaminants which may require national drinking water regulation in the future. Further, the EPA has established 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 quality of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction Permit (TXR150000), 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 nonstormwater discharges into surface water in the state. It 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 District is subject to the TCEQ's General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit"), which was issued by the TCEQ 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. In order to maintain compliance with the MS4 Permit, the District continues to develop, implement, and maintain the required 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. Costs associated with these compliance activities could be substantial in the future.

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 within the “waters of the United States.” The District must also obtain a permit from the United States “over which the EPA and USACE have jurisdiction under the CWA. The CWR significantly expanded the scope of the federal government’s CWA jurisdiction over intrastate water bodies and wetlands.

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” and 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.

Future and Proposed Tax Legislation

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

2025 Legislative Session

The 89th Regular Legislative Session convened on January 14, 2025, and will conclude on June 2, 2025. The Governor of Texas may call additional special sessions, at the Governor’s discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. The Texas Legislature could enact laws that materially change current laws affecting ad valorem tax matters, elections, and other matters which could adversely affect the District and also affect the marketability or market value of the Bonds. The District can make no representation regarding any actions the Texas Legislature may take or the effect of any such actions. While the enactment of future legislation in Texas could adversely affect the financial condition or operations of the District, the District does not anticipate that the security for payments of the Bonds, specifically, the District’s obligation to levy an unlimited ad valorem tax, would be adversely affected by any such legislation.

The Effect of the Financial Institutions Act of 1989 on Tax Collections of the District

The “Financial Institutions Reform, Recovery and Enforcement Act of 1989” (“FIRREA”), enacted on August 9, 1989, contains certain provisions which affect the time for protesting property valuations, the fixing of tax liens, and the collection of penalties and interest on delinquent taxes on real property owned by the Federal Deposit Insurance Corporation (“FDIC”) when the FDIC is acting as the conservator or receiver of an insolvent financial institution.

Under FIRREA real property held by the FDIC is still subject to ad valorem taxation, but such act states (i) that no real property of the FDIC shall be subject to foreclosure or sale without the consent of the FDIC and no involuntary liens shall attach to such property, (ii) the FDIC shall not be liable for any penalties or fines, including those arising from the failure to pay any real or personal property tax when due and (iii) notwithstanding failure of a person to challenge an appraisal in accordance with state law, such value shall be determined as of the period for which such tax is imposed.

To the extent that the FDIC attempts to enforce the same, these provisions may affect the timeliness of collection of taxes on property, if any, owned by the FDIC in the District and may prevent the collection of penalties and interest on such taxes or may affect the valuation of such property.

Bond Insurance Risks

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

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

In the event the Bond Insurer is unable to make payment of the principal and interest as such payments become due under the Policy, the Bonds are payable solely from the money received pursuant to applicable bond documents. In the event the Bond Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) of the Bonds.

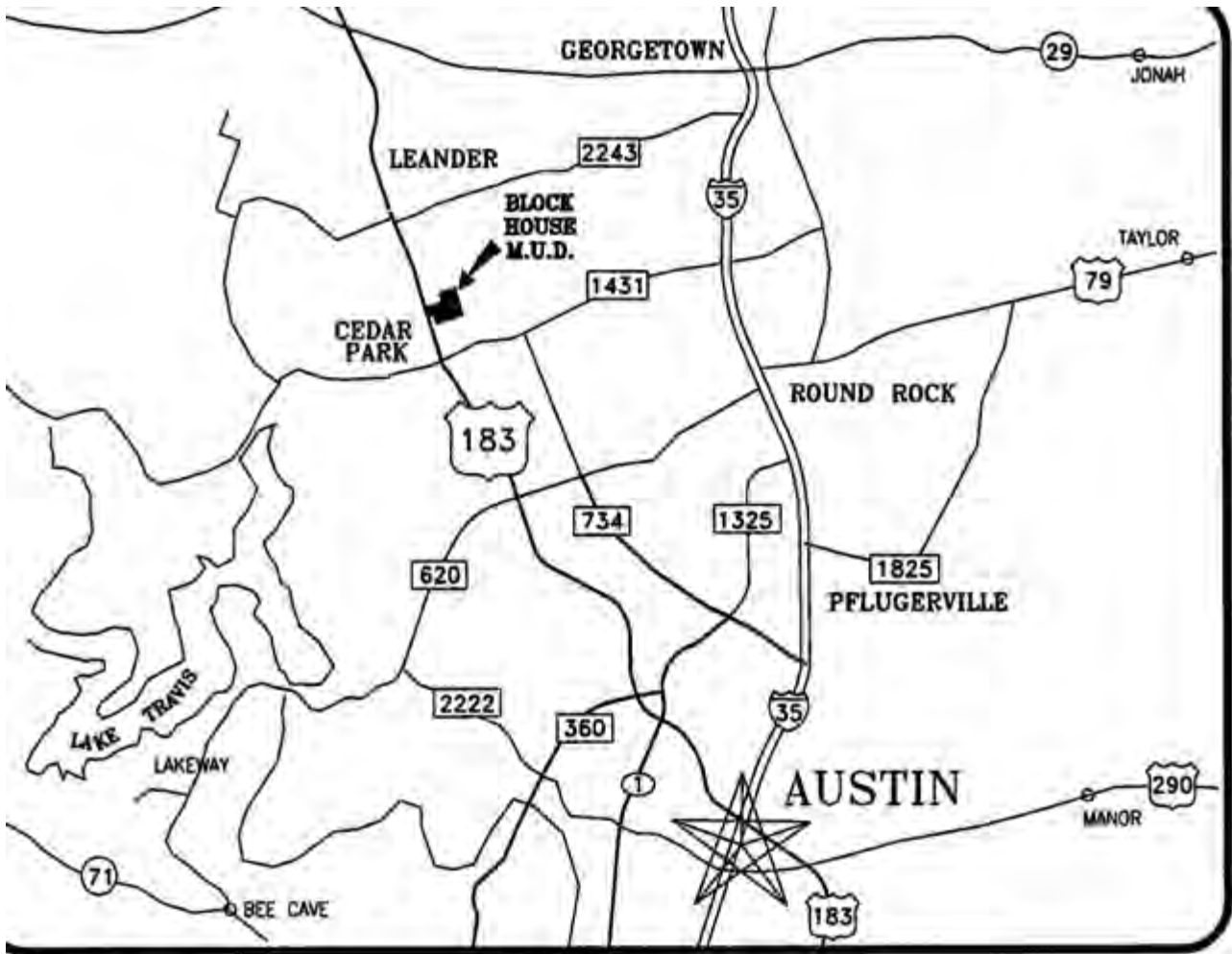
The long-term ratings on the Bonds are dependent in part on the financial strength of the Bond Insurer and its claim-paying ability. The Bond Insurer's financial strength and claims-paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term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

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

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

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LOCATION MAP



LOCATION MAP

N.T.S.



GRAY & JANSING & ASSOCIATES, INC.

Consulting Engineers

8217 Shoal Creek Boulevard, Suite 200

Austin, Texas 78757-7592

(512)452-0371

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TEPE FIRM #2946

THE DISTRICT

General

The District is a political subdivision of the State of Texas, created by an order of the Texas Water Commission, predecessor to the Commission, on January 12, 1978 and confirmed at an election held within the District on April 4, 1981, and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. The District was created to provide water, wastewater, and storm drainage to the approximately 717 acres within its boundaries, all of which lies within Williamson County, Texas.

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 may also provide solid waste collection and disposal service and park and recreational facilities and is empowered to establish, operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, or contract with a fire protection provider for fire protection services, if approved by the voters of the District and the Commission. The District provides waste collection and disposal services through a contract with a private waste disposal company.

In 2007, the District implemented a plan for the provision of fire-fighting services within the District, as authorized by Section 49.351 of the Texas Water Code and an election held within the District on May 12, 2007. Pursuant to this plan, the District has entered into a fire protection services agreement with the City under which the District's residents pay a service rate which varies depending upon the City's fire protection expenditures and the City's fire department's service area population. The fire protection service rate for the 2024 – 2025 fiscal year is \$0.1145 per District water and wastewater customer per month. The District may make the payments under the fire protection services agreement through: (i) the levy of a contract tax levied on all taxable property within the District; (ii) a monthly fee; (iii) any of the funds lawfully available to the District; or a combination of (i), (ii), and (iii). The District entered into a new fire protection services agreement with the City, effective as of April 1, 2019, containing substantially similar terms to the previous agreement, whereby the City has agreed to continue providing fire-fighting services in the District until September 30, 2023. If an emergency services district, which includes the District is created, the fire protection services agreement will be terminated on the date such emergency services district begins providing fire protection services.

Management

Board of Directors

The District is governed by a board, consisting of five directors, which has control over and management supervision of all affairs of the District. Directors' terms are four years, with elections held within the District in November in each even-numbered year. All of the directors own property in the District.

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>	<u>Length of Service</u>
Ursula Logan	President	2028	11 Years
David Shoemaker	Vice President	2026	2 Years
David Johnson	Secretary	2026	2 Years
Amanda Stanfield	Assistant Secretary	2028	2 Months
Robert Young	Director	2026	2 Years

Consultants

Tax Assessor/Collector

Land and improvements in the District are being appraised by the Williamson Central Appraisal District ("WCAD"). The Tax Assessor/Collector is appointed by the Board of Directors of the District. The Williamson County Tax Assessor/Collector, Larry Gaddes, currently serves the District in this capacity under contract.

General Manager

The District contracts with Crossroads Utility Services, LLC ("Crossroads") to serve as operator for the District. Crossroads serves in a similar capacity for approximately 72 other special districts in the Austin metropolitan area.

Engineer

The District's consulting engineer is Gray Engineering, Inc. (the "Engineer"). Such firm serves as consulting engineer to approximately 15 other special districts.

Bookkeeper

Municipal Accounts & Consulting, L.P. (“MAC”), Certified Public Accountants, is charged with the responsibility of providing bookkeeping services for the District. MAC serves in a similar capacity for approximately 450 other special districts in the Austin metropolitan area.

Auditor

McCall Gibson Swedlund & Barfoot PLLC, certified public accountants, serves as the auditor to the District. Such firm serves as auditor to approximately 600 other special districts. The District’s financial statements for the fiscal year ending September 30, 2024, were audited by McCall Gibson Swedlund & Barfoot PLLC, which audited financial statements are attached hereto as “APPENDIX A.”

Financial Advisor

Public Finance Group LLC serves as the District’s financial advisor (the “Financial Advisor”). The Financial Advisor’s fee for services rendered in connection with the issuance of the Bonds is based on the percentage of the Bonds actually issued, sold and delivered and, therefore, such fee is contingent upon the sale and delivery of the Bonds.

General Counsel

The District employs Armbrust & Brown, PLLC (“A&B”) as General Counsel. Fees paid to A&B for work related to the issuance of the Bonds are contingent upon the sale of the Bonds.

Bond Counsel and Disclosure Counsel

The District has engaged McCall, Parkhurst & Horton L.L.P., Austin, Texas, as Bond Counsel and Disclosure Counsel in connection with the issuance of the District’s Bonds. The fees of Bond Counsel and Disclosure Counsel are contingent upon the sale of and delivery of the Bonds.

Location

The District encompasses approximately 717 acres of land in southwestern Williamson County, of which approximately 586 are developable and 555 have been developed with internal water distribution, wastewater collection, and storm drainage facilities. The District is situated approximately 23.50 miles north of the City of Austin’s central business district. The entire district lies within the boundaries of Leander Independent School District and the extraterritorial jurisdiction of the City of Cedar Park, Texas. Access to the District is currently provided by US 183 North to Block House Drive as well as by the US 183A Toll Road extending from US 183 at Ranch Road 620 to US 183 north of Leander.

Historical and Current Status of Development of the District

Development within the District began in 1980 with the development of the initial sections of the Block House Creek Subdivision. From 1980 through 1989 development and the construction of single-family homes continued intermittently. During 1989 and 1990, all of the then-current developer’s approximately 365 vacant lots and remaining undeveloped land within the District were foreclosed upon by Texas Commerce Bank – Austin, National Association (“TCBA”). In addition, TCBA foreclosed on approximately 584 acres adjacent to the District and within the City of Cedar Park. Beginning in 1989, TCBA and its subsidiary Lavaca National Properties, Inc. (“Lavaca”) marketed for sale the lots and undeveloped acreage and, in 1995, title to the property owned by TCBA and Lavaca transferred to TCBA.

On December 20, 1995, TCBA conveyed all its remaining acreage in the District and the adjacent area to Continental Homes of Texas, LP (“Continental”). The total acreage conveyed to Continental was approximately 388 acres, including approximately 350 acres within the District. Continental developed the majority of its 350 acres within the District as residential single-family lots and sold the commercial reserves.

The 31 acres sold by Continental as commercial reserves are owned by Paver Family Enterprises L.P. (the “Landowner”). The District makes no representation that such acreage will ever be developed with commercial improvements. See “TAX DATA – Principal Taxpayers.”

As of January 22, 2025, development within the District included 2,168 completed single-family homes, no homes under construction, 10 vacant developed single-family lots, a day care center, Block House Elementary School (which is not subject to taxation by the District), 31 acres of undeveloped commercial reserves owned by the Landowner, and 38.45 acres of parkland including swimming pools, playgrounds, trails, and sports fields.

Future Development

The instigation of any new development beyond that described in this Official Statement will be dependent on several factors including, to a great extent, the general and other economic conditions which would affect the Landowner’s ability to market its land to commercial developers as described in this Official Statement under the caption “INVESTMENT CONSIDERATIONS.” The District’s Engineer estimates that the \$8,520,000 authorized bonds which remain unissued should be sufficient to reimburse the Landowner for the utility facilities necessary to provide utility service to the remaining approximately 31 acres of undeveloped but potentially developable acres within the District. To date, the District has not entered into a reimbursement contract with the Landowner. See “INVESTMENT CONSIDERATIONS – Future Debt.” The

Landowner is under no obligation to complete any commercial development, if begun, and may modify or discontinue development plans in its sole discretion. Accordingly, the District makes no representation that future development will occur within the District.

