OFFICIAL STATEMENT DATED APRIL 28, 2020

IN THE OPINION OF BOND COUNSEL (HEREIN DEFINED), BASED UPON AN ANALYSIS OF EXISTING LAWS, REGULATIONS, RULINGS AND COURT DECISIONS, AND ASSUMING, AMONG OTHER MATTERS, THE ACCURACY OF CERTAIN REPRESENTATIONS AND COMPLIANCE WITH CERTAIN COVENANTS, INTEREST ON THE BONDS (HEREIN DEFINED) IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER SECTION 103 OF THE INTERNAL REVENUE CODE OF 1986. IN THE FURTHER OPINION OF BOND COUNSEL, INTEREST ON THE BONDS IS NOT A SPECIFIC PREFERENCE ITEM FOR PURPOSES OF THE FEDERAL ALTERNATIVE MINIMUM TAX. BOND COUNSEL EXPRESSES NO OPINION REGARDING ANY OTHER TAX CONSEQUENCES RELATED TO THE OWNERSHIP OR DISPOSITION OF, OR THE AMOUNT, ACCRUAL OR RECEIPT OF INTEREST ON, THE BONDS. SEE "TAX MATTERS" FOR A DISCUSSION ON THE OPINION OF BOND COUNSEL.

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

NEW ISSUE – Book-Entry-Only

S&P Global Ratings (AGM Insured) ...."AA"
Moody's Investors Service, Inc. (AGM Insured)........"A2"
Moody's Investors Service, Inc. (Underlying) ...... "Baa3"

$8,350,000

WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 23

(A Political Subdivision of the State of Texas located within Williamson County)

UNLIMITED TAX BONDS

SERIES 2020

Dated: May 1, 2020 **Due: September 1, as shown on the inside cover**

The $8,350,000 Unlimited Tax Bonds, Series 2020 (the "Bonds") are obligations of Williamson County Municipal Utility District No. 23 (the "District") and are not obligations of the State of Texas ("Texas"); Williamson County, Texas (the "County"); the City of Liberty Hill, Texas; (the "City") or any political subdivision or entity other than the District. Neither the full faith and credit nor the taxing power of Texas; the County; the City; nor any entity other than the District is pledged to the payment of the principal of or the interest on the Bonds.

Principal of the Bonds is payable upon presentation at the principal payment office of the paying agent/registrar, initially, Zions Bancorporation, National Association, Houston, Texas (the "Paying Agent/Registrar"). Interest accrues from May 1, 2020, and is payable September 1, 2020, and on each March 1 and September 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. Interest on the Bonds will be payable by check dated as of the Interest Payment Date and mailed by the Paying Agent/Registrar to registered owners as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding each Interest Payment Date. The Bonds are fully registered bonds in principal denominations of $5,000 or any integral multiple thereof.

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

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

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by **ASSURED GUARANTY MUNICIPAL CORP.**

ASSURED GUARANTY® MUNICIPAL

The Bonds are the third series of unlimited tax bonds issued by the District and, when issued, will constitute valid and binding obligations of the District payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. See "THE BONDS – Source of Payment."

Investment in the Bonds is subject to special investment considerations as described herein. Prospective purchasers should review this entire Official Statement, including particularly the section of this Official Statement entitled "INVESTMENT CONSIDERATIONS," before making an investment decision.

The Bonds are offered when, as and if issued by the District, subject to approval by the Attorney General of Texas and the approval of certain legal matters by Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas, Bond Counsel. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, Houston, Texas, Disclosure Counsel. Delivery of the Bonds is expected through the facilities of DTC on or about May 27, 2020.

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

$8,350,000 Unlimited Tax Bonds, Series 2020

$3,510,000 Serial Bonds

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 97001Q (b)	Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 97001Q (b)
2021	$ 220,000	4.750%	1.650%	CB1	2028 (c)	$ 275,000	4.500%	2.100%	CJ4
2022	230,000	4.750%	1.700%	CC9	2029 (c)	285,000	3.000%	2.250%	CK1
2023	235,000	4.750%	1.750%	CD7	2030 (c)	295,000	2.250%	2.400%	CL9
2024	245,000	4.750%	1.800%	CE5	2031 (c)	305,000	2.250%	2.550%	CM7
2025	250,000	4.750%	1.900%	CF2	2032 (c)	315,000	2.500%	2.650%	CN5
2026 (c)	260,000	4.500%	2.000%	CG0	2033 (c)	325,000	2.500%	2.750%	CP0
2027 (c)	270,000	4.500%	2.050%	CH8					

$4,840,000 Term Bonds

$680,000 Term Bond due September 1, 2035 (c)(d), Interest Rate 2.750% (Price: $98.767) (a), CUSIP No. 97001Q CR6 (b)

$730,000 Term Bond due September 1, 2037 (c)(d), Interest Rate 2.750% (Price: $97.307) (a), CUSIP No. 97001Q CT2 (b)

$775,000 Term Bond due September 1, 2039 (c)(d), Interest Rate 3.000% (Price: $100.000) (a), CUSIP No. 97001Q CV7 (b)

$1,260,000 Term Bond due September 1, 2042 (c)(d), Interest Rate 3.000% (Price: $98.081) (a), CUSIP No. 97001Q CY1 (b)

$1,395,000 Term Bond due September 1, 2045 (c)(d), Interest Rate 3.000% (Price: $97.057) (a), CUSIP No. 97001Q DB0 (b)

(a) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Initial Purchaser. Initial reoffering yields represent the initial offering price, which may be changed for subsequent purchasers. The initial yield indicated above represents the lower of the yields resulting when priced to maturity or to the first call date.

(b) CUSIP numbers have been assigned to the Bonds by CUSIP Global Services, managed by S&P Global Market Intelligence LLC on behalf of the American Bankers Association and are included solely for the convenience of the owners of the Bonds.

(c) Bonds maturing on September 1, 2026, and thereafter shall be subject to redemption and payment at the option of the District, in whole, or from time to time in part, on September 1, 2025, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption Provisions – *Optional Redemption.*"

(d) Subject to mandatory redemption by lot or other customary method of random selection on September 1 in the years and in the amounts set forth herein under "THE BONDS – Redemption Provisions – *Mandatory Redemption*."

USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

All of the summaries of the statutes, orders, contracts, records, and engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas, Bond Counsel, 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 that they will be realized. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described herein since the date hereof. However, the District has agreed to keep this Official Statement current by amendment or sticker to reflect material changes in the affairs of the District, and to the extent that information actually comes to its attention, other matters described in the Official Statement until delivery of the Bonds to the Initial Purchaser and thereafter only as specified in "CONTINUING DISCLOSURE OF INFORMATION" and "OFFICIAL STATEMENT – Updating of Official Statement."

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM 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 AGM supplied by AGM and presented under the heading "MUNICIPAL BOND INSURANCE" and "APPENDIX B – Specimen Municipal Bond Insurance Policy."

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for any purposes.

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APPENDIX A: Financial Statements of the District

APPENDIX B: Specimen Municipal Bond Insurance Policy

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid resulting in the lowest net effective interest rate to the District, which was tendered by SAMCO Capital Markets, Inc. (the "Initial Purchaser") to purchase the Bonds bearing the interest rates shown on the inside cover of this Official Statement at a price of 97.000000% of par plus accrued interest to date of delivery, resulting in a net effective interest rate of 3.210555%, as calculated pursuant to Chapter 1204, Texas Government Code, as amended. 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

Pursuant to the procedures described in the Official Notice of Sale, the delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Initial Purchaser on or before the date of delivery of the Bonds stating the prices at which 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 sole responsibility of the Initial Purchaser.

Subject to certain restrictions described in the Official Notice of Sale, 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 OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

Securities Laws

No registration statement relating to the offer and sale of the Bonds has been filed with the United States Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for registration 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.

Delivery of Official Statements

The District shall furnish to the Initial Purchaser (and to each participating underwriter of the Bonds, within the meaning of the Rule, designated by the Initial Purchaser), within seven (7) business days after the sale date, the aggregate number of Official Statements agreed upon between the District and the Initial Purchaser. The District also shall furnish to the Initial Purchaser a like number of any supplements or amendments approved and authorized for distribution by the District for dissemination to potential underwriters of the Bonds, as well as such additional copies of the Official Statement or any such supplements or amendments as the Initial Purchaser may reasonably request prior to the 90th day after the end of the underwriting period described in the Rule. The District shall pay the expense of preparing the number of copies of the Official Statement agreed upon between the District and the Initial Purchaser and an equal number of any supplements or amendments issued on or before the delivery date, but the Initial Purchaser shall pay for all other copies of the Official Statement or any supplement or amendment thereto.

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

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

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

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL”), 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 operating subsidiaries, provides credit enhancement products to the U.S. and international public finance (including infrastructure) and structured finance markets and, as of October 1, 2019, asset management services. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM’s financial strength is rated “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”) and “A2” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AGM 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 AGM in its sole discretion. In addition, the rating agencies may at any time change AGM’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 AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On December 19, 2019, KBRA announced it had affirmed AGM’s insurance financial strength rating of “AA+” (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On November 7, 2019, S&P announced it had affirmed AGM’s financial strength rating of “AA” (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On August 13, 2019, Moody’s announced it had affirmed AGM’s insurance financial strength rating of “A2” (stable outlook). AGM can give no assurance as to any further ratings action that Moody’s may take.

For more information regarding AGM’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, 2019.

Capitalization of AGM

At December 31, 2019:

- The policyholders' surplus of AGM was approximately $2,691 million.
- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately $986 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $2,027 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty (Europe) plc ("AGE"), and (iii) 60.7% of the net unearned premium reserve of MAC.

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM and MAC were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of 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 document filed by AGL with the SEC that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof: the Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (filed by AGL with the SEC on February 28, 2020).

All consolidated financial statements of AGM and all other information relating to AGM 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 Municipal Corp.: 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 AGM included herein under the caption "MUNICIPAL BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM 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 AGM supplied by AGM and presented under this heading "MUNICIPAL BOND INSURANCE

RATINGS

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

The Bonds are expected to receive an insured rating of "A2" from Moody's solely in reliance upon the issuance of the Policy by AGM at the time of delivery of the Bonds. Moody's has also assigned an underlying credit rating of "Baa3" to the Bonds. An explanation of the ratings may be obtained from Moody's, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. Furthermore, a security rating is not a recommendation to buy, sell, or hold securities. There is no assurance that such ratings will continue for any given period of time or that the ratings will not be revised downward or withdrawn entirely by Moody's, if, in its judgment, circumstances so warrant. Any such revisions or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

The District is not aware of any rating assigned to the Bonds other than the insured rating of S&P, the insured rating of Moody's, or the underlying rating of Moody's.

[Remainder of this page intentionally left blank.]

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. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

THE BONDS

The District	Williamson County Municipal Utility District No. 23 (the "District"), a political subdivision of the State of Texas ("Texas"), is located in Williamson County, Texas (the "County"). See "THE DISTRICT."
The Bonds	The $8,350,000 Unlimited Tax Bonds, Series 2020 (the "Bonds") are dated May 1, 2020, and mature on September 1 in the years and amounts set forth on the inside cover of this Official Statement. Interest accrues from May 1, 2020, at the rates per annum set forth on the inside cover of this Official Statement and is payable on September 1, 2020, and on each March 1 and September 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."
Redemption Provisions	Bonds maturing on and after September 1, 2026, are subject to redemption, in whole or from time to time in part, at the option of the District on September 1, 2025, and on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date of redemption. See "THE BONDS – Redemption Provisions – *Optional Redemption*." The Bonds maturing on September 1 in the years 2035, 2037, 2039, 2042, and 2045 are term bonds and are also subject to the mandatory redemption provisions set out herein under "THE BONDS – Redemption Provisions – *Mandatory Redemption.*"
Source of Payment	Principal of and interest on the Bonds are payable from the proceeds of a continuing direct annual ad valorem tax levied upon all taxable property within the District without legal limitation as to rate or amount. The Bonds are obligations solely of the District and are not obligations of Texas; the County; the City of Liberty Hill, Texas (the "City"); or any political subdivision or entity other than the District. See "THE BONDS – Source of Payment."
Outstanding Bonds	The District has previously issued two series of unlimited tax bonds: $3,915,000 Unlimited Tax Bonds, Series 2018 and $5,145,000 Unlimited Tax Bonds, Series 2019. As of March 1, 2020, $8,970,000 principal amount of such prior indebtedness remained outstanding (the "Outstanding Bonds"). See "THE BONDS – Outstanding Bonds."
Payment Record	The Bonds are the third series of unlimited tax bonds issued by the District. The District has never defaulted on the timely payment of its prior bonded indebtedness. See "THE BONDS – Issuance of Additional Debt."
Authority for Issuance	To date, voters of the District have authorized the District's issuance of $92,960,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sewer, and drainage facilities to serve the District (the "Utility System") and $139,440,000 principal amount of unlimited tax bonds for the purpose of refunding of such bonds; $6,950,000 principal amount of

unlimited tax bonds for the purpose of acquiring or constructing park and recreational facilities to serve the District and $10,425,000 principal amount of unlimited tax bonds for the purpose of refunding of such bonds; and $80,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing a road system to serve the District and $120,000,000 principal amount of unlimited tax bonds for the purpose of refunding of such bonds.

The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution and the general laws of Texas, including particularly Chapters 49 and 54 of the Texas Water Code; an election held within the District on November 4, 2014; an order adopted by the Board of Directors of the District authorizing the sale of the Bonds (the "Bond Order"); and an order of the Texas Commission on Environmental Quality (the "TCEQ"). See "THE BONDS – Authority for Issuance."

Short-Term Debt.. In connection with the Bonds, the District has issued its $4,860,000 Bond Anticipation Note, Series 2019 (the "BAN"), dated August 29, 2019. The BAN accrues interest at a rate of 2.350% per year (computed on the basis of a 365-day year and the actual days elapsed) and matures on August 27, 2020. See "THE BONDS – Short-Term Debt."