THE SYSTEM

Regulation

The water, wastewater, and storm drainage facilities, the purchase, acquisition and construction of which have been permanently financed by the District with the proceeds of the bonds previously issued by the District, have been designed in accordance with accepted engineering practices and the recommendation of certain governmental agencies having regulatory or supervisory jurisdiction over construction and operation of such facilities, including, among others, the Commission. According to the Engineer, the design of all such facilities has been approved by all governmental agencies which have jurisdiction over the District.

Operation of the District's waterworks and wastewater facilities is subject to regulation by, among others, the Commission. In many cases, regulations promulgated by these agencies have become effective only recently and are subject to further development and revision.

Water Supply and Distribution

The District currently receives its water from the City of Cedar Park on a wholesale basis pursuant to a Water Supply Contract dated March 10, 1995 which is effective for a period of 40 years (the "Water Supply Contract"). The City of Cedar Park obtains its water supply from Lake Travis. According to the City of Cedar Park's engineer, the City of Cedar Park operates a 23-million gallon per day (mgd) surface water treatment facility west of the City of Cedar Park (the "Cedar Park Water Plant"). Treated water is transported from the Cedar Park Water Plant to the District's distribution system by a series of booster pumps and transmission lines which are owned and operated by Cedar Park. The District is responsible for reading the individual meters and the retail billing of each District customer. The District's Engineer believes that, based upon current land use projections and the commitment of service as provided for in the Water Supply Contract, the Cedar Park Water Plant should have capacity to serve the District at ultimate development.

Wastewater Collection and Treatment

Originally, wastewater treatment within the District was provided by a 200,000 gallon-per-day ("gpd") interim wastewater treatment plant operating under the authority and conditions of Commission Permit No. 11972-01. The first temporary 100,000 gpd phase was constructed in 1980-81 and funded by the Outstanding Bonds. The second temporary 100,000 gpd phase was added in 1985 under the same permit and with the same discharge parameters. This second plant was leased until the District's permanent treatment facilities, as described herein, were completed. The installation and design of the leased plant was also funded by a portion of the Previously Issued Bonds.

The District, in September 2002, entered into a Wholesale Wastewater Service Contract with the City of Cedar Park (the "Wholesale Wastewater Services Contract"), under which the District has purchased capacity in the City of Cedar Park's wastewater system to serve all existing development and will purchase capacity to serve future development and the City of Cedar Park has agreed to provide all wastewater treatment capacity required for the District's ultimate build-out. The Wholesale Wastewater Services Contract has a term of 30 years.

Storm Drainage

The storm drainage system that serves the District consists of curb and guttered streets and storm sewers that collect storm water runoff for outfall into Block House Creek. The facilities are designed in accordance with Williamson County and City of Cedar Park criteria.

100-Year Flood Plain

"Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency (FEMA) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100-year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rainstorm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance.

According to U.S.G.S. topographic maps and Federal Emergency Management Agency Flood Insurance Rate Maps, the District is relatively flat with elevations ranging from 885 to 978 feet above mean sea level. The land within the District slopes generally from west to east. The District lies virtually on the headwaters of Block House Creek and approximately 65 acres of the District lie within the 100-year flood plain. This acreage has been planned as green space and will not be used for development.

In 2018, the National Weather Service completed a rainfall study known as Atlas 14 which shows that severe rainfall events are now occurring more frequently. Within Texas, the Atlas 14 study showed an increased number of rainfall events in a band extending from the upper Gulf Coast in the east and running west generally along the I-10 corridor to Central Texas. In particular, the study shows that Central Texas is more likely to experience larger storms than previously thought. Based on this study, various governmental entities, including Williamson County, are contemplating amendments to their regulations that will potentially increase the size of the 100-year flood plain which interim flood plain is based on the current 500-year flood plain, resulting in the interim flood plain regulations applying to a larger number of properties, and potentially increasing the size of detention ponds and drainage facilities required for future construction in all areas (not just in the flood plain). Flood plain boundaries within the District may be redrawn based on the Atlas 14 study based on the higher statistical rainfall amount, and could

mean higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the flood plain.

Water, Wastewater and Drainage Operations - Rate and Fee Schedule – Table 1

The Board of Directors establishes rates and fees for water and sewer service, subject to change from time to time. The following schedule sets forth the rates and fees for the District’s water and sewer service which have been effective since September 11, 2024.

Water (Monthly Billing)

Base rate per Single-family or Duplex	\$557.66
<i>Water Gallonage Charges:</i>	
0 – 7,000 gallons	\$5.08/1,000 gallons
7,001 – 14,000 gallons	5.32/1,000 gallons
14,001 – 20,000 gallons	5.75/1,000 gallons
Over 20,001 gallons	6.20/1,000 gallons

Wastewater (Monthly Billing)

Rate per 1,000 gallons	\$4.20/1,000 gallons
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Operating Revenues and Expenses Statement - Table 2

The following statement sets forth in condensed form the historical operations of the District as derived from the District's audited financial statements for the years ending September 30, 2021 through September 30, 2024. Unaudited financial information for the period ending January 31, 2025, has been provided by the District's bookkeeper. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Such summary has been prepared from information obtained from the District's financial statements and records. Reference is made to such statements for further and more complete information. Also see "APPENDIX A – Audited Financial Statements of the District for the fiscal year ending September 30, 2024."

	Fiscal Year Ended				
	1/31/2025 ^(a)	9/30/2024 ^(b)	9/30/2023 ^(b)	9/30/2022 ^(b)	9/30/2021 ^(b)
REVENUES					
Property Taxes, including penalties	\$ 1,705,439	\$ 2,627,722	\$ 3,045,293	\$ 2,496,982	\$ 2,282,409
Water, WW & Garbage, including penalties	617,013	2,581,542	2,704,223	2,600,035	2,590,134
Tap Connection and Inspection Fees	395	2,388	3,349	1,638	3,194
Interest	81,361	284,548	262,460	37,510	15,231
Swimming Pool and Other	911,275	338,435	58,264	57,743	50,386
TOTAL REVENUES	\$ 3,315,483	\$ 5,834,635	\$ 6,073,589	\$ 5,193,908	\$ 4,941,354
EXPENDITURES					
Bulk Water & Wastewater Purchases	\$ 356,486	\$ 1,014,402	\$ 1,118,934	\$ 939,402	\$ 844,329
Garbage Collection	275,215	792,932	769,084	638,103	614,399
Park & Pool Expenditures	297,374	1,392,996	1,432,094	1,100,551	1,008,456
Utilities	39,044	40,789	40,591	38,917	32,812
Repairs and Maintenance	75,428	305,076	485,996	443,134	258,226
Operations and Billing	86,000	307,381	313,337	287,138	286,380
General Manager	126,000	314,328	192,006	163,205	150,508
Legal Fees	27,744	262,425	262,371	225,617	237,352
Engineering Fees	21,588	174,191	71,776	92,003	49,563
Bookkeeping Fees	43,420	113,111	115,562	74,227	47,124
Audit Fees	12,500	19,250	18,750	17,750	17,000
Financial Advisory Fees	3,750	2,885	2,810	2,810	2,810
Fire Services Fees	780,621	810,590	761,121	707,469	711,130
Security Services	65,698	187,732	188,726	153,709	134,353
Tax Appraisal/Collection Fees	12,933	24,855	23,297	20,711	22,876
Directors Fees & related Payroll Taxes	12,199	35,562	35,432	28,589	35,284
Insurance	29,677	25,679	23,063	22,889	17,747
Office Expenditures	10,693	33,766	33,314	28,535	24,521
Seminars & Travel	1,080	2,508	5,490	11,048	7,362
Other	28,063	165,811	155,152	118,613	110,162
Capital Outlay	5,371	521,348	173,191	228,946	40,005
TOTAL EXPENDITURES	\$ 2,310,884	\$ 6,547,617	\$ 6,222,097	\$ 5,343,366	\$ 4,652,399
NET REVENUE/ (DEFICIT)	\$ 1,004,599	\$ (712,982)	\$ (148,508)	\$ (149,458)	\$ 288,955
Beginning Fund Balance	\$ 2,869,305	\$ 3,582,287	\$ 3,730,795	\$ 3,880,253	\$ 3,591,298
Plus / (Less): Fund Transfers	-	-	-	-	-
Ending Fund Balance	\$ 3,873,904	\$ 2,869,305	\$ 3,582,287	\$ 3,730,795	\$ 3,880,253

(a) Unaudited as of January 31, 2025. Represents approximately four (4) months of the District's current fiscal year.

(b) Audited.

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DEBT SERVICE REQUIREMENTS – TABLE 3

Block House Municipal Utility District

\$3,150,000

Unlimited Tax Park Bonds, Series 2025

Dated Date: March 27, 2025

First Interest Payment Due: October 1, 2025

Year Ending 31-Dec	Current	The Bonds					Total
	Debt Service	Principal	Interest			Principal	Debt Service
	Requirement	(Due 4/01)	(Due 4/01)	(Due 10/01)	Total	and Interest	Requirements
2025	\$ 1,427,400	\$ -	\$ -	\$ 64,400	\$ 64,400	\$ 64,400	\$ 1,491,800
2026	1,465,350	5,000	63,000	62,900	125,900	130,900	1,596,250
2027	1,523,600	5,000	62,900	62,800	125,700	130,700	1,654,300
2028	-	300,000	62,800	56,800	119,600	419,600	419,600
2029	-	355,000	56,800	49,700	106,500	461,500	461,500
2030	-	370,000	49,700	42,300	92,000	462,000	462,000
2031	-	390,000	42,300	34,500	76,800	466,800	466,800
2032	-	405,000	34,500	26,400	60,900	465,900	465,900
2033	-	420,000	26,400	18,000	44,400	464,400	464,400
2034	-	440,000	18,000	9,200	27,200	467,200	467,200
2035	-	460,000	9,200	-	9,200	469,200	469,200
	<u>\$ 4,416,350</u>	<u>\$3,150,000</u>	<u>\$ 425,600</u>	<u>\$ 427,000</u>	<u>\$ 852,600</u>	<u>\$4,002,600</u>	<u>\$ 8,418,950</u>

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**FINANCIAL STATEMENT
(Unaudited)**

Assessed Value – Table 4

2024 Certified Assessed Valuation	\$ 725,319,660 ^(a)
Estimated Assessed Valuation as of December 12, 2024	728,217,000 ^(b)
Gross Debt Outstanding (after the issuance of the Bonds)	\$ 7,245,000 ^(c)
Ratio of Gross Debt to 2024 Certified Assessed Valuation	1.00%
Ratio of Gross Debt to Estimated Assessed Valuation as of December 12, 2024	0.99%
2024 Tax Rate	
Debt Service	\$ 0.1875
Fire Fighting	0.1145
Maintenance	0.2484
Total 2024 Tax Rate	\$ 0.5504 ^(d)
Debt Service Fund Balance (as of February 26, 2025)	\$ 1,823,201 ^(e)

Area of District: 717 acres
Estimated Population as of January 22, 2025: 7,546^(f)

- (a) The certified assessed valuation as of January 1, 2024, as provided by WCAD. See “TAXING PROCEDURES.”
- (b) The estimated assessed valuation as of December 12, 2024, as provided by WCAD, is included solely for purposes of illustration. No taxes will be levied on this assessed valuation unless it is certified by WCAD. See “TAXING PROCEDURES.”
- (c) Includes the Bonds and the Outstanding Bonds.
- (d) The District’s Board, at its meeting in September 2024, levied a total tax rate of \$0.5504 for the 2024 tax year. See “TAXING PROCEDURES.”
- (e) Unaudited as of February 26, 2025. Does not include approximately twelve (12) months of capitalized interest (\$110,745 at an interest rate of 3.515713%) included in the Bond proceeds, to be deposited into the District’s Debt Service Fund upon closing. Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the District’s Debt Service Fund.
- (f) Based upon 3.0 residents per completed and occupied single family home.

Unlimited Tax Bonds Authorized but Unissued - Table 5

Date of Authorization	Purpose	Amount Authorized	Issued to Date	Unissued
4/4/1981	Water, Sanitary Sewer & Drainage	\$ 17,325,000	\$ 17,325,000	\$ -
1/24/1998	Water, Sanitary Sewer & Drainage	17,000,000	8,480,000	8,520,000
1/24/1998	Refunding	25,500,000 ^(a)	1,138,780 ^(a)	24,011,988 ^(a)
11/3/2020	Park & Recreational	3,150,000 ^(b)	3,150,000 ^(b)	-

- (a) The proposition approved by the voters authorized the District to issue refunding bonds in an amount not to exceed one and one-half times the par amount of bonds issued assuming that the total amount of bonds authorized by the voters will be issued, which equals \$25,500,000. To the extent the par amount of the refunding bonds exceeds the par amount of the refunded bonds, the difference is counted against the refunding authorization. Additionally, any net premium received by the District from the sale of refunding bonds after deducting Underwriter's discount is also counted against the District's refunding authorization. The district has previously used \$1,301,317.82 of the total amount of refunding bonds authorized.
- (b) The Bonds.

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Outstanding Bonds - Table 6

Dated Date	Purpose	Original Series	Original Principal Amount	Principal Amount Outstanding after the Issuance of the Bonds ^(a)
A. New Money Bonds				
11/1/1986	Water, Sanitary Sewer & Drainage	1986	\$ 2,160,000	\$ -
10/1/1988	Water, Sanitary Sewer & Drainage	1988	1,000,000	-
7/1/1995	Water, Sanitary Sewer & Drainage	1995	2,365,000	-
7/1/1996	Water, Sanitary Sewer & Drainage	1996	700,000	-
9/1/1999	Water, Sanitary Sewer & Drainage	1999	3,825,000	-
7/1/2001	Water, Sanitary Sewer & Drainage	2001	5,970,000	-
12/1/2002	Water, Sanitary Sewer & Drainage	2002	4,050,000	-
9/1/2003	Water, Sanitary Sewer & Drainage	2003A	5,735,000	-
3/26/2025	Park and Recreational	2025	3,150,000 ^(a)	3,150,000 ^(a)
	Subtotal		\$ 28,955,000	\$ 3,150,000
B. Refunding Bonds				
7/1/1994	Refunding	1994	\$ 2,520,000	\$ -
2/1/2003	Refunding	2003	3,424,343	-
4/1/2005	Refunding	2005	3,499,775	-
6/1/2007	Refunding	2007	5,930,000	-
10/1/2010	Refunding	2010	9,135,000	-
3/1/2012	Refunding	2012	2,640,000	-
5/1/2014	Refunding	2014	5,840,000	-
1/14/2016	Refunding	2016	5,800,000	1,140,000
1/7/2020	Refunding	2020	3,520,000	2,955,000
	Subtotal		\$ 42,309,118	\$ 4,095,000
	Total		\$ 71,264,118	\$ 7,245,000

(b) The Bonds.

Cash and Investment Balances - Table 7 ^(a)

General Fund	\$ 5,346,122
Debt Service Fund	1,523,853 ^(b)
Capital Projects Fund	0

(a) Unaudited as of February 26, 2025.

(b) Unaudited as of February 26, 2025. Does not include approximately twelve (12) months of capitalized interest (\$110,745 at an interest rate of 3.515713%) included in the Bond proceeds, to be deposited into the District's Debt Service Fund upon closing. Neither Texas law nor the Bond Order requires the District to maintain any particular sum in the Debt Service Fund.

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Investment Authority and Investment Practices of the District

Under Texas law, the District is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation ("FDIC") or by explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund or their respective successors; (8) certificates of deposit and share certificates meeting the requirements of the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code, as amended) (the "PFIA") (i) that are issued by or through an institution that has its main office or a branch office in Texas and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for District deposits; or (ii) that are invested by the District through a depository institution that has its main office or a branch office in the State of Texas and otherwise meets the requirements of the PFIA; (9) fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligations described in clause (1), and are placed through a primary government securities dealer or a financial institution doing business in the State of Texas; (10) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency; (11) commercial paper with a stated maturity of 270 days or less that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (12) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that complies with Securities and Exchange Commission Rule 2a-7; (13) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, and either has a duration of one year or more and is invested exclusively in obligations described in the this paragraph, or has a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities; and (14) local government investment pools organized in accordance with the Interlocal Cooperation Act (Chapter 791, Texas Government Code) as amended, whose assets consist exclusively of the obligations that are described above. A public funds investment pool must be continuously ranked no lower than "AAA," "AAA-m" or at an equivalent rating by at least one nationally recognized rating service. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described below.

A political subdivision such as the District may enter into securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (11) through (13) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the District, held in the District's name and deposited at the time the investment is made with the District or a first party designated by the District; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less.

The District may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAAm" or an equivalent by at least one nationally recognized rating service. The District may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the District retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the District must do so by order, ordinance, or resolution.

The District is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for District funds, the maximum allowable stated maturity of any

individual investment, the maximum average dollar-weighted maturity allowed for pooled fund, groups methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All District funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, the District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment considering the probable safety of capital and the probable income to be derived." At least quarterly the District's investment officers must submit an investment report to the Board of Directors detailing: (1) the investment position of the District, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, and any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategies and (b) Texas law. No person may invest District funds without express written authority from the Board of Directors.

Under Texas law, the District is additionally required to: (1) annually review its adopted policies and strategies; (2) require any investment officers with personal business relationships or family relationships with firms seeking to sell securities to the District to disclose the relationship and file a statement with the Texas Ethics Commission and the District; (3) require the registered principal of firms seeking to sell securities to the District to: (a) receive and review the District's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude imprudent investment activities, and (c) deliver a written statement attesting to these requirements; (4) in conjunction with its annual financial audit, perform a compliance audit of the management controls on investments and adherence to the District's investment policy; (5) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement; (6) restrict the investment in non-money market mutual funds in the aggregate to no more than 15% of the District's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service and; (7) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements.

Current Investments - Table 8

The District, as of February 26, 2025 (unaudited), was invested in TexPool. This investment portfolio is generally representative of the District's investment practices. GASB Statement No. 3 requires the District to assign risk categories for its investment, except those in which securities are not used as evidence of the investment. TexPool is a public funds investment pool. TexPool has not been assigned a risk category since the District has not issued securities, but rather it owns an undivided beneficial interest in the assets of TexPool. State law requires the District to mark its investments to market price each calendar quarter and upon the conclusion of each fiscal year, for the purpose of compliance with applicable accounting policies concerning the contents of the District's audited financial statements.

Investment Value as of February 26, 2025	
Cash	\$ 46,917
TexPool	6,669,219
Certificates of Deposit	705,000
Total Investment	\$ 7,421,136

Estimated Overlapping Debt Statement

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

Taxing Body	Gross Debt		% of Overlapping Net Debt	Amount of Overlapping Net Debt
	Amount	As of		
Williamson County	\$ 1,291,400,000	1/31/2025	0.560%	\$ 7,231,840
Upper Brushy Creek WCID	49,920,000	1/31/2025	0.850%	
Austin Community College	540,180,000	1/31/2025	0.180%	972,324
Leander Independent School District	1,308,682,385	1/31/2025	1.570%	20,546,313
TOTAL ESTIMATED OVERLAPPING DEBT				\$ 28,750,477
The District ^(a)	\$ 7,245,000	3/27/2025	100.000%	\$ 7,245,000
TOTAL ESTIMATED DIRECT AND OVERLAPPING DEBT				\$ 35,995,477
Ratio of Estimated and Overlapping Debt to 2024 Certified Assessed Valuation				4.96%
Ratio of Estimated and Overlapping Debt to Estimated Assessed Valuation as of December 12, 2024				4.94%

(a) Includes the Bonds and the Outstanding Bonds.

Overlapping Taxes for 2024

Overlapping Entity	2024 Tax Rate Per	
	\$100 Assessed Valuation Williamson County	Average Tax Bill ^(a) Williamson County
Williamson County ^(b)	\$0.399999	\$ 1,283
Austin Community College	0.101300	325
Upper Brushy Creek WCID	0.017000	55
Leander Independent School District	1.086900	3,487
The District	<u>0.550400</u>	<u>1,766</u>
Total	\$2.155599	\$ 6,917

(a) Based upon the 2024 average single family home value of \$320,863, as provided by WCAD.

(b) Includes \$0.044329 for Williamson County FM/RD.

TAX DATA

Classification of Assessed Valuation - Table 9

Type of Property	2024 ^(a)		2023 ^(b)		2022 ^(b)	
	Amount	%	Amount	%	Amount	%
Single Family	\$ 793,432,897	109.39%	\$ 777,228,975	113.98%	\$ 896,189,097	132.36%
Commercial	3,252,927	0.45%	3,010,175	0.44%	2,511,586	0.37%
Utilities	2,665,651	0.37%	2,659,358	0.39%	2,301,072	0.34%
Acreage	9,541,203	1.32%	7,434,814	1.09%	4,953,353	0.73%
Vacant Lot	162,000	0.02%	368,550	0.05%	166,000	0.02%
Tangible Personal, Business	2,777,120	0.38%	1,141,756	0.17%	779,876	0.12%
Less: Adjustments	<u>(86,512,138)</u>	<u>-11.93%</u>	<u>(109,943,524)</u>	<u>-16.12%</u>	<u>(229,834,370)</u>	<u>-33.95%</u>
Total	\$ 725,319,660	100.00%	\$ 681,900,104	100.00%	\$ 677,066,614	100.00%

(a) Provided by WCAD.

(b) Assessed Valuation reflects the adjusted value at September 30th of each respective year as included in the audited financial statement.

Tax Collections - Table 10

The following statement of tax collections sets forth in condensed form the historical tax collection experience of the District. Such summary has been prepared by the Financial Advisor for inclusion herein based upon information from District audits and records of the District's Tax Assessor/Collector. Reference is made to such audits and records for further and more complete information.

Tax Year	Assessed Valuation ^(a)	Tax Rate	Tax Levy	Current Collections		Total Collections		Year Ending	
				Amount	%	Amount	%		
2010	\$ 315,995,562	\$0.8460	\$ 2,673,495	\$ 2,666,653	99.74%	\$ 2,672,819	99.97%	9/30/2011	(b)
2011	312,464,920	0.8660	2,706,236	2,699,193	99.74%	2,705,638	99.98%	9/30/2012	(b)
2012	306,687,431	0.8660	2,656,201	2,645,075	99.58%	2,655,596	99.98%	9/30/2013	(b)
2013	317,176,350	0.8660	2,746,225	2,733,377	99.53%	2,745,713	99.98%	9/30/2014	(b)
2014	346,885,966	0.8423	2,925,110	2,921,267	99.87%	2,924,594	99.98%	9/30/2015	(b)
2015	380,488,219	0.8270	3,146,860	3,138,049	99.72%	3,146,332	99.98%	9/30/2016	(b)
2016	411,174,609	0.8010	3,293,699	3,284,806	99.73%	3,283,657	99.70%	9/30/2017	(b)
2017	446,036,359	0.8010	3,572,944	3,553,650	99.46%	3,565,178	99.78%	9/30/2018	(b)
2018	475,898,878	0.7810	3,707,795	3,689,280	99.50%	3,689,280	99.50%	9/30/2019	(b)
2019	492,843,293	0.8085	3,984,778	3,978,004	99.83%	3,978,004	99.83%	9/30/2020	(b)
2020	488,251,779	0.7600	3,718,499	3,712,178	99.83%	3,712,178	99.83%	9/30/2021	(b)
2021	551,814,878	0.7000	3,862,856	3,856,675	99.84%	3,856,675	99.84%	9/30/2022	(b)
2022	677,066,614	0.6595	4,465,511	4,446,309	99.57%	4,446,309	99.57%	9/30/2023	(b)
2023	681,900,104	0.5905	4,036,700	4,016,113	99.49%	4,016,113	99.49%	9/30/2024	(c)
2024	725,319,660	0.5504	4,012,808	3,749,166	93.43%	3,749,166	93.43%	9/30/2025	(d)

(a) Assessed Valuation reflects the adjusted value at September 30th of each respective year as included in the audited financial statements.

(b) Audited.

(c) Unaudited.

(d) Unaudited as of January 31, 2025. Taxes were due with no penalty by January 31, 2025.

District Tax Rates - Table 11

Tax Rate per \$100 Assessed Valuation	2024	2023	2022	2021	2020
Debt Service	\$ 0.1875	\$ 0.2035	\$ 0.2085	\$ 0.2475	\$ 0.2925
Fire Fighting	0.1145	0.1194	0.1127	0.1282	0.1457
Maintenance and Operations	0.2484	0.2676	0.3383	0.3243	0.3218
Total	\$ 0.5504	\$ 0.5905	\$ 0.6595	\$ 0.7000	\$ 0.7600

Debt Service Tax

The District's tax rate for debt service on the Bonds is legally unlimited as to rate and amount. As shown above under "District Tax Rates – Table 11," the District levied a 2024 debt service tax rate of \$0.1875/\$100 assessed valuation.

Maintenance Tax

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for planning, maintaining, repairing, and operating the District's improvements, if such maintenance tax is authorized by a vote of the District's electors. Such tax is in addition to taxes that the District is authorized to levy for paying principal of and interest on the Bonds, and any tax bonds that may be issued in the future. At an election held on April 4, 1981, voters within the District authorized a maintenance tax not to exceed \$1.00/\$100 assessed valuation. As shown under "District Tax Rates – Table 11," the District levied a 2024 maintenance and operation tax rate of \$0.2484/\$100 assessed valuation.

Principal Taxpayers - Table 12

The following list of principal taxpayers was provided by WCAD based on the 2024, 2023, and 2022 tax rolls of the District, which reflect ownership as of January 1 of each year shown.

Name	Type of Property	2024 ^(a)	2023 ^(b)	2022 ^(b)
Paever Family Enterprises L.P. ^(d)	Commercial	\$ 3,252,927	\$ 3,010,175	\$ 2,511,586
Perdernalles Electric Cooperative Inc.	Utility	2,656,788	2,535,488	2,166,750
SMK Holdings Series LLC	Land and Improvements	1,056,840	1,330,714	1,572,199
Individual Homeowner	Land and Improvements	1,038,885	1,033,382	1,211,873
Cash Construction	Land and Improvements	994,290	(c)	(c)
Nicollet Group LLC	Land and Improvements	768,070	762,975	870,621
John R Winston III Family Co I Ltd	Land and Improvements	762,361	(c)	(c)
Individual Homeowner	Land and Improvements	739,427	732,383	862,425
Individual Homeowner	Land and Improvements	731,845	731,918	862,060
Individual Homeowner	Land and Improvements	721,498	709,141	(c)
Individual Homeowner	Land and Improvements	(c)	710,760	848,315
Individual Homeowner	Land and Improvements		711,985	842,394
GCC Properties I L.P.	Land and Improvements	(c)	(c)	842,421
Opendoor Property Trust I	Land and Improvements	(c)	(c)	(c)
Total		<u>\$ 12,722,931</u>	<u>\$ 12,268,921</u>	<u>\$ 12,590,644</u>
Percent of Certified Assessed Valuation		1.75%	1.80%	1.86%

(a) Unaudited. Provided by WCAD.

(b) Assessed Valuation reflects the adjusted value at September 30th of each respective year as included in the audited financial statements.

(c) Not a principal taxpayer in the respective year.

(d) See "THE DISTRICT – Historical and Current Status of Development of the District."