Use of Proceeds .... Proceeds of the Bonds will be used to redeem the BAN, the proceeds of which were used to reimburse the Developer (herein defined) for a portion of the costs to acquire or construct the Utility System. Additionally, proceeds from the Bonds will also be used to reimburse the Developer for its expenditures that were not reimbursed by the BAN, to pay developer interest, to pay BAN interest, to pay six (6) months of capitalized interest on the Bonds, and to pay other certain costs associated with the issuance of the BAN and the Bonds. See "THE BONDS – Use and Distribution of Bond Proceeds."

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

Municipal Bond Insurance .... Assured Guaranty Municipal Corp. ("AGM"). See "MUNICIPAL BOND INSURANCE."

Ratings... S&P Global Ratings (AGM Insured): "AA." Moody's Investors Service, Inc. (AGM Insured): "A2." Moody's Investors Service, Inc. (Underlying): "Baa3." See "RATINGS."

Bond Counsel .... Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas.

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

Financial Advisor.. Robert W. Baird & Co. Incorporated, Houston, Texas.

Engineer .... LandDev Consulting, LLC, Austin, Texas.

THE DISTRICT

Description.. The District was created by order of the TCEQ dated January 25, 2008. The District comprises approximately 529.9 total acres and is situated entirely within the County, the extraterritorial jurisdiction of the City, and the boundaries of Liberty Hill Independent School District. See "THE DISTRICT."

Location	The District is within the five-county metropolitan area commonly known as Greater Austin. The District is located along the frontage of Highway 29; approximately 0.1 miles from the intersection of Highway 29 and Ronald Reagan Boulevard; approximately 6.5 miles southeast of the City; approximately 8.6 miles west of the City of Georgetown, Texas; and approximately 26.13 miles northwest from the City of Austin, Texas. See "THE DISTRICT."
Morningstar	The District is part of the master-planned residential community known as Morningstar. Located along Highway 29, Morningstar offers its residents access to commuter routes and places of work in the City of Austin as well as a number of amenities including an open-air event pavilion, resort-style pool, kids' splash pad, playgrounds, hike and bike trails, and acres of open space and greenbelt throughout the community. See "DEVELOPMENT OF THE DISTRICT – Morningstar."
Developer and Principal Landowner	The developer and principal owner of land in the District is MREC MAG Morningstar LLC, a Delaware limited liability company (the "Developer"). The Developer is managed by the principals of MA Partners, LLC, a developer of master-planned communities with properties under development and management in several states, particularly Texas and its major markets. See "THE DEVELOPER."
Development within the District	As of April 14, 2020, land within the District has been developed residentially as the single-family subdivisions of Morningstar: Phase 1, Sections 1, 2, 3, 4A, and 4B; Phase 2, Sections 1, 1A, 2A, 2 & 3, and 4 & 5; and Phase 3, Sections 1A, 1B, 2A, and 2B (aggregating approximately 167.09 acres and 990 total single-family lots). As of April 14, 2020, single-family residential development within the District consisted of approximately 450 completed homes, approximately 113 homes under construction, and approximately 427 vacant developed lots. The District also includes approximately 1.81 acres that have been developed for commercial purposes, on which a preschool was constructed. The remainder of land within the District includes approximately 143.40 undeveloped but developable acres and approximately 217.60 total undevelopable acres for streets (approximately 86.04 acres), floodplain (approximately 46.13 acres), recreational and open spaces (approximately 43.20 acres, including one existing amenity center on approximately 6.40 acres), and easements (approximately 42.24 acres). See "DEVELOPMENT OF THE DISTRICT – Status of Development within the District."
Homebuilders	Homebuilders active in the District include KB Home, Meritage Homes, Westin Homes, Vintage Estate Homes, Carothers Homes, GFO Home, Dream Finders Homes, Saratoga Homes, Brohn Homes, M/I Homes, and Ashton Woods Homes. The homes being marketed in the District range in price from approximately $215,000 to over $500,000 and in size from approximately 1,250 square feet to over 4,250 square feet. See "DEVELOPMENT OF THE DISTRICT – Homebuilders within the District."

INVESTMENT CONSIDERATIONS

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

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SELECTED FINANCIAL INFORMATION

(UNAUDITED)

2019 Taxable Assessed Valuation	$	89,478,644	(a)
Estimated Valuation as of February 1, 2020	$	167,100,000	(b)
Direct Debt			
The Outstanding Bonds (as of March 1, 2020)	$	8,970,000	
The Bonds		8,350,000	
Total	$	17,320,000	
Estimated Overlapping Debt	$	9,258,938	(c)
Total Direct and Estimated Overlapping Debt	$	26,578,938	(c)
Direct Debt Ratio:			
As a Percentage of the 2019 Taxable Assessed Valuation		19.36	%
As a Percentage of the Estimated Valuation as of February 1, 2020		10.37	%
Direct and Estimated Overlapping Debt Ratio:			
As a Percentage of the 2019 Taxable Assessed Valuation		29.70	%
As a Percentage of the Estimated Valuation as of February 1, 2020		15.91	%
Debt Service Fund Balance (as of March 30, 2020)	$	693,576	(d)
General Operating Fund Balance (as of March 30, 2020)	$	388,245	
Capital Projects Fund Balance (as of March 30, 2020)	$	458,563	
2019 Tax Rate			
Debt Service		$ 0.63	
Maintenance and Operation		$ 0.32	
Total		$ 0.95	
Average Annual Debt Service Requirement (2020–2045)	$	981,028	(e)
Maximum Annual Debt Service Requirement (2042)	$	1,098,691	(e)
Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay the Average Annual Debt Service Requirement (2020–2045) at 95% Tax Collections			
Based on the 2019 Taxable Assessed Valuation		$ 1.16	
Based on the Estimated Valuation as of February 1, 2020		$ 0.62	
Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay the Maximum Annual Debt Service Requirement (2042) at 95% Tax Collections			
Based on the 2019 Taxable Assessed Valuation		$ 1.30	
Based on the Estimated Valuation as of February 1, 2020		$ 0.70	

(a) Represents the assessed valuation of all taxable property in the District as of January 1, 2019, provided by the Appraisal District (herein defined). See “TAX DATA” and “TAXING PROCEDURES.”

(b) Provided by the Appraisal District for informational purposes only, this amount is an estimate of the taxable value of all taxable property located within the District as of February 1, 2020, and includes an estimate of additional taxable value resulting from the construction of taxable improvements from January 1, 2019, through February 1, 2020. No taxes will be levied on this estimated value. See “TAX DATA” and “TAXING PROCEDURES.”

(c) See “DISTRICT DEBT – Direct and Estimated Overlapping Debt Statement.”

(d) In addition to this amount, accrued interest to the date of delivery of the Bonds and six (6) months of capitalized interest will be deposited into the District’s Debt Service Fund (herein defined) upon closing and delivery of the Bonds. Neither Texas law nor the Bond Order requires that the District maintain any particular sum in its Debt Service Fund.

(e) Debt service requirements on the Outstanding Bonds and the Bonds. See “DISTRICT DEBT – Debt Service Requirement Schedule.”

$8,350,000

WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 23

UNLIMITED TAX BONDS

SERIES 2020

INTRODUCTION

This Official Statement provides certain information with respect to the issuance by Williamson County Municipal Utility District No. 23 (the "District") of its $8,350,000 Unlimited Tax Bonds, Series 2020 (the "Bonds").

The Bonds are issued pursuant to (i) Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas ("Texas"), including particularly Chapters 49 and 54 of the Texas Water Code; (ii) an election held within the District on November 4, 2014; (iii) an order adopted by the Board of Directors of the District (the "Board") authorizing the sale of the Bonds (the "Bond Order"); and (iv) an order of the Texas Commission on Environmental Quality (the "TCEQ").

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 at Sanford Kuhl Hagan Kugle Parker Kahn LLP, 1980 Post Oak Boulevard, Suite 1380, Houston, Texas 77056 or during the offering period from the District's Financial Advisor, Robert W. Baird & Co. Incorporated, Attn: Jan Bartholomew, 1331 Lamar Street, Suite 1360, Houston, Texas 77010 upon payment of reasonable copying, mailing, and handling charges.

THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which is qualified in its entirety by reference to the Bond Order. A copy of the Bond Order may be obtained from the District upon written request made to Sanford Kuhl Hagan Kugle Parker Kahn LLP, 1980 Post Oak Boulevard, Suite 1380, Houston, Texas 77056.

The Bonds are dated May 1, 2020, with interest payable on September 1, 2020, and each March 1 and September 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. The Bonds are fully registered bonds maturing on September 1 of the years shown on the inside cover of this Official Statement. Principal of the Bonds will be payable to the Registered Owners (herein defined) at maturity or redemption upon presentation at the principal payment office of the paying agent/registrar, initially, Zions Bancorporation, National Association, Houston, Texas (the "Paying Agent/Registrar"). Interest on the Bonds will be payable by check, dated as of the Interest Payment Date, and mailed by the Paying Agent/Registrar to Registered Owners as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding the Interest Payment Date (the "Record Date") or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and a Registered Owner at the risk and expense of such Registered Owner.

Book-Entry-Only System

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

The District and the Financial Advisor cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to Participants (herein defined), (2) 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 (herein defined), or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission (the "SEC"), and the current procedures of DTC to be followed in dealing with Participants are on file with DTC.*

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (the "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 (the "Indirect Participants," and together with the Direct Participants, the "Participants"). DTC has a Standard & Poor's rating of AA+. 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 holder of ownership interest of each actual purchase of each Bond (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

Redemption proceeds, principal, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or 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 securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Paying Agent/Registrar or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or 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 Book-Entry-Only System transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in the section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of this Official Statement

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

Successor Paying Agent/Registrar

Provision is made in the Bond Order for replacing the Paying Agent/Registrar. If the District replaces the Paying Agent/Registrar, such Paying Agent/Registrar shall, promptly upon the appointment of a successor, deliver the Paying Agent/Registrar's records to the successor Paying Agent/Registrar, and the successor Paying Agent/Registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar selected by the District shall be a commercial bank; a trust company organized under the laws of Texas; or other entity duly qualified and legally authorized to serve and perform the duties of the Paying Agent/Registrar for the Bonds.

Registration, Transfer and Exchange

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

Funds

The Bond Order creates a fund for debt service on the Bonds (the "Debt Service Fund"). Accrued interest to the date of delivery of the Bonds and (6) months of capitalized interest on the Bonds will be deposited from the proceeds from sale of the Bonds into the Debt Service Fund. The Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the Outstanding Bonds, the Bonds, and any additional unlimited tax bonds issued by the District, is to be kept separate from all other funds of the District, and is to be used for payment of debt service on the Outstanding Bonds, the Bonds, and any of the District's duly authorized additional bonds payable in whole or part from taxes. Amounts on deposit in the Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Outstanding Bonds, the Bonds, and any additional bonds payable in whole or in part from taxes, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due.

Redemption Provisions

Optional Redemption

Bonds maturing on September 1, 2026, and thereafter shall be subject to redemption and payment at the option of the District, in whole or from time to time in part, on September 1, 2025, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the bond register. If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed shall be selected by the District. If less than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds or portions thereof to be redeemed will be selected by the Paying Agent/Registrar prior to the redemption date by such random method as the Paying Agent/Registrar deems fair and appropriate in integral multiples of $5,000 within any one maturity. The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present such Bond to the Paying Agent/Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

Mandatory Redemption

The Bonds that mature on September 1 in each of the years 2035, 2037, 2039, 2042, and 2045 are term bonds (the "Term Bonds") and shall be redeemed by lot or other customary method of random selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form) prior to maturity, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the "Mandatory Redemption Date"), on September 1 in each of the years and in the principal amounts set forth in the following schedule:

$680,000 Term Bonds Maturing on September 1, 2035

Mandatory Redemption Date	Principal Amount
September 1, 2034	$ 335,000
September 1, 2035 (Maturity)	345,000

$730,000 Term Bonds Maturing on September 1, 2037

Mandatory Redemption Date	Principal Amount
September 1, 2036	$ 360,000
September 1, 2037 (Maturity)	370,000

$775,000 Term Bonds Maturing on September 1, 2039

Mandatory Redemption Date	Principal Amount
September 1, 2038	$ 380,000
September 1, 2039 (Maturity)	395,000

$1,260,000 Term Bonds Maturing on September 1, 2042

Mandatory Redemption Date	Principal Amount
September 1, 2040	$ 405,000
September 1, 2041	420,000
September 1, 2042 (Maturity)	435,000

$1,395,000 Term Bonds Maturing on September 1, 2045

Mandatory Redemption Date	Principal Amount
September 1, 2043	$ 450,000
September 1, 2044	465,000
September 1, 2045 (Maturity)	480,000

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

Mutilated, Lost, Stolen or Destroyed Bonds

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

Authority for Issuance

At an election held within the District on November 4, 2014, voters of the District authorized the District's issuance of $92,960,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sewer, and drainage facilities to serve the District (the "Utility System") and $139,440,000 principal amount of unlimited tax bonds for the purpose of refunding such bonds, and $6,950,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing park and recreational facilities serving the District and $10,425,000 000 principal amount of unlimited tax bonds for the purpose of refunding such bonds. At an election held within the District on May 7, 2016, voters of the District authorized the District's issuance of $80,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing a road system to serve the District (the "Road System") and $120,000,000 principal amount of unlimited tax bonds for the purpose of refunding such bonds.

The Bonds are issued pursuant to (i) Article XVI, Section 59 of the Texas Constitution and the general laws of Texas, including particularly Chapters 49 and 54 of the Texas Water Code; (ii) an election held within the District on November 4, 2014; (iii) the Bond Order; and (iv) an order of the TCEQ.

Outstanding Bonds

The District has previously issued two series of unlimited tax bonds: $3,915,000 Unlimited Tax Bonds, Series 2018 and $5,145,000 Unlimited Tax Bonds, Series 2019. As of March 1, 2020, $8,970,000 principal amount of such prior indebtedness remained outstanding (the "Outstanding Bonds").

Source of Payment

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

The Bonds are obligations solely of the District and are not the obligations of Texas; Williamson County, Texas (the "County"); the City of Liberty Hill, Texas (the "City"); or any entity other than the District.

Issuance of Additional Debt

The Bonds represent the third series of bonds issued by the District, and the third series of bonds issued by the District for the purpose of acquiring or constructing the Utility System. After issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: $75,550,000 for the purpose of acquiring or constructing Utility System and $139,440,000 for the purpose of refunding such bonds; $6,950,000 for the purpose of acquiring or constructing park and recreational facilities and $10,425,000 for the purpose of refunding such bonds; and $80,000,000 for the purpose of acquiring or constructing the Road System and $120,000,000 for the purpose of refunding such bonds. The District may also issue any additional bonds as may hereafter be approved by both the Board and voters of the District as well as certain additional bonds, revenue bonds, special project bonds, and other obligations as described in the Bond Order.

The Bond Order imposes no limitation on the amount of additional parity bonds which may be issued by the District (if authorized by the District's voters and, in the case of bonds issued for the purpose of acquiring or constructing the Utility System, and park and recreational facilities, approved by the TCEQ).

Following the issuance of the Bonds, the District will owe the Developer (herein defined) approximately $13,781,201 for its expenditures to acquire or construct the Utility System, approximately $89,575 for expenditures to acquire or construct park and recreational facilities in the District, and approximately $13,323,201 for expenditures to acquire or construct the Road System.

The District is also authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purposes. Before the District could issue such bonds, the following actions would be required: (a) authorization of a detailed fire protection plan; (b) approval of the fire plan by the TCEQ; (c) approval of the fire plan by the voters of the District; and (d) approval of bonds, if any, by the Attorney General of Texas. If additional debt obligations are issued in the future by the District, such issuance may increase gross debt/property ratios and might adversely affect the investment security of the Bonds.

The District is authorized by statute to develop park and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the park bond application for the issuance of bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. The District has not considered the preparation of a parks bond application at this time. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District at the time of issuance.

No Arbitrage

The District will certify, on the date of delivery of the Bonds, that based upon all facts and estimates now known or reasonably expected to be in existence on the date the Bonds are delivered and paid for, the District reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds, or any portion of the Bonds, to be "arbitrage bonds" under the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations prescribed thereunder. Furthermore, all officers, employees, and agents of the

District have been authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the District as of the date the Bonds are delivered and paid for. In particular, all or any officers of the District are authorized to certify to the facts and circumstances and reasonable expectations of the District on the date the Bonds are delivered and paid for regarding the amount and use of the proceeds of the Bonds. Moreover, the District covenants that it shall make such use of the proceeds of the Bonds, regulate investment of proceeds of the Bonds and take such other and further actions and follow such procedures, including, without limitation, calculating the yield on the Bonds, as may be required so that the Bonds shall not become "arbitrage bonds" under the Code and the regulations prescribed from time to time thereunder.

Defeasance

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

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

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

> (a) All bonds, notes, and other obligations issued by a district shall be legal and authorized investments for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, and trustees, and for all interest and sinking funds and other public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic.
>
> (b) A district's bonds, notes, and other obligations are eligible and lawful security for all deposits of public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic, to the extent of the market value of the

bonds, notes, and other obligations when accompanied by any unmatured interest coupons attached to them.

The Public Funds Collateral Act (Chapter 2257, Texas Government Code) also provides that bonds of the District (including the Bonds) are eligible as collateral for public funds. No representation is made that the Bonds will be suitable for or acceptable to financial or public entities for investment or collateral purposes. No representation is made concerning other laws, rules, regulations, or investment criteria which apply to or which might be utilized by any such persons or entities to limit the acceptability or suitability of the Bonds for any of the foregoing purposes. Prospective purchasers are urged to carefully evaluate the investment quality of the Bonds as to the suitability or acceptability of the Bonds for investment or collateral purposes.

Registered Owners' Remedies

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 interests of the registered owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. See "INVESTMENT CONSIDERATIONS – Limitation to Registered Owners' Remedies."

Short-Term Debt

In connection with the Bonds, the District has issued its $4,860,000 Bond Anticipation Note, Series 2019 (the "BAN"), dated August 29, 2019. The BAN accrues interest at a rate of 2.350% per year (computed on the basis of a 365-day year and the actual days elapsed) and matures on August 27, 2020.

Annexation

The District lies within the extraterritorial jurisdiction of the City. Under Texas law, property within the extraterritorial jurisdiction of the City may be annexed by the City without the consent of the District, subject to the observance of and compliance by the City with various requirements of Chapter 43, Texas Local Government Code, as amended. Effective December 1, 2017, this may include the requirement that the City hold an election within the District to approve the annexation. If annexation by the City does occur, the District would be abolished within 90 days after annexation. When the District is abolished, the City must assume the assets, functions and obligations of the District including the Bonds. No representation is made concerning the likelihood of annexation or the ability of the City to make debt service payments should annexation occur.

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Use and Distribution of Bond Proceeds

Proceeds of the Bonds will be used to redeem the BAN, the proceeds of which were used to reimburse the Developer for a portion of the costs to acquire or construct the Utility System. Additionally, proceeds from the Bonds will also be used to reimburse the Developer for its expenditures that were not reimbursed by the BAN, to pay developer interest, to pay BAN interest, to pay six (6) months of capitalized interest on the Bonds, and to pay other certain costs associated with the issuance of the BAN and the Bonds.

Construction Costs	District's Share
A. Developer Contribution Items	
1. Morningstar, Kauffman Loop, and Morningstar Phase 1, Section 1 and Section 2 – Water, Wastewater and Drainage	$ 3,022,415
2. Morningstar Phase 2, Section 2 and Section 3 – Water and Drainage	410,338
3. Morningstar Phase 3, Section 1A and Section 2A – Water and Wastewater	673,688
4. Engineering (Items 1-3)	459,563
5. Review and Inspection	945,942
Total Developer Contribution Items	$ 5,511,946
B. District Items	
1. Land Acquisition:	
a. Morningstar Phase 2, Section 1A Water Quality and Drainage Lot	$ 500,023
b. Morningstar Phase 3, Section 1A Water Quality, Drainage, and Lift Station Lot	373,421
c. Morningstar Phase 3, Section 2A Drainage Channel Lot	11,854
Total District Items	$ 885,298
Total Construction Costs	$ 6,397,244
Non-Construction Costs	
A. Legal Fees	$ 223,750
B. Fiscal Agent Fees	167,000
C. Interest	
1. Capitalized Interest (6 Months)	136,000
2. BAN Interest	85,110
3. Developer Interest	577,085
D. Bond Discount	250,500
E. Bond Issuance Expenses	24,066
F. Bond Anticipation Note Issuance Expenses	116,324
G. Geotechnical Reports	125,043
H. Bond Application Report	116,525
I. Attorney General Fees	8,350
J. TCEQ Bond Issuance Fee	20,875
K. Contingency (a)	102,128
Total Non-Construction Costs	$ 1,952,756
TOTAL BOND ISSUE REQUIREMENT	$ 8,350,000

(a) Represents the sum of the difference between the estimated and actual amounts of capitalized interest and BAN interest.

The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and completion of agreed-upon procedures by the District's auditor. The surplus funds, if any, may be expended for any lawful purpose for which surplus construction funds may be used, limited, however, to the purposes for which the Bonds were issued.

The Engineer (herein defined) has advised the District that proceeds of the sale of the Bonds should be sufficient to pay the costs of the above-described facilities. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

THE DISTRICT

Authority

The District was created by order of the TCEQ, dated January 25, 2008, and by a confirmation election held within the District on November 4, 2014. The District operates under Chapters 49 and 54 of the Texas Water Code and other general laws of Texas applicable to municipal utility districts and is empowered, among other things, to purchase, construct, operate, and maintain all works, improvements, facilities, and plants necessary for the supply of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water.

The District also is authorized to construct, develop and maintain park and recreational facilities using operating revenues or by issuing bonds payable from taxes. In 2015, legislation was enacted granting the District the power to finance roads. In addition, the District is authorized, upon TCEQ and voter approval, to establish, operate, and maintain a fire department, independently or with one or more other conservation and reclamation districts, and to provide such facilities and services to the customers of the District.

Description

The District comprises approximately 529.9 total acres and is situated entirely within the County, the extraterritorial jurisdiction of the City, and the boundaries of Liberty Hill Independent School District. The District is within the five-county metropolitan area commonly known as Greater Austin. The District is located along the frontage of Highway 29; approximately 0.1 miles from the intersection of Highway 29 and Ronald Reagan Boulevard; approximately 6.5 miles southeast of the City; approximately 8.6 miles west of the City of Georgetown, Texas; and approximately 26.13 miles northwest from the City of Austin, Texas.

Management of the District

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

Name	Position	Term Expires May
Kris Ehlert	President	2022
Scott Davis	Vice President	2024
Todd Kolkhorst	Secretary	2022
Anthony Jasinski	Assistant Secretary	2024
Milton Schultz III	Assistant Secretary	2022

Investment Policy

The District has adopted an Investment Policy (the "Investment Policy") as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act"). The District's goal is to preserve principal and maintain liquidity in a diversified portfolio while securing a competitive yield on its portfolio. Funds of the District are to be invested only in accordance with the Investment Policy. The Investment Policy states that the funds of the District may be invested in short term obligations of the U.S. or its agencies or instrumentalities, in certificates of deposits insured by the Federal Deposit Insurance Corporation and secured by collateral authorized by the Act, and in TexPool and TexStar, which are public funds investment pools rated in the highest rating category by a nationally recognized rating service. The District does not currently own, nor does it anticipate, the inclusion of long term securities or derivative products in the portfolio.

Consultants

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

Tax Assessor/Collector: The tax assessor/collector for the District is the Williamson County Tax Assessor Collector (the "Tax Assessor/Collector").

Bookkeeper: The District's bookkeeper is L&S District Services, LLC (the "Bookkeeper").

Auditor: The District engaged McCall Gibson Swedlund Barfoot, PLLC, to audit its financial statements for the fiscal year ended August 31, 2019. Said financial statements are attached hereto as "APPENDIX A."

Engineer: The District's engineer is LandDev Consulting, LLC (the "Engineer").

Bond Counsel: The District has engaged Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas, as general counsel to the District and as bond counsel ("Bond Counsel") in connection with the issuance of the Bonds. The fees to be paid Bond Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

Disclosure Counsel: Orrick Herrington & Sutcliffe LLP, Houston, Texas has been designated as disclosure counsel ("Disclosure Counsel"). The fees of Disclosure Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

Financial Advisor: Robert W. Baird & Co. Incorporated is engaged as financial advisor to the District in connection with the issuance of the Bonds (the "Financial Advisor"). The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

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General Fund Operating Statement

The following is a summary of the District's general fund activity for the last five fiscal years. The summary has been prepared by the Financial Advisor based upon information obtained from the District's audited financial statements and the Bookkeeper. Reference is made to such statements for further and more complete information. See "APPENDIX A." For fiscal years ended August 31 in the years 2017-2019, the figures below are audited. For fiscal years ended August 31 in the years 2015 and 2016, the figures are unaudited. The figures for the period ended February 29, 2020, are unaudited and were obtained from the Bookkeeper. Under Texas law, the District was first required to conduct an audit for fiscal year ended August 31, 2017.

		Fiscal Year Ended August 31				
	2020 (a)	2019	2018	2017	2016 (b)	2015 (b)
Revenues						
Property Taxes	$ 285,643	$ 310,289	$ 247,070	$ 17,277	$ 5,052	$ –
Penalty and Interest	–	–	1,341	–	–	–
Investment Revenues	978	1,843	646	–	–	–
Total Revenues	$ 286,621	$ 312,132	$ 249,057	$ 17,277	$ 5,052	$ –
Expenditures						
Professional Fees	$ 65,658	$ 76,536	$ 104,513	$ 37,184	$ 48,378	$ 39,876
Contracted Services	3,189	6,479	7,140	1,993	2,954	–
Repairs and Maintenance	48,742	123,146	26,230	–	–	–
Other	11,000	12,142	11,969	8,121	7,993	3,704
Total Expenditures	$ 128,589	$ 218,303	$ 149,852	$ 47,298	$ 59,325	$ 43,580
Revenues Over (Under) Expenditures	$ 158,032	$ 93,829	$ 99,205	$ (30,021)	$ (54,273)	$ (43,580)
Other Financing Sources (Uses)						
Developer Advances	$ –	$ (219)	$ 21,726	$ 35,314	$ 59,736	$ 51,706
Net Change in Fund Balance	$ 158,032	$ 93,610	$ 120,931	$ 5,293	$ 5,463	$ 8,126
Fund Balance, Beginning of Year	$ 215,941	$ 122,331	$ 1,400	$ (3,893)	$ (9,356)	$ (17,482)
Fund Balance, End of Year	$ 373,973	$ 215,941	$ 122,331	$ 1,400	$ (3,893)	$ (9,356)

(a) Unaudited. For the period ended February 29, 2020, obtained from the Bookkeeper.

(b) Unaudited.

PHOTOGRAPHS TAKEN IN THE DISTRICT

(March 2020)

PHOTOGRAPHS TAKEN IN THE DISTRICT

(March 2020)

DEVELOPMENT OF THE DISTRICT

Morningstar

The District is part of the master-planned residential community known as Morningstar. Located along Highway 29, Morningstar offers its residents access to commuter routes and places of work in the City of Austin, Texas, as well as a number of amenities including an open-air event pavilion, resort-style pool, kids' splash pad, playgrounds, hike and bike trails, and acres of open space and greenbelt throughout the community.