Tax Adequacy for Debt Service

The calculations shown below assume, solely for purposes of illustration, no increase or decrease in assessed valuation from the 2024 certified assessed valuation, the estimated assessed valuation as of December 12, 2024, and utilize tax rates adequate to service the District's total debt service requirements, including the Outstanding Bonds and the Bonds. No available debt service funds are reflected in these computations. See "INVESTMENT CONSIDERATIONS – Factors Affecting Taxable Values and Tax Payments - *Impact on District Tax Rates.*"

Average Requirement on the Bonds and the Outstanding Bonds (2026 through 2035)	\$765,359
\$0.12 Tax Rate on the 2024 Certified Assessed Valuation of \$725,319,660 @ 95% collections produces	\$826,864
\$0.12 Tax Rate on the Estimated Assessed Valuation as of December 12, 2024 of \$728,217,000 @ 95% collections produces	\$830,167
Maximum Requirement on the Bonds and the Outstanding Bonds (2027)	\$1,654,300
\$0.25 Tax Rate on the 2024 Certified Assessed Valuation of \$725,319,600 @ 95% collections produces	\$1,722,634
\$0.24 Tax Rate on the Estimated Assessed Valuation as of December 12, 2024 of \$728,217,000 @ 95% collections produces	\$1,660,335

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Debt Service Fund Management Index

Debt Service Requirements for year ending 12/31/25.....	\$1,491,800 ^(a)
Audited Debt Service Fund Balance as of 09/30/24.....	602,408 ^(b)
Capitalized Interest included in Bond proceeds	110,745 ^(c)
2024 Debt Service Tax Levy @ 95% collections produces.....	<u>1,291,976^(d)</u>
Total Available for Debt Service.....	<u>\$2,005,129</u>
Projected Debt Service Fund Balance as of September 30, 2025.....	\$513,329

- (a) Interest requirements on the Bonds begin October 1, 2025. See “DEBT SERVICE REQUIREMENTS SCHEDULE – TABLE 3.”
- (b) Audited as of September 30, 2024. Represents the District’s Debt Service Fund balance after all 2024 debt service requirements have been paid.
- (c) Represents approximately twelve (12) months of capitalized interest (\$110,745 at an interest rate of 3.515713%) included in the Bond proceeds, to be deposited into the District’s Debt Service Fund upon closing.
- (d) The District levied a 2024 debt service tax rate of \$0.1875, collection of which were due with no penalty by January 31, 2025.

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax 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 “INVESTMENT CONSIDERATIONS – Future Debt”) and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Order to levy such a tax from year-to-year as described more fully herein under “THE BONDS – Source of and Security for Payment.” Under Texas law, the Board is also authorized to levy and collect an 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, if authorized by its voters. See “TAX DATA – Tax Rate Limitation.”

Property Tax Code and County Wide Appraisal District

Title I of the Texas Property Code (the “Property Tax Code”) specifies the taxing procedures for 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 the county and an appraisal review board with the responsibility for reviewing and equalizing the values established by the appraisal district. WCAD 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 Central Appraisal Review Board (the “Appraisal Review Board”).

Property Subject to Taxation by the District

General: Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of person sixty-five (65) years of age or older and of certain disabled persons to the extent deemed advisable by the Board. The District may be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the previous election. The District has adopted a residential homestead exemption of \$30,000 for persons sixty-five (65) years of age or older or disabled. 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 of taxable valuation depending upon the disability rating of the veteran claiming the exemption, and qualifying surviving spouses of persons 65 years of age or older will be entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse. A veteran who receives a disability rating of 100% is entitled to an exemption for the full amount of the veteran’s residential homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran’s residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran’s exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran’s disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse’s residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse’s residence homestead, and, subject to certain

conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. See “TAX DATA.”

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State to exempt up to twenty percent (20%) of the appraised 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 it must be adopted by July 1. The District has adopted a general homestead exemption of 4% of the appraised value of the residential homestead. If this percentage exemption would produce an exemption of less than \$5,000 when applied to a particular residence, the individual is entitled to an exemption of \$5,000 of the appraised value or his or her residence homestead.

Tax Abatement: Williamson County and the District may enter into tax abatement agreements with owners of real property. The tax abatement agreements may exempt from ad valorem taxation by the applicable taxing jurisdiction for a period of up to ten years, all or any part of the 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 a comprehensive plan. To date, the District has not executed any abatement agreements.

Freeport Goods and Goods-in-Transit Exemption: Article VIII, Section 1-j of the Texas Constitution provides for an exemption from ad valorem taxation for “freeport property,” which is defined as goods detained in the state for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication. Taxing units that took action prior to April 1, 1990 may continue to tax freeport property and decisions to continue to tax freeport property may be reversed in the future. However, decisions to exempt freeport property are not subject to reversal. 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. The exemption excludes oil, natural gas, petroleum products, aircraft, and special inventory, including motor vehicle, vessel and outboard motor, heavy equipment, and manufactured housing inventory. After holding a public hearing, a taxing unit may take action by January 1 of the year preceding a tax year to tax goods-in-transit during the following tax year. A taxpayer may obtain only a freeport exemption or a goods-in-transit exemption for items of personal property. The District has acted to tax goods-in-transit.

Temporary Exemption for Qualified Property Damaged by a Disaster

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

Valuation of Property for Taxation

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

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its fair market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price that such property would bring if sold as a unit to a purchaser who would continue the business. 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, open-space, or timberland designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three years for agricultural use and taxes for the previous five years for open space land and timberland.

The Property Tax Code requires WCAD to implement a plan for periodic reappraisal of property. The plan must provide for appraisal of all real property in WCAD at least once every three (3) years. It is not known what frequency of reappraisal will be utilized by WCAD 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 WCAD 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 WCAD chooses formally to include such values on its appraisal roll.

On July 13, 2023, during the Second Special Session, the Texas Legislature passed Senate Bill 2, which, among other things, includes provisions that prohibit an appraisal district from increasing the appraised value of real property during the 2024 tax year on non-homestead properties (the “subjected property”) whose appraised values are not more than \$5 million dollars (the “maximum property value”) to an amount not to exceed the lesser of: (1) the market value of the subjected property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent (20%) of the appraised value of the subjected property for the preceding tax year; (b) the appraised value of the subjected property for the preceding tax year; and (c) the market value of all new improvements to the subjected property (collectively, the “appraisal cap”). After the 2024 tax year, through December 31, 2026, the maximum property value may be increased or decreased by the product of the preceding state fiscal year’s increase or decrease in the consumer price index, as applicable, to the maximum property value. The appraisal cap took effect on January 1, 2024.

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 WCAD to compel compliance with the Property Tax Code.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases 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 values, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

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

The Property Tax Code permits land designated for agricultural use, open space, or timberland to be appraised at its value based on the land’s capacity to produce agricultural or timber products rather than at its fair market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price that such property would bring if sold as a unit to a purchaser who would continue the business. 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 years for agricultural use and taxes for the previous five years for open space land and timberland.

The Property Tax Code requires WCAD to implement a plan for periodic reappraisal of property. The plan must provide for appraisal of all real property in WCAD at least once every three (3) years. It is not known what frequency of reappraisal will be utilized by WCAD 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 WCAD 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 WCAD chooses formally to include such values on its appraisal roll.

Tax Payment Installment

Certain qualified taxpayers, including owners of residential homesteads, located within a natural disaster area and whose property has been damaged as a direct result of the disaster, 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.

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 are classified herein as “Developing Districts.” The impact each classification has on the ability of a district to increase its operation and maintenance tax rate is described for each classification below. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

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

Developed Districts: Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions for the preceding tax year, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, are required to hold a rollback 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 operation and maintenance tax rate plus any unused increment rates. The operation and maintenance tax that would impose 1.035 times the amount of the operation and maintenance tax imposed by the District in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the District in that year (the “voter approval tax rate”). 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 are 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 a rollback election is called and passes, the total tax rate for Developing Districts is the current year’s debt service and contract tax rate plus 1.08 times the previous year’s operation and maintenance tax rate.

The District: A determination as to a district’s status as a Special Taxing Unit, Developed District, or Developing District will be made by the Board of Directors on an annual basis. The Board of Directors of the District designated the District a Developed District for the 2024 tax year. 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 on January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including 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 “FINANCIAL STATEMENT - Overlapping Taxes for 2024”. 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. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within two years 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. See “INVESTMENT CONSIDERATIONS - Tax Collections and Foreclosure Remedies.”

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Effect of FIRREA on Tax Collections

FIRREA contains provisions which affect the time for protesting property valuations, the fixing of tax liens and the collection of penalties and interest on delinquent taxes on real property owned by the FDIC when the FDIC is acting as the conservator or receiver of an insolvent financial institution.

Under FIRREA, real property held by the FDIC is still subject to ad valorem taxation, but such act states (i) that no real property of the FDIC shall be subject to foreclosure or sale without the consent of the FDIC and no involuntary lien shall attach to such property, (ii) the FDIC shall not be liable for any penalties or fines, including those arising from the failure to pay any real property taxes when due and (iii) notwithstanding the failure of a person to challenge an appraisal in accordance with state law, such value shall be determined as of the period for which such tax is imposed.

To the extent that the FIRREA provisions are valid and applicable to any property in the District, and to the extent that the FDIC attempts to enforce the same, these provisions may affect the timeliness of collection of taxes on property owned by the FDIC in the District, and may prevent the collection of penalties and interest on such taxes.

LEGAL MATTERS

Legal Opinions

Issuance of the Bonds is subject to the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District payable from the proceeds of an annual ad valorem tax levied, without legal limit as to rate or amount, upon all taxable property within the District. Issuance of the Bonds is also subject to the legal opinion of McCall, Parkhurst & Horton L.L.P. ("Bond Counsel"), based upon examination of a transcript of the proceedings incident to authorization and issuance of the Bonds, to the effect that the Bonds are valid and binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by governmental immunity, bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity. Bond Counsel's legal opinion will also address the matters described below under "TAX MATTERS." Such opinions will express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds. In connection with the issuance of the Bonds, Bond Counsel has been engaged by, and only represents, the District.

The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are based upon a percentage of 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-Litigation Certificate

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

No Material Adverse Change

The obligations of the Initial Purchaser to take and pay for the Bonds, and of the District to deliver the Bonds, are subject to the condition that, up to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the condition (financial or otherwise) of the District from that set forth or contemplated in the Official Statement.

TAX MATTERS

Opinion

On the Date of Initial Delivery of the Bonds, Bond Counsel will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law") (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Code, Bond Counsel will express no opinion as to any other federal, state, or local tax consequences of the purchase, ownership or disposition of the Bonds. See "APPENDIX B -- Form of Bond Counsel's Opinion."

In rendering its opinion, Bond Counsel will rely upon (a) the District's federal tax certificate, and (b) covenants of the District relating to arbitrage, the application of the proceeds to be received from the issuance and sale of the Bonds, and certain other matters. Failure by the District to comply with these representations or covenants could cause the interest on the Bonds to become included in gross income retroactively to the date of issuance.

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

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

A ruling was not sought from the Internal Revenue Service (the "IRS") by the District with respect to the Bonds or the property financed or refinanced with the proceeds of the Bonds. Bond Counsel's opinion represents its legal judgement based upon its review of Existing Law and the representations of the District that it deems relevant to render such opinion and is not a guarantee of a result. No assurances can be given as to whether the IRS will commence an audit of the Bonds, or as to whether the IRS would agree with the opinion of Bond Counsel. If an IRS audit is commenced, under current procedures the IRS is likely to treat the District as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount

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

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

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

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

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

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Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership, or disposition of the Bonds. This discussion is based on existing statutes, regulations, published rulings and court decisions accumulated, all of which are subject to change or modification, retroactively.

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

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

Interest on the Bonds may be includable in certain corporation's "adjusted financial statement income" determined under section 56A of the Code to calculate the alternative minimum tax imposed by section 55 of the Code.

Under Section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

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

State, Local and Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership, or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

Information Reporting and Backup Withholding

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and to the IRS. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates, and trusts, and in certain circumstances, and in respect of foreign investors, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

Future and Proposed Legislation

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult with their own tax advisors regarding the foregoing matters.

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Qualified Tax-Exempt Obligations for Financial Institutions

Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a “financial institution,” on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer’s taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a “financial institution” allocable to tax-exempt obligation, other than “private activity bonds,” that are designated by a “qualified small issuer” as “qualified tax-exempt obligations.” A “qualified small issuer” is any governmental issuer (together with any “on-behalf of” and “subordinate” issuers) who issues no more than \$10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the Code defines the term “financial institution” as any “bank” described in Section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person’s trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to “qualified tax-exempt obligations” provided by Section 265(b) of the Code, Section 291 of the Code provides that the allowable deduction to a “bank,” as defined in Section 585(a)(2) of the Code, for interest on indebtedness incurred or continued to purchase “qualified tax-exempt obligations” shall be reduced by twenty-percent (20%) as a “financial institution preference item.”

The District has designated the Bonds as “qualified tax-exempt obligations” within the meaning of section 265(b) of the Code. In furtherance of that designation, the District covenants to take such action that would assure, or to refrain from such action that would adversely affect, the treatment of the Bonds as “qualified tax-exempt obligations.” **Potential purchasers should be aware that if the issue price to the public exceeds \$10,000,000, there is a reasonable basis to conclude that the payment of a de minimis amount of premium in excess of \$10,000,000 is disregarded; however, the Internal Revenue Service could take a contrary view. If the Internal Revenue Service takes the position that the amount of such premium is not disregarded, then such obligations might fail to satisfy the \$10,000,000 limitation and the Bonds would not be “qualified tax-exempt obligations.”**

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events to the Municipal Securities Rulemaking Board (“MSRB”). Information will be available free of charge by the MSRB via the Electronic Municipal Market Access (“EMMA”) system at www.emma.msrb.org.

Annual Reports

The District will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement under Tables 1 through 12 and in Appendix A, if such audited financial statements as provided in APPENDIX A are then available. The District will update and provide this information within six months after the end of the fiscal year.

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 “Rule”). The updated information will include audited financial statements, if and when audited financial statements become available. If audited financial statements are not available within twelve months after any such fiscal year end, the District will file unaudited financial statements within such twelve-month period and file audited financial statements when the audit report become available. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX A 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 September 30. Accordingly, it must provide updated information by March 31 of each year unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Notice of Certain Events

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the IRS 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 within the meaning of CFR § 240.15c2-12 (the “Rule”); (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of financial obligation (as

defined by the Rule, which includes certain debt, debt-like, and debt-related obligations) of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, 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, any of which reflect financial difficulties.

For these purposes, any event described in clause (12) of the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer of the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court of governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers of the District in possession but subject to the supervision and orders of a court of governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

For the purposes of the events described in clauses (15) and (16) of the preceding paragraph, the term “Financial Obligation” is defined in the Bond Order to mean a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “Financial Obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule. The Bond Order further provides that the District intends the words used in such clauses (15) and (16) in the immediately preceding paragraph and in the definition of Financial Obligation to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018.

The District shall notify the MSRB in an electronic format prescribed by the MSRB in a timely manner of any failure by the District to provide financial information or operating data, in accordance with the Rule. All documents provided to the MSRB pursuant to this section shall be accompanied by identifying information as prescribed by the MSRB.

Availability of Information from the MSRB

The District has agreed to provide the foregoing information only to the MSRB. All documents provided by the District to the MSRB described above under “Annual Reports” and “Notice of Certain Events” will be in an electronic format and accompanied by identifying information as prescribed by the MSRB.

The address of the MSRB is 1900 Duke Street, Suite 600, Alexandria, VA 22314, and its telephone number is (703) 797-6600.

Limitations and Amendments

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

This continuing disclosure agreement may be amended by the District from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, but only if (1) the provisions, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of the Bond Order that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the District (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the holders and beneficial owners of the Bonds. The District may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter or purchaser from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

Compliance with Prior Undertakings

During the past five years, the District has been in compliance in all material respects with its continuing disclosure undertakings entered into in accordance with SEC Rule 15c2-12.

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FINANCIAL ADVISOR

The Official Statement was compiled and edited under the supervision of Public Finance Group LLC (the “Financial Advisor”), which firm was employed in 2016 as Financial Advisor to the District. The fees paid to the Financial Advisor for services rendered in connection with the issuance and sale 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.

OFFICIAL STATEMENT

Preparation

The District has no employees but engages various professionals and consultants to assist the District in the day-to-day activities of the District. See “THE DISTRICT.” The Board of Directors in its official capacity has relied upon the below mentioned consultants and sources in preparation of this Official Statement. The information in this Official Statement was compiled and edited by the Financial Advisor. In addition to compiling and editing such information, the Financial Advisor has obtained the information set forth herein under the captions indicated from the following sources:

“THE DISTRICT” and “THE SYSTEM” – District Engineer; “FINANCIAL STATEMENT - Unlimited Tax Bonds Authorized But Unissued – Table 5” - Records of the District, “FINANCIAL STATEMENT” – WCAD; “FINANCIAL STATEMENT - Estimated Overlapping Debt Statement” - Municipal Advisory Council of Texas and Financial Advisor; “TAX DATA” and “THE SYSTEM - Water and Wastewater Operations” – Records of the District; “THE DISTRICT - Management of the District” - District Directors; “DEBT SERVICE REQUIREMENTS – TABLE 3” - Financial Advisor; “THE BONDS” (except “Payment Record”), “TAXING PROCEDURES,” “LEGAL MATTERS,” “TAX MATTERS,” and “CONTINUING DISCLOSURE OF INFORMATION” (except “Compliance with Prior Undertakings”) - McCall, Parkhurst & Horton L.L.P.

Consultants

In approving this Official Statement, the District has relied upon the following consultants in addition to the Financial Advisor.

The Engineer: The information contained in the Official Statement relating to engineering matters and to the description of the System and, in particular, that information included in the sections entitled “THE DISTRICT” and “THE SYSTEM,” has been provided by the Engineer, and has been included in reliance upon the authority of said firm in the field of civil engineering.

Auditor: The District's financial statements for fiscal year ending September 30, 2024 were audited by McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountants, and excerpts of the District's Audited Financial Statements as of September 30, 2024 have been included as Appendix A in reliance upon such firm's authority in the field of accounting.

Appraisal District: The information contained in this Official Statement relating to the certified assessed valuation of property in the District and, in particular, such information contained in the section captioned “FINANCIAL STATEMENT,” has been provided by the Williamson Central Appraisal District, in reliance upon its authority in the field of appraising and tax assessing.

Tax Assessor/Collector: The information contained in this Official Statement relating to tax collection rates, and principal taxpayers has been provided by Mr. Larry Gaddes, A/C (Williamson County) in reliance upon his authority in the field of tax assessing and collecting.

Updating the Official Statement during Underwriting Period

If, subsequent to the date of the Official Statement to and including the date the Initial Purchaser is no longer required to provide and Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) 90 days from the “end of the underwriting period” (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from a nationally recognized repository but in no case less than 25 days after the “end of the underwriting period”), the District learns or is notified by the Initial Purchaser of any adverse event which causes any of the key representations in the Official Statement to be materially misleading, the District will promptly prepare and supply to the Initial Purchaser a supplement to the Official Statement which corrects such representation to the reasonable satisfaction of the Initial Purchaser, unless the Initial Purchaser elects to terminate its obligation to purchase the Bonds as described in the Notice of Sale under the heading “DELIVERY OF THE BONDS AND ACCOMPANYING DOCUMENTS - Delivery.” The obligation of the District to update or change the Official Statement will terminate when the District delivers the Bonds to the Initial Purchaser (the “end of the underwriting period” within the meaning of the Rule), unless the Initial Purchaser provides written notice to the District that less than all of the Bonds have been sold to ultimate customers on or before such date, in which case the obligation to update or change the Official Statement will extend for an additional period of time of 25 days after all of the Bonds have been sold to ultimate customers. In the event the Initial Purchaser provides written notice to the District that less than all of the Bonds have been sold to ultimate customers, the Initial Purchaser agrees to notify the District in writing following the occurrence of the “end of the underwriting period” as defined in the Rule.

Certification as to Official Statement

The District, acting by and through its Board of Directors in its official capacity in reliance upon the experts listed above, hereby certifies, as of the date hereof, that to the best of its knowledge and belief, the information, statements and descriptions pertaining to the District and its affairs herein contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The information, description and statements concerning entities other than the District, including particularly other governmental entities, have been obtained from sources believed to be reliable, but the District has made no independent investigation or verification of such matters and makes no representation as to the accuracy or completeness thereof. Except as set forth in "CONTINUING DISCLOSURE OF INFORMATION" herein, the District has no obligation to disclose any changes in the affairs of the District and other matters described in this Official Statement subsequent to the "end of the underwriting period" which shall end when the District delivers the Bonds to the Initial Purchaser at closing, unless extended by the Initial Purchaser. All information with respect to the resale of the Bonds subsequent to the "end of the underwriting period" is the responsibility of the Initial Purchaser.

Annual Audits

Under Texas Law, the District must keep its fiscal records in accordance with generally accepted accounting principles. It must also have its financial accounts and records audited by a certified or permitted public accountant within 120 days after the close of each fiscal year of the District, and must file each audit report with the TCEQ within 135 days after the close of the fiscal year so long as the District has bond outstanding. Copies of each audit report must also be filed in the office of the District. The District's fiscal records and audit reports are available for public inspection during regular business hours, and the District is required by law to provide a copy of the District's audit reports to any Registered Owner or other member of the public within a reasonable time on request, upon payment of prescribed charges.

This Official Statement was approved by the Board of Directors of Block House Municipal Utility District, as of the date shown on the first page hereof.

/s/ Ursula Logan
President, Board of Directors
Block House Municipal Utility District

/s/ David Johnson
Secretary, Board of Directors
Block House Municipal Utility District

PHOTOGRAPHS

The following photographs were taken in the District. The homes shown in the photographs are representative of the type of construction presently located within the District, and these photographs are presented solely to illustrate such construction. The District makes no representation that any additional construction such as that as illustrated in the following photographs will occur in the District. See "THE DISTRICT."















APPENDIX A
Audited Financial Statements

The information contained in this appendix has been excerpted from the audited financial statements of Block House Municipal Utility District for the fiscal year ended September 30, 2024. Certain information not considered to be relevant to this financing has been omitted; however, complete audit reports are available upon request.

BLOCK HOUSE MUNICIPAL UTILITY DISTRICT

WILLIAMSON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2024

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

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ANNUAL FILING AFFIDAVIT

STATE OF TEXAS
COUNTY OF WILLIAMSON

I, _____ of the
(Name of Duly Authorized District Representative)

BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
(Name of District)

hereby swear, or affirm, that the district named above has reviewed and approved at a meeting of the District's Board of Directors on **January 22, 2025**, its annual audit report for the fiscal year or period ended **September 30, 2024** and that copies of the annual audit report have been filed in the District's office, located at

100 Congress Avenue, Suite 1300
Austin, Texas 78701
(Address of District's Office)

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

Date: _____.

By: _____
(Signature of District Representative)

(Typed Name and Title District Representative)

Sworn to and subscribed to before me this the _____ day of _____, 2025.

(Seal)

(Signature of Notary)

My Commission Expires On: _____, _____.
Notary Public in the State of Texas.

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
Block House Municipal Utility District
Williamson County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Block House Municipal Utility District (the "District") as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Board of Directors
Block House Municipal Utility District

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information 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 them.

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

January 22, 2025

BLOCK HOUSE MUNICIPAL UTILITY DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2024

Management's discussion and analysis of Block House Municipal Utility District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2024. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has two governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting debt service taxes.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI") and other supplementary information. A budgetary comparison schedule is included as RSI for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities by \$13,067,768 as of September 30, 2024. This compares with assets and deferred outflows of resources exceeding liabilities by \$12,600,514 in the prior fiscal year.

A portion of the District's net position reflects its net investment in capital assets (e.g. water, wastewater, drainage and recreational facilities, less any debt used to acquire those assets that is still outstanding). The District uses these assets to provide water, wastewater, drainage and recreational services within the District.

The following is a comparative analysis of the Statement of Net Position as of September 30, 2024, and September 30, 2023:

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2024	2023	Change Positive (Negative)
Current and Other Assets	\$ 5,957,007	\$ 6,788,239	\$ (831,232)
Capital Assets (Net of Accumulated Depreciation)	12,169,683	12,332,694	(163,011)
Total Assets	\$ 18,126,690	\$ 19,120,933	\$ (994,243)
Deferred Outflows of Resources	\$ 39,665	\$ 61,437	(21,772)
Bonds Payable	\$ 4,297,389	\$ 5,612,510	\$ 1,315,121
Other Liabilities	801,198	969,346	168,148
Total Liabilities	\$ 5,098,587	\$ 6,581,856	\$ 1,483,269
Net Position:			
Net Investment in Capital Assets	\$ 7,911,959	\$ 6,781,621	\$ 1,130,338
Restricted	553,041	500,479	52,562
Unrestricted	4,602,768	5,318,414	(715,646)
Total Net Position	\$ 13,067,768	\$ 12,600,514	\$ 467,254

The District net position increased by \$467,254, accounting for a 3.7% increase in net position. The following table provides a comparative analysis of the District's operations for the years ending September 30, 2024, and September 30, 2023:

	Summary of Changes in the Statement of Activities		
	2024	2023	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 4,022,621	\$ 4,461,222	\$ (438,601)
Charges for Services	2,586,300	2,710,822	(124,522)
Other Revenues	680,082	367,873	312,209
Total Revenues	\$ 7,289,003	\$ 7,539,917	\$ (250,914)
Expenses for Services	6,821,749	6,852,727	30,978
Change in Net Position	\$ 467,254	\$ 687,190	\$ (219,936)
Net Position, Beginning of Year	12,600,514	11,913,324	687,190
Net Position, End of Year	\$ 13,067,768	\$ 12,600,514	\$ 467,254

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of September 30, 2024, were \$5,143,263, a decrease of \$685,254 from the prior year.

The General Fund fund balance decreased by \$712,982, primarily due to operating and capital costs exceeding property tax and service revenues.

The Debt Service Fund fund balance increased by \$27,728, primarily due to the structure of the District's long-term debt.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors amended the budget during the current fiscal year to adjust various projected revenue and expenditure categories. Actual revenues net of expenditures were \$37,305 less than budgeted.

CAPITAL ASSETS

The District's capital assets as of September 30, 2024, amount to \$12,169,683 (net of accumulated depreciation). These capital assets include land, as well as the water, wastewater and drainage systems and recreational facilities.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2024	2023	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 306,291	\$ 306,291	\$
Construction in Progress	120,115	113,994	6,121
Capital Assets, Net of Accumulated Depreciation:			
Common Recreational Areas	1,542,540	1,197,769	344,771
Water, Wastewater and Drainage System	8,754,939	9,127,728	(372,789)
Capital Recovery Fees	<u>1,445,798</u>	<u>1,586,912</u>	<u>(141,114)</u>
Total Net Capital Assets	<u>\$ 12,169,683</u>	<u>\$ 12,332,694</u>	<u>\$ (163,011)</u>

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

LONG-TERM DEBT ACTIVITY

As of September 30, 2024, the District had total bond debt payable of \$4,095,000. The changes in the debt position of the District during the fiscal year ended September 30, 2024, are summarized as follows:

Bond Debt Payable, October 1, 2023	\$ 5,315,000
Less: Bond Principal Paid	<u>1,220,000</u>
Bond Debt Payable, September 30, 2024	<u>\$ 4,095,000</u>

The District's bonds have an underlying rating of "A1". The Series 2016 Refunding bonds have an insured rating of "AA" by virtue of bond insurance issued by Build America Mutual Assurance Company. The Series 2020 Refunding bonds have an insured rating of "AA" by virtue of bond insurance issued by Assured Guaranty Municipal Corp. The ratings above include all rating changes of bond insurers through September 30, 2024.

The ratio of the District's long-term debt to the total taxable assessed valuation (\$681,900,112) is 0.60%. The District's estimated population, as provided by the District's operator, as of September 30, 2024, is 6,458.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Block House Municipal Utility District, c/o Armbrust & Brown, PLLC, 100 Congress Avenue, Suite 1300, Austin, TX 78701.

BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2024

	<u>General Fund</u>	<u>Debt Service Fund</u>
ASSETS		
Cash	\$ 68,289	\$
Investments	4,706,550	528,069
Cash with Paying Agent		76,200
Receivables:		
Property Taxes	45,152	26,833
Service Accounts	447,496	
Accrued Interest	18,021	
Other	15,795	
Due from Other Funds	1,461	
Prepaid Costs	7,841	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	<u>\$ 5,310,605</u>	<u>\$ 631,102</u>
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	<u>\$ -0-</u>	<u>\$ -0-</u>
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	 <u>\$ 5,310,605</u>	 <u>\$ 631,102</u>

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

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 68,289	\$	\$ 68,289
5,234,619		5,234,619
76,200		76,200
71,985		71,985
447,496		447,496
18,021		18,021
15,795		15,795
1,461	(1,461)	
7,841	16,761	24,602
	306,291	306,291
	120,115	120,115
	<u>11,743,277</u>	<u>11,743,277</u>
<u>\$ 5,941,707</u>	<u>\$ 12,184,983</u>	<u>\$ 18,126,690</u>
<u>\$ -0-</u>	<u>\$ 39,665</u>	<u>\$ 39,665</u>
<u>\$ 5,941,707</u>	<u>\$ 12,224,648</u>	<u>\$ 18,166,355</u>

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

BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2024

	<u>General Fund</u>	<u>Debt Service Fund</u>
LIABILITIES		
Accounts Payable	\$ 374,609	\$ 400
Accrued Interest Payable		
Due to Other Funds		1,461
Security Deposits	349,989	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	<u>\$ 724,598</u>	<u>\$ 1,861</u>
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	<u>\$ 45,152</u>	<u>\$ 26,833</u>
FUND BALANCES		
Nonspendable:		
Prepaid Costs	\$ 7,841	\$
Restricted for Debt Service		602,408
Unassigned	<u>4,533,014</u>	
TOTAL FUND BALANCES	<u>\$ 4,540,855</u>	<u>\$ 602,408</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 5,310,605</u>	<u>\$ 631,102</u>
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Total	Adjustments	Statement of Net Position
\$ 375,009	\$	\$ 375,009
	76,200	76,200
1,461	(1,461)	
349,989		349,989
	1,275,000	1,275,000
	3,022,389	3,022,389
<u>\$ 726,459</u>	<u>\$ 4,372,128</u>	<u>\$ 5,098,587</u>
<u>\$ 71,985</u>	<u>\$ (71,985)</u>	<u>\$ -0-</u>
\$ 7,841	\$ (7,841)	\$
602,408	(602,408)	
4,533,014	(4,533,014)	
<u>\$ 5,143,263</u>	<u>\$ (5,143,263)</u>	<u>\$ - 0 -</u>
<u>\$ 5,941,707</u>		
	\$ 7,911,959	\$ 7,911,959
	553,041	553,041
	4,602,768	4,602,768
	<u>\$ 13,067,768</u>	<u>\$ 13,067,768</u>

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

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2024**

Total Fund Balances - Governmental Funds	\$	5,143,263
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the new debt or the old debt, whichever is shorter.		39,665
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Prepaid bond insurance costs are amortized over the term of the debt in governmental activities.		16,761
--	--	--------

Land, construction in progress and capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		12,169,683
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Deferred inflows of resources related to property tax revenues on delinquent taxes for the 2023 and prior tax levies became part of recognized revenue in the governmental activities of the District.		71,985
--	--	--------

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

Accrued Interest Payable	\$ (76,200)	
Bonds Payable	(4,297,389)	(4,373,589)
Total Net Position - Governmental Activities	\$	13,067,768

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

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BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 2,627,722	\$ 1,381,609
Water Service	753,715	
Wastewater Service	406,584	
Park Fee	258,540	
Basic Services	1,121,044	
Penalty and Interest	41,659	2,370
Tap Connection and Inspection Fees	2,388	
Investment Revenues	284,548	57,099
Miscellaneous Revenues	338,435	
TOTAL REVENUES	<u>\$ 5,834,635</u>	<u>\$ 1,441,078</u>
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 458,751	\$
Contracted Services	2,550,929	800
Purchased Water Service	684,852	
Purchased Wastewater Service	329,550	
Utilities	40,789	
Park/Pool	1,392,996	
Repairs and Maintenance	305,076	
Depreciation		
Other	263,326	
Capital Outlay	521,348	
Debt Service:		
Bond Principal		1,220,000
Bond Interest		192,550
TOTAL EXPENDITURES/EXPENSES	<u>\$ 6,547,617</u>	<u>\$ 1,413,350</u>
NET CHANGE IN FUND BALANCES	\$ (712,982)	\$ 27,728
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - OCTOBER 1, 2023	<u>5,253,837</u>	<u>574,680</u>
FUND BALANCES/NET POSITION - SEPTEMBER 30, 2024	<u>\$ 4,540,855</u>	<u>\$ 602,408</u>

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

Total	Adjustments	Statement of Activities
\$ 4,009,331	\$ 13,290	\$ 4,022,621
753,715		753,715
406,584		406,584
258,540		258,540
1,121,044		1,121,044
44,029		44,029
2,388		2,388
341,647		341,647
338,435		338,435
<u>\$ 7,275,713</u>	<u>\$ 13,290</u>	<u>\$ 7,289,003</u>
\$ 458,751	\$ 11,004	\$ 469,755
2,551,729		2,551,729
684,852		684,852
329,550		329,550
40,789		40,789
1,392,996		1,392,996
305,076		305,076
	673,355	673,355
263,326		263,326
521,348	(521,348)	
1,220,000	(1,220,000)	
192,550	(82,229)	110,321
<u>\$ 7,960,967</u>	<u>\$ (1,139,218)</u>	<u>\$ 6,821,749</u>
\$ (685,254)	\$ 685,254	\$
	467,254	467,254
5,828,517	6,771,997	12,600,514
<u>\$ 5,143,263</u>	<u>\$ 7,924,505</u>	<u>\$ 13,067,768</u>

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

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Net Change in Fund Balances - Governmental Funds	\$ (685,254)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	13,290
--	--------

Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(673,355)
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Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.	510,344
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Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.	1,220,000
---	-----------

Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	<div style="border-top: 1px solid black; display: inline-block;">82,229</div>
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Change in Net Position - Governmental Activities	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block;">\$ 467,254</div>
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The accompanying notes to the financial
statements are an integral part of this report.

BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1. CREATION OF DISTRICT

Block House Municipal Utility District, located in Williamson County, Texas (the “District”) was created effective January 12, 1978 by an Order of the Texas Water Commission, presently known as the Texas Commission on Environmental Quality (the “Commission”). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting on October 9, 1979, and the first bonds were issued on November 13, 1986.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

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

BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

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

Government-Wide Financial Statements

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

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

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

BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

Governmental Funds

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

General Fund - To account for resources not required to be accounted for in another fund, customer service revenues, costs and general expenditures.

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

Basis of Accounting

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

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of September 30, 2024, the Debt Service Fund owes the General Fund \$1,461 for a maintenance tax collections.

BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset.

Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	<u>Years</u>
Common and Recreational Areas	5-50
Water System	10-45
Wastewater System	10-45
Drainage System	10-40
All Other Equipment	3-20

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Pensions

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

BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus

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

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

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

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

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District does not have any assigned fund balances.

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 3. LONG – TERM DEBT

	Refunding Series 2016	Refunding Series 2020
Amounts Outstanding - September 30, 2024	\$ 1,140,000	\$ 2,955,000
Interest Rates	3.00%	4.00%
Maturity Dates - Serially Beginning/Ending	April 1, 2025/2026	April 1, 2025/2027
Interest Payment Dates	October 1/April 1	October 1/April 1
Callable Dates	April 1, 2022*	Non-Callable

* Bonds maturing on or after this date are subject to being called at par value plus accrued interest date to the date fixed for redemption.

The following is a summary of transactions regarding bonds payable for the year ended September 30, 2024:

	October 1, 2023	Additions	Retirements	September 30, 2024
Bonds Payable	\$ 5,315,000	\$	\$ 1,220,000	\$ 4,095,000
Unamortized Premiums	297,510		95,121	202,389
Bonds Payable, Net	<u>\$ 5,612,510</u>	<u>\$ -0-</u>	<u>\$ 1,315,121</u>	<u>\$ 4,297,389</u>
			Amount Due Within One Year	\$ 1,275,000
			Amount Due After One Year	<u>3,022,389</u>
			Bonds Payable, Net	<u>\$ 4,297,389</u>

BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 3. LONG - TERM DEBT (Continued)

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

Fiscal Year	Principal	Interest	Total
2025	\$ 1,275,000	\$ 152,400	\$ 1,427,400
2026	1,355,000	110,350	1,465,350
2027	<u>1,465,000</u>	<u>58,600</u>	<u>1,523,600</u>
	<u>\$ 4,095,000</u>	<u>\$ 321,350</u>	<u>\$ 4,416,350</u>

As of September 30, 2024, the District has authorized but unissued tax bonds in the amount of \$8,520,000 and available refunding bonds authorization of \$24,011,988. On November 3, 2020, voters of the District authorized the issuance of \$3,150,000 of bonds for park and trail improvements. The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount.

During the year ended September 30, 2024, the District levied an ad valorem debt service tax rate of \$0.2035 per \$100 of assessed valuation, which resulted in a tax levy of \$1,387,717 on the adjusted taxable valuation of \$681,900,104 for the 2023 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

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

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

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

BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was \$773,289 and the bank balance was \$1,059,119. The District was not exposed to custodial risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at September 30, 2024, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 68,289	\$ 705,000	\$ 773,289

Investments

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

BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

The District invests in 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 Investors, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool meets the criteria established in GASB Statement No. 79 and 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.

Certificates of deposit are recorded at acquisition cost.

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

Fund and Investment Type	Fair Value	Maturities of Less Than 1 year
<u>GENERAL FUND</u>		
TexPool	\$ 4,001,550	\$ 4,001,550
Certificates of Deposit	705,000	705,000
<u>DEBT SERVICE FUND</u>		
TexPool	528,069	528,069
TOTAL INVESTMENTS	<u>\$ 5,234,619</u>	<u>\$ 5,234,619</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2024, the District's investment in TexPool was rated AAAm by Standard and Poor's. The District also invests in certificates of deposit which are fully covered by federal depository insurance.

BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Interest rate risk is the risk the changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in TexPool to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District. The District also typically invests in certificates of deposit with maturities of less than one year.

Restrictions

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

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2024:

	October 1, 2023	Increases	Decreases	September 30, 2024
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 306,291	\$	\$	\$ 306,291
Construction in Progress	113,994	510,344	504,223	120,115
Total Capital Assets Not Being Depreciated	\$ 420,285	\$ 510,344	\$ 504,223	\$ 426,406
Capital Assets Subject to Depreciation				
Common Recreational Areas	\$ 6,737,073	\$ 504,223	\$	\$ 7,241,296
Water, Wastewater and Drainage System	18,106,223			18,106,223
Capital Recovery Fees	4,613,743			4,613,743
Total Capital Assets Subject to Depreciation	\$ 29,457,039	\$ 504,223	\$ -0-	\$ 29,961,262
Less Accumulated Depreciation				
Common Recreational Areas	\$ 5,539,304	\$ 159,452	\$	\$ 5,698,756
Water, Wastewater and Drainage System	8,978,495	372,789		9,351,284
Capital Recovery Fees	3,026,831	141,114		3,167,945
Total Accumulated Depreciation	\$ 17,544,630	\$ 673,355	\$ -0-	\$ 18,217,985
Total Depreciable Capital Assets, Net of Accumulated Depreciation	\$ 11,912,409	\$ (169,132)	\$ -0-	\$ 11,743,277
Total Capital Assets, Net of Accumulated Depreciation	\$ 12,332,694	\$ 341,212	\$ 504,223	\$ 12,169,683

BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 7. MAINTENANCE TAX

On April 4, 1981, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$1.00 of assessed valuation of taxable property within the District. During the year ended September 30, 2024, the District levied an ad valorem maintenance tax rate of \$0.2676 per \$100 of assessed valuation, which resulted in a tax levy of \$1,824,904 on the adjusted taxable valuation of \$681,900,104 for the 2023 tax year. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and sanitary sewer system.

NOTE 8. CONTRACT TAX

On May 12, 2007, the voters within the District approved a fire protection plan and contract with the City of Cedar Park, Texas for fire protection services including the funding of a service fee payable to Cedar Park through (a) tax revenues generated by a contract tax, (b) a user fee, (c) any other funds lawfully available to the District; or (d) a combination of these. During the year ended September 30, 2024, the District levied a contract tax rate of \$0.1194, which resulted in a tax levy of \$814,237 on the adjusted taxable valuation of \$681,900,104 for the 2023 tax year.

NOTE 9. WATER SUPPLY AGREEMENT

Effective March 10, 1995, the District and the City of Cedar Park, Texas (the "City") entered into a water supply contract (the "Water Agreement"). Under the terms of the Water Agreement, the City agreed to sell and the District agreed to purchase capacity in the City's water treatment and distribution system, and the City agreed to provide the District with a wholesale water supply. The Water Agreement establishes a wholesale rate for water provided by the City to the District and provides a mechanism for calculating increases in the rate based upon a cost of service study. The current rate being charged by the City is \$3.56 per 1,000 gallons purchased. During the current fiscal year, the District recorded an expenditure of \$684,852 for purchased water services.

NOTE 10. WHOLESALE WASTEWATER SERVICE AGREEMENT

Effective September 25, 2002, the District and the City entered into a wholesale wastewater service contract (the "Wastewater Agreement"). Under the terms of the Wastewater Agreement, the District agreed to purchase capacity in the City's wastewater collection and treatment system and the City agreed to provide the District with wholesale wastewater treatment services for its existing and future development. The Wastewater Agreement established a wholesale rate for wastewater service provided by the City to the District and provides that the City can change the rate periodically by action of the City Council after giving at least 30 day notice to the District to review and comment on the proposed change. The Wastewater Agreement was amended on April 10, 2008 to change how wastewater flow was to be measured. The current rate being charged by the City is \$2.01 per 1,000 gallons purchased. During the current fiscal year, the District recorded an expenditure of \$329,550 for purchased wastewater services.

BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The District carries commercial insurance for its fidelity bonds and participates in the Texas Municipal League Intergovernmental Risk Pool (TML) to provide property, general liability, automobile, boiler and machinery, errors and omissions and law enforcement liability coverage. The District, along with other participating entities, contributes annual amounts determined by TML's management. As claims arise they are submitted and evaluated and denied or allowed by TML. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 12. PENDING BOND SALE

Subsequent to year end, on or about March 26, 2025, the District is expected to close on the sale of the Series 2025, Unlimited Tax Park Bonds in the amount of \$3,150,000. Proceeds from the bonds are expected to be used to finance the District's share of the following: Tonkawa Park restroom, storage pavilion, and dog park improvements; Tumlinson Park playscape; and trail improvements. Additional proceeds will be used to pay capitalized interest and issuance costs of the bonds.