Status of Development within the District

As of April 14, 2020, land within the District has been developed residentially as the single-family subdivisions of Morningstar: Phase 1, Sections 1, 2, 3, 4A, and 4B; Phase 2, Sections 1, 1A, 2A, 2 & 3, and 4 & 5; and Phase 3, Sections 1A, 1B, 2A, and 2B (aggregating approximately 167.09 acres and 990 total single-family lots). As of April 14, 2020, single-family residential development within the District consisted of approximately 450 completed homes, approximately 113 homes under construction, and approximately 427 vacant developed lots. The District also includes approximately 1.81 acres that have been developed for commercial purposes, on which a preschool was constructed. The remainder of land within the District includes approximately 143.40 undeveloped but developable acres and approximately 217.60 total undevelopable acres for streets (approximately 86.04 acres), floodplain (approximately 46.13 acres), recreational and open spaces (approximately 43.20 acres, including one existing amenity center on approximately 6.40 acres), and easements (approximately 42.24 acres).

The table below summarizes the status of development and land use within the District as of April 14, 2020.

Morningstar	Approximate Acreage (a)	Section Lots	Homes Completed	Homes Construction	Vacant Lots
Phase 1, Section 1	17.93	103	84	2	17
Phase 1, Section 2	25.43	108	89	8	11
Phase 1, Section 3	10.01	60	55	3	2
Phase 1, Section 4A	4.07	17	6	5	6
Phase 1, Section 4B	6.85	32	15	4	13
Phase 2, Section 1	11.16	54	27	7	20
Phase 2, Section 1A (b)	–	–	–	–	–
Phase 2, Section 2A	2.27	17	17	–	–
Phase 2, Section 2 & 3	17.32	132	83	34	15
Phase 2, Section 4 & 5	20.43	138	–	–	138
Phase 3, Section 1A	11.54	69	19	26	24
Phase 3, Section 1B	12.21	69	–	–	69
Phase 3, Section 2A	12.89	93	55	24	14
Phase 3, Section 2B	14.96	98	–	–	98
Total	167.09	990	450	113	427
Commercial Development	1.81				
Undevelopable	217.60				
Remaining Developable	143.40				
District Total	529.90				

(a) Totals may not sum due to rounding.

(b) Morningstar Phase 2, Section 1A has been developed as road and drainage improvements.

Homebuilders within the District

Homebuilders active in the District include KB Home, Meritage Homes, Westin Homes, Vintage Estate Homes, Carothers Homes, GFO Home, Dream Finders Homes, Saratoga Homes, Brohn Homes, M/I Homes, and Ashton Woods Homes. The homes being marketed in the District range in price from approximately $215,000 to over $500,000 and in size from approximately 1,250 square feet to over 4,250 square feet.

Lot-Sales Contracts

The Developer has entered into lot sales contracts with each of KB Home, Meritage Homes, Westin Homes, Vintage Estate Homes, Carothers Homes, GFO Home, Dream Finders Homes, Saratoga Homes, Brohn Homes, M/I Homes, and Ashton Woods Homes. The contracts for the sale of lots between the Developer and the builders require that earnest money be deposited with a title company, typically 10% of the total price of the completed lots. The sales contracts establish certain required lot purchases quarterly, with the earnest money deposit being returned to the builders upon purchase of the last lots under each contract. The Developer's sole remedy for builders not purchasing lots in accordance with the contracts is cancellation of the contract and retention of the remaining earnest money on deposit, currently a total of approximately $1,330,600 for all of the lot-sales contracts. According to the Developer, each of the builders is in compliance with their respective lot sale contracts.

As of April 14, 2020, the total number of lots contracted for and purchased by each builder is listed below:

Homebuilder	Total Lots Contracted	Total Lots Purchased
KB Home	70	70
Meritage Homes	357	357
Westin Homes	66	66
Vintage Homes	25	25
Carothers Homes	33	33
GFO Home	47	47
Dream Finders Homes	100	100
Saratoga Homes	98	79
Brohn Homes	110	110
M/I Homes	69	34
Ashton Woods Homes	87	1
Total	1,062	922

THE DEVELOPER

Role of the Developer

In general, the activities of a developer in a municipal utility district such as the District include purchasing the land within the district, designing the subdivision, designing the utilities and streets to be constructed in the subdivision, designing any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, wastewater, and drainage facilities pursuant to the rules of the TCEQ, as well as gas, telephone, and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. In most instances, the developer will be required to pay up to thirty percent of the cost of constructing certain of the water, wastewater, and drainage facilities in a municipal utility district pursuant to the rules of the TCEQ. The relative success or failure of a developer to perform such activities in development of the property within a municipal utility district may have a profound effect on the security of the unlimited tax bonds issued by a district. A developer is generally under no obligation to a district to develop the property which it owns in a district. Furthermore, there is no restriction on a developer's right to sell any or all of the land which it owns within a district. In addition, a developer is ordinarily a major taxpayer within a municipal utility district during the development phase of the property.

Prospective purchasers of the Bonds should note that the prior real estate experience of a developer should not be construed as an indication that further development within the District will occur, construction of taxable improvements upon property within the District will occur, or that marketing or leasing of taxable improvements constructed upon property within the District will be successful. Circumstances surrounding development within the District may differ from circumstances surrounding development of other land in several respects, including the existence of different economic conditions, financial arrangements, homebuilders, geographic location, market conditions, and regulatory climate.

Neither the Developer, nor any of its affiliate entities, are obligated to pay the principal of or interest on the Bonds. Furthermore, neither the Developer, nor any of its affiliate entities, have a binding commitment to the District to carry out any plan of development, and the furnishing of information relating to the proposed development by the Developer or its affiliate entities should not be interpreted as such a commitment. Prospective purchasers are encouraged to inspect the District in order to acquaint themselves with the nature of development that has occurred or is occurring within the District's boundaries.

The Developer

The Developer is the second largest taxpayer in the District. The Developer is managed by the principals of MA Partners, LLC, a developer of master-planned communities with properties under development and management in several states, particularly Texas and its major markets.

Development Financing

In December of 2017, the Developer obtained a land loan from Equify Financial, LLC. The loan has a maximum principal balance of $4,000,000.00 and matures in December of 2020. The loan is secured by a first lien deed of trust on approximately 209.21 acres owned by the Developer in the District. The outstanding balance of the loan as of March 1, 2020, was $1,764,506.44, and, according to the Developer, it is in compliance with all material conditions of the loan.

In December of 2018, the Developer obtained an infrastructure development loan from PlainsCapital Bank. The loan has a maximum principal balance of $7,080,000.00 and matures in September of 2020. The loan is secured by a first lien deed of trust on approximately 44.69 acres owned by the Developer in the District. The outstanding balance of the loan as of March 1, 2020, was $1,244,580.55, and, according to the Developer, it is in compliance with all material conditions of the loan.

In November of 2019, the Developer obtained an infrastructure development loan from PMB Capital Investments. The loan has a maximum principal balance of $5,289,000.00 and matures in November of 2022. The loan is secured by a first lien deed of trust on approximately 27.71 acres owned by the Developer in the District. The outstanding balance of the loan as of March 1, 2020, was $998,610.74, and, according to the Developer, it is in compliance with all material conditions of the loan.

THE UTILITY SYSTEM

Regulation

Construction and operation of the water, sanitary sewer and storm drainage system serving the District as it now exists or as it may be expanded from time to time is subject to regulatory jurisdiction of federal, state and local authorities. The TCEQ exercises continuing, supervisory authority over the water and sanitary service serving the District. Construction of water, sanitary sewer and storm drainage facilities is subject to the regulatory authority of the District and the County. The TCEQ also exercises regulatory jurisdiction over portions of the water and sanitary sewer facilities.

Water Supply

Water services to retail customers within the District are provided by Georgetown Utility Services ("Georgetown"), which purchased water facilities and associated service rights from Chisholm Trail Special Utility District ("CTSUD"). As part of the facilities purchase, Georgetown and the Developer were assigned that certain Non-Standard Water Service Agreement dated effective May 15, 2014 (the "Water Service Agreement"), entered into by and between CTSUD and MA Partners, LLC, as the respective assignors.

Under the Water Service Agreement, the cost of certain water related facilities and contract rights therefor is borne by the Developer, which is reimbursed by the District. The water facilities are transferred to Georgetown which then supplies retail water service to customers in the District. Georgetown receives its potable water supply from Lake Georgetown and the Edwards Aquifer. Georgetown delivers potable water to customers in the District via an 18-inch transmission line.

Pursuant to the Water Service Agreement, the Developer has a commitment for water supply capacity sufficient to serve a total of 2,050 living unit equivalents ("LUEs"). Water supplied by Georgetown is obtained pursuant to an agreement with the Brazos River Authority ("BRA") for 11,000 acre feet of water per year from Lake Georgetown and from four wells in the Edwards Aquifer. Potable water from Georgetown is delivered to a 1.0 million gallon concrete ground storage tank and then pumped via a booster pump station (containing two 1,800 gallons per minute centrifugal pumps, a comprehensive data control and alarm system, auxiliary standby generator, and related appurtenances) through the 18-inch transmission line into the internal water distribution system within the District. The Water Service Agreement requires that the water facilities, including the internal water distribution facilities constructed by the Developer on behalf of the District be conveyed to Georgetown and that Georgetown operates and maintains the internal water distribution system. Retail water service is provided directly by Georgetown to customers in the District. Retail water customers in the District are charged Georgetown's standard rates for retail water service to customers located outside of the City of Georgetown, as established by Georgetown from time to time.

Wastewater Treatment

The City is the sole provider of retail wastewater service to the District through contractual agreement. Effective April 25, 2016, the City and the Developer entered into that certain Second Amended and Restated Development Agreement under which the City commits to provide 2,100 LUEs of wastewater treatment and disposal capacity for the development of the District.

Storm Water Drainage

Natural drainage patterns generally slope from the District to the San Gabriel River. Storm-water runoff is collected by curb and gutter streets which tie into a system of underground storm sewer lines which outfall into detention and water quality ponds. The District is located within the Edwards Aquifer Contributing Zone and Recharge Zone and is subject to the TCEQ's Edwards Aquifer Rules, including an approved Water Pollution Abatement Plan for water quality control during and after construction.

100-Year Flood Plain

According to the District's Engineer, portions of the District are located within the 100-year flood plain, as identified by the Federal Flood Insurance Administration Rate Map No. 48491C0275E, for the County, dated September 26, 2008. No lots are developed nor are any expected to be developed on the acreage that is located within the boundary of the 100-year flood plain.

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DISTRICT DEBT

General

2019 Taxable Assessed Valuation	$	89,478,644	(a)
Estimated Valuation as of February 1, 2020	$	167,100,000	(b)
Direct Debt			
The Outstanding Bonds (as of March 1, 2020)	$	8,970,000	
The Bonds		8,350,000	
Total	$	17,320,000	
Estimated Overlapping Debt	$	9,258,938	(c)
Total Direct and Estimated Overlapping Debt	$	26,578,938	(c)
Direct Debt Ratio:			
As a Percentage of the 2019 Taxable Assessed Valuation		19.36	%
As a Percentage of the Estimated Valuation as of February 1, 2020		10.37	%
Direct and Estimated Overlapping Debt Ratio:			
As a Percentage of the 2019 Taxable Assessed Valuation		29.70	%
As a Percentage of the Estimated Valuation as of February 1, 2020		15.91	%
Debt Service Fund Balance (as of March 30, 2020)	$	693,576	(d)
General Operating Fund Balance (as of March 30, 2020)	$	388,245	
Capital Projects Fund Balance (as of March 30, 2020)	$	458,563	
2019 Tax Rate			
Debt Service		$ 0.63	
Maintenance and Operation		$ 0.32	
Total		$ 0.95	
Average Annual Debt Service Requirement (2020–2045)	$	981,028	(e)
Maximum Annual Debt Service Requirement (2042)	$	1,098,691	(e)
Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay the Average Annual Debt Service Requirement (2020–2045) at 95% Tax Collections			
Based on the 2019 Taxable Assessed Valuation		$ 1.16	
Based on the Estimated Valuation as of February 1, 2020		$ 0.62	
Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay the Maximum Annual Debt Service Requirement (2042) at 95% Tax Collections			
Based on the 2019 Taxable Assessed Valuation		$ 1.30	
Based on the Estimated Valuation as of February 1, 2020		$ 0.70	

(a) Represents the assessed valuation of all taxable property in the District as of January 1, 2019, provided by the Appraisal District (herein defined). See "TAX DATA" and "TAXING PROCEDURES."

(b) Provided by the Appraisal District for informational purposes only, this amount is an estimate of the taxable value of all taxable property located within the District as of February 1, 2020, and includes an estimate of additional taxable value resulting from the construction of taxable improvements from January 1, 2019, through February 1, 2020. No taxes will be levied on this estimated value. See "TAX DATA" and "TAXING PROCEDURES."

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

(d) In addition to this amount, accrued interest to the date of delivery of the Bonds and six (6) months of capitalized interest will be deposited into the District's Debt Service Fund upon closing and delivery of the Bonds. Neither Texas law nor the Bond Order requires that the District maintain any particular sum in its Debt Service Fund.

(e) Debt service requirements on the Outstanding Bonds and the Bonds. See "DISTRICT DEBT – Debt Service Requirement Schedule."

Debt Service Requirement Schedule

The following schedule sets forth the annual debt service requirements of the Outstanding Bonds, as well as the principal and interest requirements on the Bonds.

Calendar	Outstanding	The Bonds			Total
Year	Debt Service (a)	Principal	Interest	Debt Service	Debt Service
2020	$ 369,655	–	$ 90,667	$ 90,667	$ 460,322
2021	520,460	$ 220,000	272,000	492,000	1,012,460
2022	521,985	230,000	261,550	491,550	1,013,535
2023	522,485	235,000	250,625	485,625	1,008,110
2024	527,585	245,000	239,463	484,463	1,012,048
2025	534,650	250,000	227,825	477,825	1,012,475
2026	536,790	260,000	215,950	475,950	1,012,740
2027	538,390	270,000	204,250	474,250	1,012,640
2028	544,690	275,000	192,100	467,100	1,011,790
2029	550,405	285,000	179,725	464,725	1,015,130
2030	550,515	295,000	171,175	466,175	1,016,690
2031	560,165	305,000	164,538	469,538	1,029,703
2032	564,025	315,000	157,675	472,675	1,036,700
2033	567,333	325,000	149,800	474,800	1,042,133
2034	575,058	335,000	141,675	476,675	1,051,733
2035	576,771	345,000	132,463	477,463	1,054,234
2036	577,619	360,000	122,975	482,975	1,060,594
2037	582,844	370,000	113,075	483,075	1,065,919
2038	586,974	380,000	102,900	482,900	1,069,874
2039	595,286	395,000	91,500	486,500	1,081,786
2040	602,581	405,000	79,650	484,650	1,087,231
2041	608,646	420,000	67,500	487,500	1,096,146
2042	608,791	435,000	54,900	489,900	1,098,691
2043	332,838	450,000	41,850	491,850	824,688
2044	331,600	465,000	28,350	493,350	824,950
2045	–	480,000	14,400	494,400	494,400
Total (b)	$ 13,388,140	$ 8,350,000	$ 3,768,579	$ 12,118,579	$ 25,506,719

(a) Outstanding debt as of March 1, 2020.

(b) Totals may not sum due to rounding.

Average Annual Debt Service Requirement (2020–2045) .... $ 981,028

Maximum Annual Debt Service Requirement (2042) .... $ 1,098,691

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Direct and Estimated Overlapping Debt Statement

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

Taxing Jurisdiction	Outstanding Debt February 29, 2020	Overlapping Debt Percent	Overlapping Debt Amount
Williamson County	$ 1,047,140,000	0.13%	$ 1,314,094
Liberty Hill Independent School District	225,890,558	3.52%	7,944,844
Total Estimated Overlapping Debt			$ 9,258,938
Direct Debt (a)			$ 17,320,000
Total Direct and Estimated Overlapping Debt (a)			$ 26,578,938

(a) Includes the Bonds.

Debt Ratios

Ratio of Direct Debt (a):	
As a Percentage of the 2019 Taxable Assessed Valuation	19.36 %
As a Percentage of the Estimated Valuation as of February 1, 2020	10.37 %
Ratio of Direct and Estimated Overlapping Debt (a):	
As a Percentage of the 2019 Taxable Assessed Valuation	29.70 %
As a Percentage of the Estimated Valuation as of February 1, 2020	15.91 %

(a) Includes the Bonds.

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in sufficient amount to pay the principal of and interest on the Bonds and any additional bonds payable from taxes that the District may hereafter issue for the Utility System (and to pay the expenses of assessing and collecting such taxes). See "INVESTMENT CONSIDERATIONS – Future Debt." The Board is also authorized to levy an annual ad valorem tax rate, without legal limit as to rate or amount, on all taxable property in the District in sufficient amount to pay the principal of and interest on any bonds payable from taxes that the District may hereafter issue for the Road System (and to pay the expenses of assessing and collecting such taxes). The District agrees in the Bond Order to levy such a tax from year to year as described more fully above under "THE BONDS – Source of Payment." Under Texas law, the Board may also levy and collect annual ad valorem taxes for the operation and maintenance of the District. See "TAX DATA – Maintenance and Operation Taxes."

Property Tax Code and County-Wide Appraisal District

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

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

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 Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually-owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons, to the extent deemed advisable by the Board of the District. The District may be required to offer such exemptions if a majority of voters approve same at an election, which the District would be required to call upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces, if requested, but only to the maximum extent of between $5,000 and $12,000 depending upon the disability rating of the veteran claiming the exemption. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran's residence homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse. 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 at no cost to the veteran. This exemption also applies to a residence homestead that was donated by a charitable organization at some cost to such veterans. 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 is killed or fatally injured in the line of duty is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the first responder's death, and said property was the first responder's residence homestead at the time of death. Such exemption is transferrable to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

Residential Homestead Exemptions*:* The Property Tax Code authorizes the governing body of each political subdivision in Texas to exempt up to twenty (20%) percent 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 District has never adopted a general homestead exemption.

Freeport Goods and Goods-in-Transit Exemption: Freeport goods are goods, wares, merchandise, other tangible personal property and ores, other than oil, natural gas and other petroleum products, which have been acquired or brought into the state for assembling, storing, manufacturing, repair, maintenance, processing or fabricating purposes, or used to repair or maintain aircraft of a certified air carrier, and shipped out of the state within one hundred seventy-five (175) days. Freeport goods are exempt from taxation by the District. Article VIII, Section 1-n of the Texas Constitution provides for the exemption from taxation of "goods-in-transit." "Goods-in-transit" is defined by a provision of the Tax Code, which is effective for tax year 2011 and prior applicable years, as personal property acquired or imported into Texas and transported to another location in the State or outside the State within 175 days of the date the property was acquired or imported into Texas. The exemption excludes oil, natural gas, petroleum products, aircraft and special inventory. 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 and which is stored under a contract of bailment by a public warehouse operator at one or more 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 Tax Code provision permits local governmental entities, on a local option basis, to take official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax goods-in-transit during the following tax year. The District has not taken action to tax Goods-in-Transit. A taxpayer may receive only one of the Freeport exemptions or the goods-in-transit exemptions for items of personal property.

Tax Abatement

The County may designate all or part of the area within the District as a reinvestment zone. Thereafter, the County and the District, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions. At this time, the County has not designated any of the area within the District as a reinvestment zone.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code. Nevertheless, certain land may be appraised at less than market value, as such is defined in the Property Tax Code. The Texas Constitution limits increases in the appraised value of residence homesteads to 10 percent annually regardless of the market value of the property.

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

On November 5, 2019, a Texas Constitutional Amendment, effective January 1, 2020, was passed and individuals in a Governor of Texas (the "Governor") declared disaster area may apply for a temporary exemption for qualified property. See "INVESTMENT CONSIDERATIONS – Reappraisal of Property."

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the District, may appeal orders of the Appraisal Review Board by filing a timely petition for review in district court. In such event, the property value in question may be determined by the court, or by a jury, if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda that 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 that are higher than renditions and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance and operation purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional twenty percent (20%) penalty for collection costs. A delinquent tax on personal property incurs an additional twenty percent (20%) penalty, sixty (60) days after the date the taxes become delinquent (April 1). For those taxes billed at a later date and that become delinquent on or after June 1, they will also incur an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, may be rejected.

Property owners affected by a disaster may pay property taxes in four equal installments following the disaster. In addition, certain classes of disabled veterans may receive a deferral or abatement of delinquent taxes without penalty during the time they own or occupy the property as their residential homestead.

Rollback of Operation and Maintenance Tax Rate

Under current law, the qualified voters of the District have the right to petition for a rollback of the District's operation and maintenance tax rate only if the total tax bill on the average residence homestead increases by more than eight percent. If a rollback election is called and passes, the rollback tax rate is the current year's debt service and contract tax rates plus the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the District in the preceding tax year on a residence homestead appraised at the average appraised value of a resident homestead in the District in that year, subject to certain homestead exemptions. Thus, debt service and contract tax rates cannot be changed by a rollback election.

During the 86th Regular Legislative Session, Senate Bill 2 ("SB 2") was passed and signed by the Governor, with an effective date (as to those provisions discussed herein) of January 1, 2020, and the provisions described herein are effective beginning with the 2020 tax year. See "SELECTED FINANCIAL INFORMATION" for a description of the District's current total tax rate. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

SB 2 classifies municipal utility districts differently based on the current operation and maintenance tax rate or on the percentage of projected 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 herein as "Special Taxing Units." Districts that have financed, completed, and issued bonds to pay for all land, improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as "Developed Districts." Districts that do not meet either of the classifications previously discussed can be classified herein as "Developing Districts." The impact each classification has on the ability of a district to increase its maintenance and operations tax rate pursuant to SB 2 is described for each classification below.

Special Taxing Units

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

Developed Districts

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

Developing Districts

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

The District

A determination as to 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, beginning with the 2020 tax rate. 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.

Agricultural, Open Space, Timberland and Inventory Deferment

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

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year in which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property. The lien exists in favor of the State and each taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with the tax liens of other such taxing units. A tax lien on real property takes priority over the claims of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property within two years for residential and agricultural property and six months for commercial property and all other types of property after the purchaser's deed at the foreclosure sale is filed in the county records.

TAX DATA

General

All taxable property within the District is subject to the assessment, levy, and collection by the District of a continuing, direct annual ad valorem tax without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds. See "TAXING PROCEDURES." In the Bond Order, the Board covenants to assess and levy, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds. See "THE BONDS" and "INVESTMENT CONSIDERATIONS." For the 2019 tax year, the District levied a total tax of $0.95 per $100 of assessed valuation made up of the following: a tax in the amount of $0.63 per $100 of assessed valuation for payment of debt service and a tax in the amount of $0.32 per $100 of assessed valuation for maintenance and operation of District improvements.

Tax Rate Limitation

Debt Service	Unlimited (no legal limit as to rate or amount).
Maintenance and Operation General	$1.20 per $100 assessed taxable valuation.
Maintenance and Operation Recreation	$0.10 per $100 assessed taxable valuation.

Debt Service Taxes

The Board covenants in the Bond Order to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. For the 2019 tax year, the District levied a total tax of $0.63 per $100 of assessed valuation for payment of debt service.

Maintenance and Operation Taxes

The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance and operation of the District's improvements if such maintenance and operation tax is authorized by vote of the District's electors. The Board is authorized by the District's voters to levy such maintenance and operation tax in an amount not to exceed $1.20 per $100 of assessed valuation. Such tax, when levied, is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds, the Outstanding Bonds, and any parity bonds which may be issued in the future. For the 2019 tax year, the District levied a total tax of $0.32 per $100 of assessed valuation for maintenance and operation of District improvements. See "Tax Rate Distribution" below.

Tax Exemption

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

Additional Penalties

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

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Historical Tax Collections

The following table illustrates the collection history of the District for the 2015–2019 tax years:

Tax Year	Certified Taxable Value	Tax Rate	Adjusted Tax Levy	Collections Current Year (a)	Current Year Ending 09/30	Collections 02/28/20
2015	$ 1,980,244	$ 0.950	$ 18,812	100.00%	2016	100.00%
2016	2,031,607	0.950	19,300	100.00%	2017	100.00%
2017	22,196,603	0.950	210,868	100.00%	2018	100.00%
2018	53,892,476	0.950	511,979	99.45%	2019	100.00%
2019	89,478,644	0.950	850,047	98.04%	2020	98.36%

(a) Collections as of December 31 for the applicable year.

Tax Rate Distribution

The following table sets out the components of the District's tax levy for each of the 2015–2019 tax years.

	2019	2018	2017	2016	2015
Debt Service	$ 0.6300	$ 0.4300	$ 0.0000	$ 0.0000	$ 0.0000
Maintenance & Operation	0.3200	0.5200	0.9500	0.9500	0.9500
Total	$ 0.9500	$ 0.9500	$ 0.9500	$ 0.9500	$ 0.9500

Analysis of Tax Base

The following represents the types of property comprising the District's assessed taxable value for each of the 2015–2019 tax years.

Type of Property	2019 Assessed Valuation	2018 Assessed Valuation	2017 Assessed Valuation	2016 Assessed Valuation	2015 Assessed Valuation
Land	$ 45,439,190	$ 32,891,999	$ 16,490,148	$ 2,031,607	$ 1,980,244
Improvements	53,617,313	25,158,041	5,738,373	–	–
Personal Property	484,574	378,867	117,987	–	–
Exemptions	(10,062,433)	(4,536,431)	(149,905)	–	–
Total	$ 89,478,644	$ 53,892,476	$ 22,196,603	$ 2,031,607	$ 1,980,244

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Principal Taxpayers

The following represents the principal taxpayers, type of property, and their assessed values as of January 1, 2019:

Taxpayer	Type of Property	Assessed Valuation 2019 Tax Roll	Percent of District's 2019 Assessed Valuation
Meritage Homes of Texas LLC	Land & Improvements	$ 13,048,582	14.583%
MREC MAG Morningstar LLC (a)	Land & Improvements	10,739,820	12.003%
KB Home Lone Star Inc.	Land & Improvements	2,792,241	3.121%
Westin Homes & Properties LP	Land & Improvements	2,106,805	2.355%
Pixel Management LLC	Land & Improvements	1,564,997	1.749%
Carothers Executive Homes LTD	Land & Improvements	1,269,450	1.419%
Saratoga Homes of Texas LLC	Land & Improvements	964,078	1.077%
JNC Development Inc.	Land & Improvements	922,556	1.031%
KB Home Lone Star Inc.	Land & Improvements	815,776	0.912%
Landmark Residential Construction Central Texas LTD	Land & Improvements	786,520	0.879%
		$ 35,010,825	39.128%

(a) See "THE DEVELOPER."

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of assessed taxable valuation that would be required to meet certain debt service requirements on the Outstanding Bonds and the Bonds if no growth in the District's tax base occurs beyond the District's assessed taxable valuation as of January 1, 2019 ($89,478,644) or the estimated valuation as of February 1, 2020 ($167,100,000). The calculations assume collection of 95% of taxes levied and the sale of the Bonds but not the sale of any additional bonds by the District.