BLOCK HOUSE MUNICIPAL UTILITY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2024

BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes	\$ 2,575,552	\$ 2,611,648	\$ 2,627,722	\$ 16,074
Water Service	765,000	840,000	753,715	(86,285)
Wastewater Service	408,000	420,000	406,584	(13,416)
Park Fee	260,000	260,000	258,540	(1,460)
Basic Services	1,120,000	1,120,000	1,121,044	1,044
Penalty and Interest	27,000	25,600	41,659	16,059
Tap Connection and Inspection Fees	1,500	1,900	2,388	488
Investment Revenues	230,425	280,425	284,548	4,123
Miscellaneous Revenues	19,800	314,959	338,435	23,476
TOTAL REVENUES	<u>\$ 5,407,277</u>	<u>\$ 5,874,532</u>	<u>\$ 5,834,635</u>	<u>\$ (39,897)</u>
EXPENDITURES				
Service Operations:				
Professional Fees	\$ 306,250	\$ 351,250	\$ 458,751	\$ (107,501)
Contracted Services	2,472,628	2,522,613	2,550,929	(28,316)
Purchased Water Service	675,000	775,000	684,852	90,148
Purchased Wastewater Service	330,000	330,000	329,550	450
Utilities	19,000	20,700	40,789	(20,089)
Park/Pool	1,490,500	1,694,765	1,392,996	301,769
Repairs and Maintenance	146,000	366,000	305,076	60,924
Other	221,750	386,000	263,326	122,674
Capital Outlay		145,000	521,348	(376,348)
TOTAL EXPENDITURES	<u>\$ 5,661,128</u>	<u>\$ 6,591,328</u>	<u>\$ 6,547,617</u>	<u>\$ 43,711</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (253,851)</u>	<u>\$ (716,796)</u>	<u>\$ (712,982)</u>	<u>\$ 3,814</u>
OTHER FINANCING SOURCES(USES)				
Transfers In	\$	\$ 41,119	\$	\$ (41,119)
NET CHANGE IN FUND BALANCE	<u>\$ (253,851)</u>	<u>\$ (675,677)</u>	<u>\$ (712,982)</u>	<u>\$ (37,305)</u>
FUND BALANCE - OCTOBER 1, 2023	<u>5,253,837</u>	<u>5,253,837</u>	<u>5,253,837</u>	
FUND BALANCE - SEPTEMBER 30, 2024	<u>\$ 4,999,986</u>	<u>\$ 4,578,160</u>	<u>\$ 4,540,855</u>	<u>\$ (37,305)</u>

See accompanying independent auditor's report.

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**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
SUPPLEMENTARY INFORMATION REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE
SEPTEMBER 30, 2024**

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

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

<u> X </u>	Retail Water	<u> </u>	Wholesale Water	<u> X </u>	Drainage
<u> X </u>	Retail Wastewater	<u> </u>	Wholesale Wastewater	<u> </u>	Irrigation
<u> X </u>	Parks/Recreation	<u> X </u>	Fire Protection	<u> X </u>	Security
<u> X </u>	Solid Waste/Garbage	<u> </u>	Flood Control	<u> </u>	Roads
<u> </u>	Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)				
<u> X </u>	Other (specify): Restrictive Covenant Enforcement				

2. RETAIL SERVICE PROVIDERS

a. RETAIL RATES FOR A 3/4" METER (OR EQUIVALENT):

Based on the rate order effective September 11, 2024.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>
WATER:	\$ 57.66*	N/A	N	\$ 5.08	0,001 to 7,000
				\$ 5.32	7,001 to 14,000
				\$ 5.75	14,001 to 20,000
				\$ 6.20	20,001 and up
WASTEWATER:		N/A	N	\$ 4.20	0,001 and up
SURCHARGE:	\$0.05% of water and wastewater bill				
Regulatory Assessment Fee					

District employs winter averaging for wastewater usage?	<u> X </u>	<u> </u>
	Yes	No

Total monthly charges per 10,000 gallons usage: Water: \$109.18 Wastewater: \$42.00 Surcharge: \$0.76

* Includes base fee of \$57.66.

See accompanying independent auditor's report.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤¾"	<u>2,167</u>	<u>2,156</u>	x 1.0	<u>2,156</u>
1"	<u>1</u>	<u>1</u>	x 2.5	<u>3</u>
1½"	<u>31</u>	<u>31</u>	x 5.0	<u>155</u>
2"	<u>1</u>	<u>1</u>	x 8.0	<u>8</u>
3"	<u>2</u>	<u>2</u>	x 15.0	<u>30</u>
4"			x 25.0	
6"	<u>2</u>	<u>2</u>	x 50.0	<u>160</u>
8"			x 80.0	
10"			x 115.0	
Total Water Connections	<u>2,205</u>	<u>2,193</u>		<u>2,512</u>
Total Wastewater Connections	<u>2,179</u>	<u>2,179</u>	x 1.0	<u>2,179</u>

3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: (Unaudited):

Gallons billed to customers:	123,395,000	Water Accountability Ratio: 84.9 % (Gallons billed/Gallons purchased)
Gallons purchased:	145,292,000	From: <u>City of Cedar Park, Texas</u>

See accompanying independent auditor's report.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

4. STANDBY FEES (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes _____ No X

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes X No _____

County in which District is located:

Williamson County, Texas

Is the District located within a city?

Entirely _____ Partly _____ Not at all X

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

Entirely X Partly _____ Not at all _____

ETJ in which District is located:

City of Cedar Park, Texas

Is the general membership of the Board appointed by an office outside the District?

Yes _____ No X

See accompanying independent auditor's report.

BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

PROFESSIONAL FEES:	
Auditing	\$ 19,250
Engineering	174,191
Legal	262,425
Financial Advisor	<u>2,885</u>
TOTAL PROFESSIONAL FEES	<u>\$ 458,751</u>
PURCHASED SERVICES FOR RESALE:	
Purchased Water Service	\$ 684,852
Purchased Wastewater Service	<u>329,550</u>
TOTAL PURCHASED SERVICES FOR RESALE	<u>\$ 1,014,402</u>
CONTRACTED SERVICES:	
Tax Assessor/Appraisal District	\$ 24,855
Bookkeeping	113,111
General Manager	314,328
Operations and Billing	307,381
Solid Waste Disposal	792,932
Security	187,732
Fire Fighting	<u>810,590</u>
TOTAL CONTRACTED SERVICES	<u>\$ 2,550,929</u>
UTILITIES	<u>\$ 40,789</u>
REPAIRS AND MAINTENANCE	<u>\$ 305,076</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 20,681
Election Costs	1,548
Insurance	25,679
Legal Notices	1,091
Office Supplies and Postage	33,766
Payroll Taxes and Administration	14,881
Travel and Meetings	2,508
Other	<u>139,817</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 239,971</u>

See accompanying independent auditor's report.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

CAPITAL OUTLAY	\$ 521,348
PARKS AND RECREATION	\$ 1,392,996
OTHER EXPENDITURES:	
Laboratory Fees	\$ 4,989
Permit Fees	5,505
Inspection Fees	95
Regulatory Assessment	12,766
TOTAL OTHER EXPENDITURES	\$ 23,355
TOTAL EXPENDITURES	\$ 6,547,617

See accompanying independent auditor's report.

BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
INVESTMENTS
SEPTEMBER 30, 2024

<u>Funds</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
TexPool	XXXX0001	Varies	Daily	\$ 3,729,171	\$
TexPool	XXXX0005	Varies	Daily	272,379	
Certificate of Deposit	XXXX1888	5.25%	07/24/24	235,000	2,298
Certificate of Deposit	XXXX8587	5.50%	10/12/24	235,000	5,914
Certificate of Deposit	XXXX4375	5.50%	12/28/24	235,000	9,809
TOTAL GENERAL FUND				<u>\$ 4,706,550</u>	<u>\$ 18,021</u>
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0002	Varies	Daily	\$ 1,808	\$
TexPool	XXXX0003	Varies	Daily	526,261	
TOTAL DEBT SERVICE FUND				<u>\$ 528,069</u>	<u>\$ -0-</u>
TOTAL - ALL FUNDS				<u><u>\$ 5,234,619</u></u>	<u><u>\$ 18,021</u></u>

See accompanying independent auditor's report.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Maintenance Tax		Contract Tax		Debt Service Tax									
TAXES RECEIVABLE -														
OCTOBER 1, 2023	\$	26,416		\$	10,205	\$	22,074							
Adjustments to Beginning														
Balance		<u>(2,161)</u>	\$	24,255	<u>(727)</u>	\$	9,478	<u>(1,349)</u>	\$	20,725				
Original 2023 Tax Levy	\$	1,829,333		\$	816,227		\$	1,391,141						
Adjustment to 2023 Tax Levy		<u>(4,429)</u>			<u>1,824,904</u>			<u>(1,990)</u>		<u>814,237</u>		<u>(3,424)</u>		<u>1,387,717</u>
TOTAL TO BE														
ACCOUNTED FOR			\$	1,849,159			\$	823,715			\$	1,408,442		
TAX COLLECTIONS:														
Prior Years	\$	1,644		\$	540		\$	997						
Current Year		<u>1,815,488</u>			<u>1,817,132</u>			<u>810,050</u>		<u>810,590</u>		<u>1,380,612</u>		<u>1,381,609</u>
TAXES RECEIVABLE -														
SEPTEMBER 30, 2024				<u>\$</u>	32,027			<u>\$</u>	13,125			<u>\$</u>	26,833	
TAXES RECEIVABLE BY														
YEAR:														
2023			\$	9,416			\$	4,187			\$	7,105		
2022				6,033				2,010				3,718		
2021				2,951				1,167				2,252		
2020				2,640				1,195				2,400		
2019				3,206				1,143				2,400		
2018				2,764				1,025				2,300		
2017				2,166				864				2,056		
2016				982				432				1,078		
2015 and prior				<u>1,869</u>				<u>1,102</u>				<u>3,524</u>		
TOTAL			\$	32,027			\$	13,125			\$	26,833		

See accompanying independent auditor's report.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
PROPERTY VALUATIONS:				
Land	\$ 187,641,889	\$ 187,869,801	\$ 134,568,905	\$ 123,365,595
Improvements	622,512,996	750,045,976	482,154,639	393,615,618
Personal Property	5,128,250	5,141,056	4,152,978	7,693,840
Exemptions	<u>(133,383,031)</u>	<u>(265,990,219)</u>	<u>(69,061,644)</u>	<u>(36,423,274)</u>
TOTAL PROPERTY VALUATIONS (a)	<u>\$ 681,900,104</u>	<u>\$ 677,066,614</u>	<u>\$ 551,814,878</u>	<u>\$ 488,251,779</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.2035	\$ 0.2085	\$ 0.2475	\$ 0.2925
Maintenance	0.2676	0.3383	0.3243	0.3218
Contract	<u>0.1194</u>	<u>0.1127</u>	<u>0.1282</u>	<u>0.1457</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.5905</u>	<u>\$ 0.6595</u>	<u>\$ 0.7000</u>	<u>\$ 0.7600</u>
ADJUSTED TAX LEVY*	<u>\$ 4,026,858</u>	<u>\$ 4,465,511</u>	<u>\$ 3,862,856</u>	<u>\$ 3,718,499</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED**	<u>99.49 %</u>	<u>99.74 %</u>	<u>99.84 %</u>	<u>99.83 %</u>

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

** Calculated as taxes collected in current and previous years divided by tax levy. Calculated as of time of the original tax levy and may vary from that provided in the District's bond offering documents or the District's annual disclosure filings.

Maintenance Tax – Maximum tax rate of \$1.00 per \$100 of assessed valuation was approved by voters on April 4, 1981.

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

See accompanying independent auditor's report.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2024**

REFUNDING SERIES - 2016			
Due During Fiscal Years Ending September 30	Principal Due April 1	Interest Due October 1/ April 1	Total
2025	\$ 895,000	\$ 34,200	\$ 929,200
2026	245,000	7,350	252,350
2027			
	<u>\$ 1,140,000</u>	<u>\$ 41,550</u>	<u>\$ 1,181,550</u>

See accompanying independent auditor's report.

BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2024

REFUNDING SERIES - 2020			
Due During Fiscal Years Ending September 30	Principal Due April 1	Interest Due October 1/ April 1	Total
2025	\$ 380,000	\$ 118,200	\$ 498,200
2026	1,110,000	103,000	1,213,000
2027	<u>1,465,000</u>	<u>58,600</u>	<u>1,523,600</u>
	<u>\$ 2,955,000</u>	<u>\$ 279,800</u>	<u>\$ 3,234,800</u>

See accompanying independent auditor's report.

BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2024

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending September 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2025	\$ 1,275,000	\$ 152,400	\$ 1,427,400
2026	1,355,000	110,350	1,465,350
2027	<u>1,465,000</u>	<u>58,600</u>	<u>1,523,600</u>
	<u>\$ 4,095,000</u>	<u>\$ 321,350</u>	<u>\$ 4,416,350</u>

See accompanying independent auditor's report.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Description	Original Bonds Issued	Bonds Outstanding October 1, 2023
Block House Municipal Utility District		
Unlimited Tax Refunding Bonds - Series 2016	5,800,000	2,005,000
Block House Municipal Utility District		
Unlimited Tax Refunding Bonds - Series 2020	<u>3,310,000</u>	<u>3,310,000</u>
TOTAL	<u>\$ 9,110,000</u>	<u>\$ 5,315,000</u>

Bond Authority:	Tax Bonds *	Refunding Bonds	Park and Trail Bonds
Amount Authorized by Voters	\$ 34,325,000	\$ 25,500,000	\$ 3,150,000
Amount Issued	<u>25,805,000</u>	<u>1,488,012</u>	
Remaining to be Issued	<u>\$ 8,520,000</u>	<u>\$ 24,011,988</u>	<u>\$ 3,150,000</u>

Debt Service Fund cash, investments and cash with paying agent balances as of
September 30, 2024: \$ 604,269

Average annual debt service payment (principal and interest) for remaining term
of all debt: \$ 1,472,117

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

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

See accompanying independent auditor's report.