Average Annual Debt Service Requirement (2020–2045)	$ 981,028
Debt Service Tax Rate of $1.16 on the 2019 Taxable Assessed Valuation produces	$ 986,055
Debt Service Tax Rate of $0.62 on the Estimate of Value as of February 1, 2020, produces	$ 984,219
Maximum Annual Debt Service Requirement (2042)	$ 1,098,691
Debt Service Tax Rate of $1.30 on the 2019 Taxable Assessed Valuation produces	$ 1,105,061
Debt Service Tax Rate of $0.70 on the Estimate of Value as of February 1, 2020, produces	$ 1,111,215

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Estimated Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the District. Under Texas law, if ad valorem taxes levied by a taxing authority become delinquent, a lien is created upon the property which has been taxed. A tax lien on property in favor of the District is on a parity with tax liens of other taxing jurisdictions. In addition to ad valorem taxes required to make debt service payments on bonded debt of the District and of such other jurisdictions (see "DISTRICT DEBT –Direct and Estimated Overlapping Debt Statement"), certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Set forth below is an estimation of all 2019 taxes per $100 of assessed valuation levied by such jurisdictions. No recognition is given to local assessments for civic association dues, emergency medical service contributions, fire department contributions or any other charges made by entities other than political subdivisions. No prediction can be made of the tax rates that will be levied in future years by the respective taxing jurisdictions.

Taxing Jurisdiction	2019 Tax Rate
Williamson County	$ 0.418719
Williamson County Emergency Services District No. 4	0.098250
Williamson County FM Road District	0.040000
Liberty Hill Independent School District	1.470000
The District	0.950000
Total	$ 2.976969

INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations of the District and not of Texas; the County; the City; or any political subdivision or 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 against all taxable property located within the District. Therefore, the ultimate security for payment of the principal of and interest on the Bonds depends upon the ability of the District to collect from the property owners within the District taxes levied against all taxable property located within the District, or, in the event taxes are not collected and foreclosure proceedings are instituted by the District, upon the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The District makes no representations that over the life of the Bonds the property within the District will maintain a value sufficient to justify continued payment of taxes by the property owners. The potential increase in taxable valuation of District property is directly related to the economics of the residential housing industry, not only due to general economic conditions, but also due to the particular factors discussed below. See "DEVELOPMENT OF THE DISTRICT," "TAX DATA" and "TAXING PROCEDURES."

Factors Affecting Taxable Values and Tax Payments

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

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

Dependence on Principal Taxpayers: The ability of any principal landowner to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District's ability to meet its debt-service obligations. As illustrated in this Official Statement under the caption "TAX DATA – Principal Taxpayers," as of January 1, 2019, the District's principal taxpayers owned property located within the District the aggregate assessed taxable valuation of which comprised approximately 39.13% of the District's total assessed taxable valuation. Meritage Homes of Texas LLC, the District's largest taxpayer, owns approximately 14.58% of the District's assessed taxable valuation as of January 1, 2019. MREC MAG Morningstar LLC (the "Developer"), the District's second largest taxpayer, owns approximately 12.00% of the District's assessed taxable valuation as of January 1, 2019. See "THE DEVELOPER" and "TAX DATA – Principal Taxpayers."

In the event that the Developer, any other taxpayer, or any combination of taxpayers, should default in the payment of taxes in an amount which exceeds the District's debt service fund surplus, the ability of the District to make timely payment of debt service on the Bonds will be dependent on its ability to enforce and liquidate its tax liens, which is a time-consuming process. Failure to recover or borrow funds in a timely fashion could result in an excessive District tax rate. The District is not required by law or the Bond Order to maintain any specified amount of surplus in its interest and sinking fund. See "TAX DATA – Principal Taxpayers" and "TAXING PROCEDURES – Levy and Collection of Taxes."

Maximum Impact on District Tax Rates: Assuming no further development or home construction, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners to pay their taxes. The assessed taxable valuation as of January 1, 2019, of all property located within the District is $89,478,644 and the estimated valuation as of February 1, 2020, is $167,100,000. See "TAX DATA."

After issuance of the Bonds, the maximum annual debt service requirement on the Outstanding Bonds and the Bonds (2042) will be $1,098,691 and the average annual debt service requirement on the Outstanding Bonds and Bonds (2020–2045) will be $981,028. Assuming no decrease to the District's assessed taxable valuation as of January 1, 2019, tax rates of $1.30 and $1.16 per $100 of assessed taxable valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively. Assuming no decrease from the District's estimated valuation as of February 1, 2020, tax rates of $0.70 and $0.62 per $100 of assessed taxable valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively. The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the proposed District tax rate or to justify continued payment of taxes by property owners. In 2019, the District levied a total tax of $0.95 per $100 of assessed valuation made up of the following: a tax in the amount of $0.63 per $100 of assessed valuation for payment of debt service and a tax in the amount of $0.32 per $100 of assessed valuation for maintenance and operation of District improvements.

Competitive Nature of Residential Housing Market

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

Tax 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. See "TAXING PROCEDURES."

Limitation to Registered Owners' Remedies

In the event of default in the payment of principal of or interest on the Bonds, the registered owners of 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.

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of registered owners of the Bonds 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 Texas law discussed below, a political subdivision such as the District may voluntarily file a petition for relief from creditors under Chapter 9 of the U.S. 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 dismisses the petition, enters an order granting relief from the stay or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision, such as the District, may qualify as a debtor eligible to proceed in a Chapter 9 case only if it (1) is generally authorized to file for federal bankruptcy protection by applicable state law, (2) is insolvent or unable to meet its debts as they mature, (3) desires to effect a plan to adjust such debts, and (4) has either obtained the agreement of or has negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiations are impracticable. Under Texas law, a municipal utility district, such as the District, must obtain the approval of the TCEQ as a condition to seeking relief under the U.S. Bankruptcy Code. The TCEQ is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under federal bankruptcy law only if such district has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

Notwithstanding noncompliance by a district with Texas law requirements, a district could file a voluntary bankruptcy petition under Chapter 9, thereby invoking the protection of the automatic stay until the bankruptcy court, after a hearing, dismisses the petition. A federal bankruptcy court is a court of equity and federal bankruptcy judges have considerable discretion in the conduct of bankruptcy proceedings and in determining 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 owners' claims.

If a petitioning district were allowed to proceed voluntarily under Chapter 9 of the U.S. 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 municipal utility district cannot be placed into bankruptcy involuntarily.

Changes in Tax Legislation

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

The 2019 Legislative Session

The 86th Texas Legislature convened on January 8, 2019 and adjourned on May 27, 2019.

During the 86th Regular Legislative Session, the Texas Legislature passed SB 2, a law that materially changes ad valorem tax matters, including rollback elections for maintenance and operation tax increases, and other matters which may have an adverse impact on the District's operations and financial condition. SB 2 was signed into law by the Governor on June 12, 2019. See "TAXING PROCEDURES – Rollback of Operation and Maintenance Tax Rate."

Marketability

The District has no understanding with the initial purchaser of the Bonds (the "Initial Purchaser") regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked price for the Bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional issuers as such bonds are more generally bought, sold or traded in the secondary market. See "SALE AND DISTRIBUTION OF THE BONDS."

Future Debt

At an election held within the District on November 4, 2014, voters of the District authorized the District's issuance of $92,960,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System and $139,440,000 principal amount of unlimited tax bonds for the purpose of refunding such bonds, and $6,950,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing park and recreational facilities serving the District and $10,425,000 000 principal amount of unlimited tax bonds for the purpose of refunding such bonds. At an election held within the District on May 7, 2016, voters of the District authorized the District's issuance of $80,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System and $120,000,000 principal amount of unlimited tax bonds for the purpose of refunding such bonds.

The Bonds represent the third series of bonds issued by the District, and the third series of bonds issued by the District for the purpose of acquiring or constructing the Utility System. After issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: $75,550,000 for the purpose of acquiring or constructing Utility System and $139,440,000 for the purpose of refunding such bonds; $6,950,000 for the purpose of acquiring or constructing park and recreational facilities and $10,425,000 for the purpose of refunding such bonds; and $80,000,000 for the purpose of acquiring or constructing the Road System and $120,000,000 for the purpose of refunding such bonds. The District may also issue any additional bonds as may hereafter be approved by both the Board and voters of the District as well as certain additional bonds, revenue bonds, special project bonds, and other obligations as described in the Bond Order. See "THE BONDS – Issuance of Additional Debt."

The District's issuance of the remaining $75,550,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System and the $6,950,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing park and recreational improvements shall be subject to approval by the TCEQ.

Following the issuance of the Bonds, the District will owe the Developer approximately $13,781,201 for its expenditures to acquire or construct the Utility System, approximately $89,575 for expenditures to acquire or construct park and recreational facilities in the District, and approximately $13,323,201 for expenditures to acquire or construct the Road System.

If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt-to-property-valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

Approval of the Bonds

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. In addition, the Attorney General of Texas must approve the legality of the Bonds prior to their delivery.

Neither the TCEQ nor the Attorney General of Texas passes upon or guarantees the safety of the Bonds as an investment, nor have such authorities passed upon the adequacy or accuracy of the information contained in this Official Statement.

Consolidation

Under Texas law, the District may be consolidated with other municipal utility districts, with the assets and liabilities of the consolidated districts belonging to the consolidated district. No representation is made that the District will ever consolidate with one or more other districts, although no consolidation is presently contemplated by the District.

Tax Collection Limitations

The District's ability to make debt service payments may be adversely affected by difficulties in collecting ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by judicial foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time consuming and expensive collection procedures; (b) a bankruptcy court's stay of tax collection proceedings against a taxpayer; (c) market conditions affecting the marketability of taxable property within the District and limiting the proceeds from a foreclosure sale of such property; or (d) the taxpayer's right to redeem the property. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. See "TAXING PROCEDURES."

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."

Environmental Regulations

Air Quality Issues. Air quality control measures required by the United States Environmental Protection Agency (the "EPA") and the TCEQ may impact new industrial, commercial and residential development in the Austin area. Under the Clean Air Act ("CAA") Amendments of 1990, the five-county "Austin Area"—Travis, Hays, Williamson, Bastrop, and Caldwell counties—is currently designated as an "attainment/unclassifiable area" for all National Ambient Air Quality Standards.

Although the Austin Area is currently in attainment, the Austin Area has been and continues to be near the non-attainment threshold for ozone. In the past, the Austin Area has entered into agreements with the TCEQ to undertake voluntary actions to help avoid a non-attainment designation. Since 2004, the Austin Area has been under a curtailment agreement with the TCEQ. On January 1, 2014, the Austin Area entered into an Ozone Advance Program (OAP) with the TCEQ, which currently remains in effect.

In 2008, the EPA lowered the ozone standard from 80 ppb ("ppb") to 75 ppb ("the 2008 Ozone Standard"). On May 21, 2012, the EPA published final designations for the 2008 Ozone Standard and designated the Austin Area as "attainment/unclassifiable" effective July 20, 2012. It is possible that the Austin Area could be re-classified as nonattainment should ozone levels increase.

On October 1, 2015, the EPA lowered the ozone standard from 75 ppb to 70 ppb. This could make it more difficult for the Austin Area to demonstrate progress in reducing ozone concentration. A designation of nonattainment for ozone or any pollutant could negatively impact business due to the additional permitting/regulatory constraints that accompany this designation and because of the community stigma associated with a nonattainment designation.

Dependence on the Oil and Gas Industry

Recently, unprecedented volatility in the oil and gas industry due to the unused supply of oil as a result of COVID-19 stay-at-home orders and other mitigation efforts resulted in historic low prices in a key segment of the nation's oil trading. Adverse developments in economic conditions, particularly in the oil and gas industry, could adversely impact the businesses of taxpayers and the property values in the District, resulting in less local tax revenue. See "INVESTMENT CONSIDERATIONS – Infectious Disease Outbreak – COVID-19." Texas may be particularly at risk from any global slowdown in the oil and gas industry, given the prevalence of international trade in Texas and the risk of contraction in the oil and gas industry and spillover effects into other industries. Should oil prices remain depressed over a long period of time or other adverse developments in economic conditions were to occur, particularly in the oil and gas industry, these businesses could be adversely impacted.

Infectious Disease Outbreak – COVID-19

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the "Pandemic") by the World Health Organization and is currently affecting many parts of the world, including the United States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

On March 13, 2020, the Governor declared a state of disaster for all counties in Texas in response to the Pandemic, and such declaration was renewed on April 12, 2020. Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has since issued a number of executive orders relating to COVID-19 preparedness and mitigation. These include, for example, the issuance on March 19, 2020 of Executive Order GA-08 which, among other things, imposed limitations on social gatherings of more than 10 people and temporarily closed school districts throughout the state through April 3, 2020, unless otherwise extended, modified, rescinded, or superseded by the Governor. In addition to the actions by state and federal officials, certain local officials have declared a local state of disaster and have issued "shelter-in-place" orders. Many of the federal, state and local actions and policies under the aforementioned disaster declarations and shelter-in-place orders are focused on limiting instances where the public can congregate or interact with each other, which affects the operation of businesses and directly impacts the economy.

The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. These negative impacts may reduce or negatively affect property values and ad valorem tax revenues within the District. See "TAXING PROCEDURES." The Bonds are secured by an ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the District's operations and maintenance expenses.

While the potential impact of the Pandemic on the District cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the District's operations and financial condition.

Potential Impact of Natural Disaster

The District could be impacted by a natural disaster such as wide-spread fires, earthquakes, or weather events such as hurricanes, tornados, tropical storms, or other severe weather events that could produce high winds, heavy rains, hail, and flooding. In the event that a natural disaster should damage or destroy improvements and personal property in the District, the assessed value of such taxable properties could be substantially reduced, resulting in a decrease in the taxable assessed value of the District or an increase in the District's tax rates. See "TAXING PROCEDURES – Valuation of Property for Taxation."