Current Year Transactions				
Bonds Sold	Retirements		Bonds Outstanding September 30, 2024	Paying Agent
	Principal	Interest		
	865,000	60,150	1,140,000	Bank Of Texas Austin, TX
	355,000	132,400	2,955,000	UMB Bank, N.A. Austin, TX
<u>\$ - 0 -</u>	<u>\$ 1,220,000</u>	<u>\$ 192,550</u>	<u>\$ 4,095,000</u>	

See accompanying independent auditor's report.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS**

	Amounts		
	2024	2023	2022
REVENUES			
Property Taxes	\$ 2,627,722	\$ 3,045,293	\$ 2,496,982
Service Revenues	2,581,542	2,704,223	2,600,035
Tap Connection and Inspection Fees	2,388	3,349	1,638
Investment Revenues	284,548	262,460	37,510
Miscellaneous Revenues	<u>338,435</u>	<u>58,264</u>	<u>57,743</u>
TOTAL REVENUES	<u>\$ 5,834,635</u>	<u>\$ 6,073,589</u>	<u>\$ 5,193,908</u>
EXPENDITURES			
Professional Fees and Contracted Services	\$ 3,009,680	\$ 2,718,840	\$ 2,382,742
Purchased Water and Wastewater Service	1,014,402	1,118,934	939,402
Utilities	40,789	40,591	38,917
Park/Pool	1,392,996	1,432,094	1,100,551
Repairs and Maintenance	305,076	485,996	443,134
Other	263,326	252,451	209,674
Capital Outlay	<u>521,348</u>	<u>173,191</u>	<u>228,946</u>
TOTAL EXPENDITURES	<u>\$ 6,547,617</u>	<u>\$ 6,222,097</u>	<u>\$ 5,343,366</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (712,982)</u>	<u>\$ (148,508)</u>	<u>\$ (149,458)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 28,678</u>
NET CHANGE IN FUND BALANCE	<u>\$ (712,982)</u>	<u>\$ (148,508)</u>	<u>\$ (120,780)</u>
BEGINNING FUND BALANCE	<u>5,253,837</u>	<u>5,402,345</u>	<u>5,523,125</u>
ENDING FUND BALANCE	<u><u>\$ 4,540,855</u></u>	<u><u>\$ 5,253,837</u></u>	<u><u>\$ 5,402,345</u></u>

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2021	2020	2024	2023	2022	2021	2020
\$ 2,282,409	\$ 2,560,689	45.1 %	50.1 %	48.1 %	46.2 %	48.7 %
2,590,134	2,599,749	44.2	44.5	50.1	52.4	49.3
3,194	2,312		0.1		0.1	
15,231	72,522	4.9	4.3	0.7	0.3	1.4
50,386	33,539	5.8	1.0	1.1	1.0	0.6
<u>\$ 4,941,354</u>	<u>\$ 5,268,811</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 2,273,495	\$ 2,122,389	51.6 %	44.8 %	45.9 %	46.0 %	40.3 %
844,329	960,363	17.4	18.4	18.1	17.1	18.2
32,812	42,636	0.7	0.7	0.7	0.7	0.8
1,008,456	851,587	23.9	23.6	21.2	20.4	16.2
258,226	230,978	5.2	8.0	8.5	5.2	4.4
195,076	185,816	4.5	4.2	4.0	3.9	3.5
40,005	147,205	8.9	2.9	4.4	0.8	2.8
<u>\$ 4,652,399</u>	<u>\$ 4,540,974</u>	<u>112.2 %</u>	<u>102.6 %</u>	<u>102.8 %</u>	<u>94.1 %</u>	<u>86.2 %</u>
<u>\$ 288,955</u>	<u>\$ 727,837</u>	<u>(12.2) %</u>	<u>(2.6) %</u>	<u>(2.8) %</u>	<u>5.9 %</u>	<u>13.8 %</u>
<u>\$ -0-</u>	<u>\$ -0-</u>					
\$ 288,955	\$ 727,837					
<u>5,234,170</u>	<u>4,506,333</u>					
<u>\$ 5,523,125</u>	<u>\$ 5,234,170</u>					

See accompanying independent auditor's report.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS**

	Amounts		
	2024	2023	2022
REVENUES			
Property Taxes	\$ 1,383,979	\$ 1,411,713	\$ 1,370,242
Investment Revenues	57,099	47,146	3,863
Miscellaneous Revenues		3	2
TOTAL REVENUES	<u>\$ 1,441,078</u>	<u>\$ 1,458,862</u>	<u>\$ 1,374,107</u>
EXPENDITURES			
Tax Collection Expenditures	\$	\$ 297	\$
Debt Service Principal	1,220,000	1,235,000	1,190,000
Debt Service Interest and Fees	193,350	230,400	266,500
Bond Issuance Costs			
TOTAL EXPENDITURES	<u>\$ 1,413,350</u>	<u>\$ 1,465,697</u>	<u>\$ 1,456,500</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 27,728</u>	<u>\$ (6,835)</u>	<u>\$ (82,393)</u>
OTHER FINANCING SOURCES (USES)			
Refunding Bonds	\$	\$	\$
Transfer to Refunding Escrow Agent			
Bond Premium			
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
NET CHANGE IN FUND BALANCE	\$ 27,728	\$ (6,835)	\$ (82,393)
BEGINNING FUND BALANCE	<u>574,680</u>	<u>581,515</u>	<u>663,908</u>
ENDING FUND BALANCE	<u>\$ 602,408</u>	<u>\$ 574,680</u>	<u>\$ 581,515</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>2,193</u>	<u>2,207</u>	<u>2,212</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>2,179</u>	<u>2,181</u>	<u>2,186</u>

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2021	2020	2024	2023	2022	2021	2020
\$ 1,431,228	\$ 1,417,229	96.0 %	96.8 %	99.7 %	99.8 %	98.8 %
2,437	17,121	4.0	3.2	0.3	0.2	1.2
11	27					
<u>\$ 1,433,676</u>	<u>\$ 1,434,377</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$	\$	%	%	%	%	%
1,155,000	1,170,000	84.7	84.7	86.6	80.6	81.6
293,400	283,218	13.4	15.8	19.4	20.5	19.7
	<u>176,339</u>					<u>12.3</u>
<u>\$ 1,448,400</u>	<u>\$ 1,629,557</u>	<u>98.1 %</u>	<u>100.5 %</u>	<u>106.0 %</u>	<u>101.1 %</u>	<u>113.6 %</u>
<u>\$ (14,724)</u>	<u>\$ (195,180)</u>	<u>1.9 %</u>	<u>(0.5) %</u>	<u>(6.0) %</u>	<u>(1.1) %</u>	<u>(13.6) %</u>
\$	\$ 3,310,000					
	(3,567,567)					
	<u>433,906</u>					
<u>\$ -0-</u>	<u>\$ 176,339</u>					
\$ (14,724)	\$ (18,841)					
<u>678,632</u>	<u>697,473</u>					
<u>\$ 663,908</u>	<u>\$ 678,632</u>					
<u>2,189</u>	<u>2,189</u>					
<u>2,154</u>	<u>2,154</u>					

See accompanying independent auditor's report.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2024**

District Mailing Address - Block House Municipal Utility District
c/o Armbrust & Brown, PLLC
100 Congress Avenue, Suite 1300
Austin, TX 78701

District Telephone Number - (512) 259-0959

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended September 30, 2024	Expense Reimbursements for the year ended September 30, 2024	Title
Ursula Logan	11/20 11/24 (Elected)	\$ 7,200	\$ 1,125	President
David Shoemaker	11/22 11/26 (Elected)	\$ -0-	\$ -0-	Vice President
Robert Young	11/22 11/26 (Elected)	\$ 6,409	\$ 1,186	Secretary
David Johnson	11/22 11/26 (Elected)	\$ -0-	\$ -0-	Treasurer
Cecilia A. Roberts	11/20 11/24 (Elected)	\$ 7,072	\$ 1,115	Assistant Secretary

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

Submission Date of most recent District Registration Form: November 19, 2024

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

See accompanying independent auditor's report.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2024**

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended September 30, 2024</u>	<u>Title</u>
Armbrust & Brown, PLLC	06/91	\$ 266,936	General Counsel
McCall Gibson Swedlund Barfoot PLLC	08/11	\$ 19,250	Auditor
Municipal Accounts & Consulting, L.P.	09/08	\$ 118,544	Bookkeeper
Gray & Associates, Inc.	11/92	\$ 94,910	Engineer
Public Finance Group LLC	03/14	\$ 2,885	Financial Advisor
Crossroads Utility Services	06/09	\$ 1,018,530	Operator
	08/19	\$ 314,328	General Manager
Williamson County Tax Assessor/Collector	07/99	\$ 911	Tax Assessor/ Collector

See accompanying independent auditor's report.

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BLOCK HOUSE MUNICIPAL UTILITY DISTRICT

OTHER SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2024

BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
PRINCIPAL TAXPAYERS
SEPTEMBER 30, 2024
(UNAUDITED)

Taxpayers	Tax Roll Year		
	2024	2023	2022
Paver Family Enterprises L.P.	\$ 3,252,927	\$ 3,010,175	\$ 2,511,586
Pedernales Electric Cooperative Inc.	2,656,788	2,535,488	2,166,750
SMK Holdings Series LLC	1,056,840	1,330,714	1,572,199
Staalenburg, Ruben	1,038,885	1,033,382	1,211,873
GCC Properties I L.P.			842,421
Cash Construction	994,290		
Nicollet Group LLC	768,070	762,975	870,621
John R Winston III Family Co I Ltd	762,361		
Garay, Mark & Melissa B. Rodgers	739,427	732,383	862,425
Alimardani, Reza	721,498	709,141	
Fan, Donglei & Frank Quing Zhu	731,845	731,918	862,060
Materazzi, Michael		710,760	848,315
Zhang, Binglong & Barbara Baoquin		711,985	842,394
Total Principal Taxpayers	<u>\$ 12,722,931</u>	<u>\$ 12,268,921</u>	<u>\$ 12,590,644</u>
Percent of Assessed Valuation	<u>1.87%</u>	<u>1.83%</u>	<u>1.86%</u>

Source: Williamson Central Appraisal
District Website

See accompanying independent auditor's report

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BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
ASSESSED VALUE BY CLASSIFICATION
SEPTEMBER 30, 2024
(UNAUDITED)

Type of Property	Tax Roll Year					
	2024		2023		2022	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Single Family	\$ 793,432,897	109.39%	\$ 777,228,975	113.98%	\$ 896,189,097	132.36%
Commercial	3,252,927	0.45	3,010,175	0.44	2,511,586	0.37
Utilities	2,777,120	0.38	2,659,358	0.39	2,301,072	0.34
Acreage	9,541,203	1.32	7,434,814	1.09	4,953,353	0.73
Vacant Lot	162,000	0.02	368,550	0.05	166,000	0.03
Tangible Personal, Business	2,665,651	0.37	1,141,756	0.17	779,876	0.12
Less: Adjustments	<u>(86,512,138)</u>	<u>(11.93)</u>	<u>(109,943,524)</u>	<u>(16.12)</u>	<u>(229,834,370)</u>	<u>(33.95)</u>
Total	<u>\$ 725,319,660</u>	<u>100.00%</u>	<u>\$ 681,900,104</u>	<u>100.00%</u>	<u>\$ 677,066,614</u>	<u>100.00%</u>

Source: "Comptrollers Audit Report" located on the Williamson
Central Appraisal District Website

See accompanying independent auditor's report

APPENDIX B
Form of Bond Counsel Opinion

[An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.]

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
UNLIMITED TAX PARK BONDS, SERIES 2025
IN THE AGGREGATE PRINCIPAL AMOUNT OF \$3,150,000**

AS BOND COUNSEL FOR BLOCK HOUSE MUNICIPAL UTILITY DISTRICT (the "District") of the bonds described above (the "Bonds"), we have examined into the legality and validity of the Bonds, which bear interest from the dates specified in the text of the Bonds, until maturity or redemption, at the rates and payable on the dates specified in the text of the Bonds all in accordance with the order of the Board of Directors of the District adopted on February 26, 2025 authorizing the issuance of the Bonds (the "Bond Order").

WE HAVE EXAMINED the Constitution and laws of the State of Texas, certified copies of the proceedings of the District, including the Bond Order and other documents authorizing and relating to the issuance of the Bonds; and we have examined various certificates and documents executed by officers and officials of the District upon which certificates and documents we rely as to certain matters stated below. We have also examined one of the executed Bonds (Bond Numbered T-1) and specimens of Bonds to be authenticated and delivered in exchange for the Bonds.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that said Bonds have been duly authorized, issued and delivered in accordance with law; and that said Bonds, except as the enforceability thereof may be limited by laws relating to governmental immunity, bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted related to creditors' rights generally or by general principle of equity which permit the exercise of judicial discretion, constitute valid and legally binding obligations of the District, payable from ad valorem taxes without legal limit as to rate or amount to be levied and collected by the District upon taxable property within the District, which taxes the District has covenanted to levy in an amount sufficient (together with revenues and receipts from other sources which are legally available for such purposes) to pay the interest on and the principal of the Bonds. Such covenant to levy taxes is subject to the right of a city, under existing Texas law, to annex all of the territory within the District; to take over all properties and assets of the District; to assume all debts, liabilities, and obligations of the District, including the Bonds; and to abolish the District.



THE DISTRICT reserves the right to issue additional bonds which will be payable from taxes; bonds, notes, and other obligations payable from revenues; and bonds payable from contracts with other persons, including private corporations, municipalities, and political subdivisions.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes under the statutes, regulations, published rulings and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on certain representations, the accuracy of which we have not independently verified, and assume compliance by the District with certain covenants, regarding the use and investment of the proceeds of the Bonds and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the District to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning or disposing of the Bonds, including the amount, accrual or receipt of interest on, the Bonds. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Bonds, may be includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem 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 whether or not 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. We observe that the District has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the District, and, in that capacity, we have been engaged by the District for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the District, or the disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds and have relied solely on certificates executed by officials of the District as to the current outstanding indebtedness of and the assessed valuation of taxable property within the District. Our role in connection with the District's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

THE FOREGOING OPINIONS represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result.

Respectfully,

APPENDIX C
Specimen Municipal Bond Insurance Policy



MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No.: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

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

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

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

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

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

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

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

ASSURED GUARANTY INC.

By _____
Authorized Officer

1633 Broadway, New York, N.Y. 10019

(212) 974-0100

Form 500 (8/24)