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

Specific Flood Type Risks

The District may be subject to the following risks:

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

Riverine (or Fluvial) Flood: Riverine, or fluvial, flooding occurs when water levels rise over the top of river, bayou or channel banks due to excessive rain from tropical systems making landfall and/or persistent thunderstorms over the same area for extended periods of time. The damage from a riverine flood can be widespread. The overflow can affect smaller rivers and streams downstream, or may sheet-flow over land. Flash flooding is a type of riverine flood that is characterized by an intense, high velocity torrent of water that occurs in an existing river channel with little to no notice. Flash flooding can also occur even if no rain has fallen, for instance, after a levee, dam or reservoir has failed or experienced an uncontrolled release, or after a sudden release of water by a debris or ice jam. In addition, planned or unplanned controlled releases from a dam, levee or reservoir also may result in flooding in areas adjacent to rivers, bayous or drainage systems downstream.

Reappraisal of Property

On November 5, 2019, a Texas Constitutional amendment, effective January 1, 2020, passed and the prior process that gave local taxing jurisdictions the option to request a reappraisal following a disaster was repealed and replaced with an exemption for qualified property that is in a Governor declared disaster area and at least 15% damaged. Qualified property includes tangible personal property, improvements to real property, and manufactured homes. Eligible individuals must apply within a specified time frame and, if the disaster occurs after taxes are levied, the taxing unit must take action to authorize the exemption. The amount of the exemption is determined by the percentage level of damage and is prorated based on the date of the disaster. The applicable appraisal district must perform a damage assessment and assign a percentage rating to determine the amount of the exemption. Any exemption granted under the new provisions expires the first year the property is reappraised.

Bond Insurance Risk Factors

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the applicable 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 District which is recovered by the District 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 of the Policy (the "Insurer") at such time and in such amounts as would have been due absence such prepayment by the District unless the 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 Insurer without appropriate consent. The Insurer may direct and must consent to any remedies and the Insurer's consent may be required in connection with amendments to any applicable bond documents.

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

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

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

Neither the District or the Initial Purchaser has made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal of and interest on the Bonds and the claims paying ability of the Insurer, particularly over the life of the investment. See "MUNICIPAL BOND INSURANCE" for further information provided by the Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Insurer.

LEGAL MATTERS

Legal Proceedings

Delivery of the Bonds will be accompanied by the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of Texas payable from the proceeds of an annual ad valorem property tax levied, without legal limit as to rate or amount, upon all taxable property within the District and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the approving legal opinion of Bond Counsel, to a like effect, and to the effect that interest on the Bonds is excludable from gross income, as defined in Section 61 of the Code of the holders for federal income tax purposes under existing law, statutes, regulations, published rulings, and court decisions and interest on the Bonds is not subject to the alternative minimum tax.

Except as noted below, Bond Counsel did not take part in the preparation of this Official Statement. Bond Counsel has reviewed the information appearing in this Official Statement under the captions "THE DISTRICT – General," "THE BONDS (except under the subheading "Registered Owners' Remedies)," "TAXING PROCEDURES," "LEGAL MATTERS – Legal Proceedings," "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION," solely to determine whether such information fairly summarizes matters of law and the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the District or the Developer for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

The legal fees paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the bonds actually issued, sold and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds.

No-Litigation Certificate

The District will furnish to the Initial Purchaser a certificate, dated as of the date of delivery of the Bonds, executed by both the President or Vice President and Secretary or any Assistant Secretary of the Board, to the effect that no litigation of any nature has been filed or is to their actual knowledge then pending or threatened, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the issuance, execution or delivery of the Bonds; affecting the provisions made for the payment of 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 subsequent to the date of sale from that set forth or contemplated in the Preliminary Official Statement, as it may have been supplemented or amended through the date of sale.

TAX MATTERS

The delivery of the Bonds is subject to an opinion of Bond Counsel, to the effect that, assuming continuing compliance by the District with the provisions of the Bond Order subsequent to the issuance of the Bonds, pursuant to Section 103 of the Code, and existing regulations, published rulings and court decision procedures, interest on the bonds (i) is excludable from the income, as defined in Section 61 of the Code, of the owners thereof for federal income tax purposes and (ii) is not a specific preference item for purposes of the federal alternative minimum tax. The statutes, regulations, published rulings, and court decisions on which such opinion is based are subject to change.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law; clarification of the Code; or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislature proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the District and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

Possible Tax Legislation

If enacted, potential tax legislation, administrative actions taken by tax authorities, and court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or state income taxation, or otherwise prevent the Beneficial Owners of the Bonds from realizing the full current benefit of the tax status of such interest. For example, future legislation to resolve certain federal budgetary issues may significantly reduce the benefit of, or otherwise affect, the exclusion from gross income for federal income tax purposes of interest on all state and local obligations, including the Bonds. In addition, such legislation or actions (whether currently proposed, proposed in the future or enacted) could affect the market price or marketability of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and its impact on their individual situations, as to which Bond Counsel expresses no opinion.

Tax Accounting Treatment of Original Issue Discount Bonds

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Bonds which is entitled to be excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Qualified Tax-Exempt Obligations

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

The District has designated the Bonds "qualified tax-exempt obligations" and will represent that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the District and entities subordinate to the District during calendar year 2020 is not expected to exceed $10,000,000 and that the District and entities subordinate to the District have not designated more than $10,000,000 in “qualified tax-exempt obligations” (including the Bonds) during calendar year 2020.

Notwithstanding this exception, financial institutions acquiring the bonds will be subject to a 20% disallowance of allocable interest expense.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has made the following covenants for the benefit of the holders of the Bonds. The District is required to observe these covenants for so long as it remains obligated to pay the Bonds. Pursuant to these covenants, the District will be obligated to provide certain updated financial information and operating data annually, as well as timely notice of specified material events, to the Municipal Securities Rulemaking Board (the “MSRB”) or any successor to its function as a repository, through its Electronic Municipal Market Access (“EMMA”) system, available at www.emma.msrb.org.

Annual Reports

The District will provide certain updated financial information and operating data to the EMMA 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 the headings “DISTRICT DEBT,” “TAX DATA” and “APPENDIX A.” The District will update and provide this information within six months after the end of each of its fiscal years.

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 of the Securities Exchange Act (the “Rule”). The updated information will include audited financial statements, if the District commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the District will provide audited financial statements when and if the audit report becomes 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 fiscal year end is currently August 31. Accordingly, it must provide updated information by February 28 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify EMMA of the change.

Event Notices

The District will provide timely notices of certain specified 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 the Rule; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule, 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, or the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a debt obligation or derivative instrument entered into in connection with, or pledged as security or source of payment for, an existing or planned debt obligation of the District, or a guarantee of any such debt obligation or derivative instrument, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such financial obligation of the District, 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 any such financial obligation of the District, any of which reflect financial difficulties. The term "financial obligation" when used in this paragraph shall have the meaning ascribed to it under federal securities laws including meaning a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term "financial obligation" does not include municipal securities for which a final official statement has been provided to the MSRB consistent with the Rule. The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Order makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from EMMA

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

Limitations and Amendments

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

The Developer has agreed to provide to the District the information that the District has agreed to provide with respect to the Developer. The Developer has also agreed with the District that it will not assign any of its rights to receive payment from the District out of proceeds of the Bonds (except as collateral), unless the assignee assumes the Developer's agreement to provide such information, but the Developer may sell its property within the District without any such assumption. The District's ability to provide information about the Developer or others, as well as the accuracy and completeness of such information, is completely dependent on such persons' compliance with their contractual agreements with the District.

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

Compliance with Prior Undertaking

During the last five years, the District has complied in all material respects with all continuing disclosure covenants made by it in accordance with the Rule.

OFFICIAL STATEMENT

General

The information contained in this Official Statement has been obtained primarily from the Developer, the District's records, the Engineer, the Tax Assessor/Collector, the Appraisal District, and other sources believed to be reliable; however, no representation is made as to the accuracy or completeness of the information contained herein, except as described below. The summaries of the statutes, resolutions and engineering and other related reports set forth herein are included subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

Experts

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

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

Certification as to Official Statement

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

Updating of Official Statement

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

CONCLUDING STATEMENT

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

This Official Statement was approved by the Board of Directors of Williamson County Municipal Utility District No. 23 as of the date shown on the cover of this Official Statement.

/s/ Kris Ehlert
President, Board of Directors
Williamson County Municipal Utility District No. 23

ATTEST:

/s/ Todd Kolkhorst
Secretary, Board of Directors
Williamson County Municipal Utility District No. 23

APPENDIX A

Financial Statements of the District

WILLIAMSON COUNTY
MUNICIPAL UTILITY DISTRICT NO. 23

WILLIAMSON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

AUGUST 31, 2019

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Williamson County Municipal
Utility District No. 23
Williamson County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Williamson County Municipal Utility District No. 23 (the "District"), as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Board of Directors
Williamson County Municipal
Utility District No. 23

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of August 31, 2019, 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.

Other Matters

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, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide any assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Austin, Texas

November 21, 2019

WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2019

Management's discussion and analysis of Williamson County Municipal Utility District No. 23's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended August 31, 2019. 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 basic financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, operating 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 taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

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 the Fund Balances to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets by $2,197,273 as of August 31, 2019.

A portion of the District's net position reflects its net investment in capital assets (e.g. drainage facilities, roads, parks and recreational facilities, and land and land improvements, as well as the intangible rights to receive water and wastewater services, less any debt used to acquire those assets that is still outstanding). The District uses these assets to provide services to residents of the District.

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

	Summary of Changes in the Statement of Net Position		
	2019	2018	Change Positive (Negative)
Current and Other Assets	$ 1,308,109	$ 856,375	$ 451,734
Intangible Assets (Net of Accumulated Amortization)	12,947,068	9,620,275	3,326,793
Capital Assets (Net of Accumulated Depreciation)	18,681,457	14,540,756	4,140,701
Total Assets	$ 32,936,634	$ 25,017,406	$ 7,919,228
Due to Developer	$ 21,047,546	$ 19,450,243	$ (1,597,303)
Long-Term Liabilities	8,924,931	3,875,386	(5,049,545)
Other Liabilities	5,161,430	2,902,071	(2,259,359)
Total Liabilities	$ 35,133,907	$ 26,227,700	$ (8,906,207)
Net Position:			
Net Investment in Capital Assets	$ (2,710,054)	$ (1,364,418)	$ (1,345,636)
Restricted for Debt Service	395,084	180,253	214,831
Unrestricted	117,697	(26,129)	143,826
Total Net Position	$ (2,197,273)	$ (1,210,294)	$ (986,979)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following table provides a summary of the District's operations for the years ended August 31, 2019, and August 31, 2018. The District's net position decreased by $986,979.

	Summary of Changes in the Statement of Activities		
	2019	2018	Change Positive (Negative)
Revenues:			
Property Taxes	$ 573,555	$ 228,460	$ 345,095
Other Revenues	11,567	5,504	6,063
Total Revenues	$ 585,122	$ 233,964	$ 351,158
Expenses for Services	1,572,101	1,091,040	(481,061)
Change in Net Position	$ (986,979)	$ (857,076)	$ (129,903)
Net Position, Beginning of Year	(1,210,294)	(353,218)	(857,076)
Net Position, End of Year	$ (2,197,273)	$ (1,210,294)	$ (986,979)

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balance deficit as of August 31, 2019, was $3,652,002, a decrease of $1,696,013 from the prior year.

The General Fund fund balance increased by $93,610, primarily due to tax revenues exceeding operating expenditures.

The Debt Service Fund fund balance increased by $265,790, primarily due to the structure of the District's debt service requirements as well as the issuance of the Series 2019 Unlimited Tax Bonds.

The Capital Projects Fund fund balance decreased by $2,055,413, primarily due to the issuance of the Series 2019 Bond Anticipation Note offset by the issuance of the Series 2019 Unlimited Tax Bonds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors annually adopts an unappropriated budget for the General Fund and did not amend the budget during the current fiscal. Actual revenues were $52,132 more than budgeted revenues, primarily due to greater than expected tax revenues. Actual expenditures were $25,299 more than budgeted expenditures, primarily due to more than expected repairs and maintenance costs and professional fees.

INTANGIBLE ASSETS

Intangible assets as of August 31, 2019, totaled $12,947,068 and included the right to receive water and wastewater service from Chisholm Trail Special Utility District ("CTSUD") and the City of Liberty Hill (the "City"), respectively, in exchange for water and wastewater facilities that have been conveyed to CTSUD and the City. See also Note 8.

CAPITAL ASSETS

The District's capital assets as of August 31, 2019, amounted to $18,681,457 (net of accumulated depreciation). These capital assets included land and land improvements, the drainage system, roads and park and recreational facilities. See also Note 8.

Capital Assets At Year-End, Net of Accumulated Depreciation

	2019	2018	Change Positive (Negative)
Land and Land Improvements	$ 1,511,642	$ 661,337	$ 850,305
Drainage System	8,185,395	6,172,047	2,013,348
Roads	8,807,429	7,518,586	1,288,843
Park & Recreational Facilities	176,991	188,786	(11,795)
Total Net Capital Assets	$ 18,681,457	$ 14,540,756	$ 4,140,701

LONG-TERM DEBT ACTIVITY

At year-end, the District had total bond debt payable of $9,060,000. In addition, during the year ended August 31, 2019, the District issued a $4,860,000 Bond Anticipation Note which will be retired using future bond proceeds. The changes in the bond debt payable during the fiscal year ended August 31, 2019, are summarized as follows:

Bond Debt Payable, September 1, 2018	$ 3,915,000
Add: Bond Sale	5,145,000
Less: Bond Principal Paid	
Bond Debt Payable, August 31, 2019	$ 9,060,000

The Series 2019 Bonds carry an insured rating of "AA" from Standard & Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company. The Series 2018 Bonds are unrated. The above ratings are as of year-end and reflect all changes during the current fiscal year.

CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

The adopted budget for fiscal year 2020 projects an increase in General Fund fund balance of $77,646. Revenues are expected to be $280,415 while expenditures are expected to be $202,769. The fiscal year 2020 tax rate has been established at $0.95 on each $100 of taxable value, of which 34% will be allocated to fund general operations and the remaining 66% will be used to fund debt service obligations.

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 Williamson County Municipal Utility District No. 23 c/o Sanford Kuhl Hagan Kugle Parker Kahn LLP, 1980 Post Oak Boulevard, Suite 1380, Houston, Texas 77056.

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WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
AUGUST 31, 2019

	General Fund	Debt Service Fund
ASSETS		
Cash	$ 265,598	$ 47,763
Investments		259,000
Cash with Paying Agent		231,218
Receivables:		
Property Taxes	29,347	552
Accrued Interest		74
Due from Other Funds	271	2,895
Intangible Assets (Net of Accumulated Amortization):		
Right to Receive Water Service		
Right to Receive Wastewater Service		
Capital Assets (Net of Accumulated Depreciation):		
Land and Land Improvements		
Drainage System		
Roads		
Park & Recreational Facilities		
TOTAL ASSETS	$ 295,216	$ 541,502

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 474,557	$ 787,918	$	$ 787,918
	259,000		259,000
	231,218		231,218
	29,899		29,899
	74		74
	3,166	(3,166)	
		5,152,594	5,152,594
		7,794,474	7,794,474
		1,511,642	1,511,642
		8,185,395	8,185,395
		8,807,429	8,807,429
		176,991	176,991
$ 474,557	$ 1,311,275	$ 31,625,359	$ 32,936,634

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

WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
AUGUST 31, 2019

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	$ 47,033	$
Accrued Interest Payable		4,929
Due to Developers		
Due to Other Funds	2,895	271
Bond Anticipation Note Payable		
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	$ 49,928	$ 5,200
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$ 29,347	$ 552
FUND BALANCES		
Restricted for:		
Authorized Construction	$	$
Debt Service		535,750
Unassigned	215,941	
TOTAL FUND BALANCES	$ 215,941	$ 535,750
TOTAL LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES AND FUND BALANCES	$ 295,216	$ 541,502
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 18,250	$ 65,283	$	$ 65,283
	4,929	141,218	146,147
		21,047,546	21,047,546
	3,166	(3,166)	
4,860,000	4,860,000		4,860,000
		90,000	90,000
		8,924,931	8,924,931
$ 4,878,250	$ 4,933,378	$ 30,200,529	$ 35,133,907
$ -0-	$ 29,899	$ (29,899)	$ -0-
$ (4,403,693)	$ (4,403,693)	$ 4,403,693	$
	535,750	(535,750)	
	215,941	(215,941)	
$ (4,403,693)	$ (3,652,002)	$ 3,652,002	$ - 0 -
$ 474,557	$ 1,311,275		
		$ (2,710,054)	$ (2,710,054)
		395,084	395,084
		117,697	117,697
		$ (2,197,273)	$ (2,197,273)

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

WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2019

Total Fund Balances - Governmental Funds		$ (3,652,002)
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital and intangible assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental		31,628,525
Deferred inflows of resources related to property tax revenues for the 2018 and prior tax levies became part of recognized revenue in the governmental activities of the District.		29,899
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:		
Due to Developers	(21,047,546)	
Accrued Interest Payable	(141,218)	
Bonds Payable Within One Year	(90,000)	
Bonds Payable After One Year	(8,924,931)	(30,203,695)
Total Net Position - Governmental Activities		$ (2,197,273)

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

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WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED AUGUST 31, 2019

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	$ 310,289	$ 233,367
Penalty and Interest		1,228
Investment Revenues	1,843	5,641
TOTAL REVENUES	$ 312,132	$ 240,236
EXPENDITURES/EXPENSES		
Operations:		
Professional Fees	$ 76,536	$
Contracted Services	6,479	3,221
Repairs and Maintenance	123,146	
Repayment of Developer Advances and Operating Costs		
Other	12,142	130
Capital Outlay		
Depreciation		
Debt Service:		
Bond Interest		148,764
Bond Issuance Costs		
Bond Anticipation Note Interest		
Bond Anticipation Note Issuance Costs		
TOTAL EXPENDITURES/EXPENSES	$ 218,303	$ 152,115
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES/EXPENSES	$ 93,829	$ 88,121
OTHER FINANCING SOURCES (USES)		
Transfers In (Out)	$ (219)	$ 219
Proceeds from Issuance of Long-Term Debt		177,450
Bond Discount		
TOTAL OTHER FINANCING SOURCES (USES)	$ (219)	$ 177,669
NET CHANGE IN FUND BALANCES	$ 93,610	$ 265,790
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - SEPTEMBER 1, 2018	122,331	269,960
FUND BALANCES/NET POSITION - AUGUST 31, 2019	$ 215,941	$ 535,750

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$ 543,656	$ 29,899	$ 573,555
	1,228		1,228
2,855	10,339		10,339
$ 2,855	$ 555,223	$ 29,899	$ 585,122
$	$ 76,536	$	$ 76,536
	9,700		9,700
	123,146		123,146
218,389	218,389	(137,394)	80,995
140	12,412		12,412
6,141,880	6,141,880	(6,141,880)	
		292,558	292,558
	148,764	53,247	202,011
449,932	449,932	116,525	566,457
58,447	58,447		58,447
149,839	149,839		149,839
$ 7,018,627	$ 7,389,045	$ (5,816,944)	$ 1,572,101
$ (7,015,772)	$ (6,833,822)	$ 5,846,843	$ (986,979)
$ -0-	$ -0-	$ -0-	$ -0-
4,967,550	5,145,000	(5,145,000)	
(7,191)	(7,191)	7,191	
$ 4,960,359	$ 5,137,809	$ (5,137,809)	$ -0-
$ (2,055,413)	$ (1,696,013)	$ 1,696,013	$
		(986,979)	(986,979)
(2,348,280)	(1,955,989)	745,695	(1,210,294)
$ (4,403,693)	$ (3,652,002)	$ 1,454,729	$ (2,197,273)

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

WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2019

Net Change in Fund Balances - Governmental Funds	$ (1,696,013)
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.	29,899
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.	(292,558)
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.	6,141,880
Governmental funds report bond discounts and bond premiums as other financing sources/uses in the year paid. However, in the Statement of Net Position, bond discounts and bond premiums are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.	5,455
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.	(51,511)
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.	(5,145,000)
Governmental funds report developer advances as other financing sources. However, in the Statement of Net Position, developer advances, net any amount paid to the developer, are recorded as a liability.	20,869
Change in Net Position - Governmental Activities	$ (986,979)

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

NOTE 1. CREATION OF DISTRICT

Williamson County Municipal Utility District No. 23 (the "District"), was created by an Order of the Texas Commission on Environmental Quality (the "Commission") effective January 25, 2008, in accordance with the Constitution of the State of Texas and Chapter 54 of the Texas Water Code. The District's Board of Directors held its first meeting on November 11, 2013. The District sold its first bonds on January 23, 2019.

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 a five-member elected Board of Directors. 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 statements as component units.

Financial Statement Presentation

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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 funds 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 to obtain net total revenues and expenses in the government-wide Statement of Activities.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

Governmental Funds

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

General Fund – To account for resources not required to be accounted for in another fund, operating costs 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 taxes.

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

Basis of Accounting

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

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible Assets

Intangible assets, consisting of rights to receive water and wastewater service, are reported in the government-wide Statement of Net Position. Intangible assets are valued at the cost of water and wastewater facilities conveyed to the Chisholm Trail Special Utility District ("CTSUD") and the City of Liberty Hill, Texas (the "City"), respectively. Based on the term of the applicable contracts, neither are amortized as of August 31, 2019.

Capital Assets

Capital assets, which include land and land improvements, the drainage system, roads and parks and recreational facilities, 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 estimated acquisition value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Interest costs, including developer interest, 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 of $5,000 or more and a useful life of at least two years. Depreciation is calculated on each class of depreciable property using no salvage value and the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Drainage System	10-45
Roads	45
Parks and Recreational Facilities	10-45

Budgeting

In compliance with governmental accounting principles, the Board of Directors annually adopts an unappropriated budget for the General Fund. The budget was not amended during the current fiscal year.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus

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

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

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District had no such amounts.

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 had no such amounts.

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances. The District had no such amounts.

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.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions

The District has no employees. The Internal Revenue Service has determined that the District's directors are considered to be "employees" for federal payroll tax purposes only. A separate pension plan has not been established for the directors.

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

The following is a summary of transactions regarding bonds payable for the year ended August 31, 2019:

	September 1, 2018	Additions	Retirements	August 31, 2019
Bonds Payable	$ 3,915,000	$ 5,145,000	$ -0-	$ 9,060,000
Unamortized Discounts	(39,614)	(7,191)	(1,736)	(45,069)
Bonds Payable, Net	$ 3,875,386	$ 5,137,809	$ (1,736)	$ 9,014,931

Amount Due Within One Year	$ 90,000
Amount Due After One Year	8,924,931
Bonds Payable, Net	$ 9,014,931

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2018	Series 2019
Amount Outstanding – August 31, 2019	$3,915,000	$5,145,000
Interest Rates	2.60% - 3.80%	3.00% - 5.00%
Maturity Date	September 1, 2019/2042	September 1, 2020/2044
Interest Payment Dates	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2023 *	September 1, 2024 *

* Or on any date thereafter, at a price of par plus accrued interest to the date of redemption. The Series 2018 term bonds maturing on September 1, 2042, are subject to mandatory redemption beginning September 1, 2039. The Series 2019 term bonds maturing on September 1, 2031, are subject to mandatory redemption beginning September 1, 2030.

On April 11, 2019, the District issued $5,145,000 of Unlimited Tax Bonds, Series 2019, with interest rates ranging from 3.00% to 5.00%. The net proceeds of $4,718,152 (after payment of $431,777 in original issue discount, underwriter fees and other bond related costs) were deposited with the District's investment accounts to: a) repay principal of $2,785,000 and interest of $58,447 on the District's previously issued Series 2018 Bond Anticipation Note; b) reimburse the developer for construction costs and operating advances; and c) pay for accrued bond interest and subsequent bond issue costs.

As of August 31, 2019, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2020	$ 90,000	$ 295,872	$ 385,872
2021	215,000	304,885	519,885
2022	220,000	296,223	516,223
2023	230,000	287,235	517,235
2024	240,000	277,535	517,535
2025-2029	1,400,000	1,261,014	2,661,014
2030-2034	1,745,000	1,019,769	2,764,769
2035-2039	2,165,000	696,879	2,861,879
2040-2044	2,435,000	268,801	2,703,801
2045	320,000	5,800	325,800
	$ 9,060,000	$ 4,714,013	$ 13,774,013

NOTE 3. LONG-TERM DEBT (Continued)

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.

As of August 31, 2019, the District had $83,900,000 of bonds authorized but unissued for the purposes of acquiring, constructing and improving the water, sewer and drainage system within the District. The District also had $6,950,000 of bonds authorized for the acquisition and construction of park and recreational facilities and $80,000,000 for the construction of roads.

During the year ended August 31, 2019, the District levied an ad valorem debt service tax rate of $0.43 per $100 of assessed valuation, which resulted in a tax levy of $233,885 on the adjusted taxable valuation of $53,892,476 for the 2018 tax year. The bond resolutions require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 9 for the maintenance tax levy.

The District's tax calendar is as follows:

Levy Date	- October 1, or as soon thereafter as practicable.
Lien Date	- January 1.
Due Date	- Not later than January 31.
Delinquent Date	- February 1, at which time the taxpayer is liable for penalty and interest.

NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS

The bond orders state that the District is required by the Securities and Exchange Commission to provide continuing disclosure of annual financial information and operating data to certain information repositories. This information is of the general type included in the annual audit report. It is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

The Series 2018 and 2019 bond orders required bond proceeds of $268,055 and $177,450, respectively, to be deposited into the Debt Service Fund and restricted for the payment of bond interest. As of August 31, 2019, $288,518 remains restricted for the payment of bond interest.

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

NOTE 5. BOND ANTICIPATION NOTE

On August 29, 2019, the District sold its Series 2019 Bond Anticipation Note ("2019 BAN") in the principal amount of $4,860,000 at an interest rate of 2.35% to mature within one year. Proceeds of the 2019 BAN were used by the District to reimburse a developer for the construction and engineering costs related to District water, wastewater and drainage facilities and to pay 2019 BAN issuance costs totaling $105,589. It is anticipated that the 2019 BAN will be retired with future bond proceeds.

NOTE 6. 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 $1,046,918 and the bank balance was $1,049,127. Of the bank balance, $500,000 was covered by federal depository insurance and the remaining balance was covered by letters of credit held in safekeeping by a third-party institution in the District's name.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at August 31, 2019, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	$ 265,598		265,598
DEBT SERVICE FUND	47,763	259,000	306,763
CAPITAL PROJECTS FUND	474,557		474,557
TOTAL DEPOSITS	$ 787,918	$ 259,000	$ 1,046,918

NOTE 6. DEPOSITS AND INVESTMENTS (Continued)

Investments

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

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

As of August 31, 2019, the District had the following investments:

		Maturities in Years			
Fund and Investment Type	Fair Value	Less Than 1	1-5	6-10	More Than 10
DEBT SERVICE FUND					
Certificates of Deposit	$ 259,000	$ 259,000	$	$	$
TOTAL INVESTMENTS	$ 259,000	$ 259,000	$ - 0 -	$ - 0 -	$ - 0 -

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District manages credit risk by investing in certificates of deposit with balances that are below FDIC insurance coverage or covered by pledged collateral.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages interest rate risk by investing in certificates of deposit with maturities of less than one year.

NOTE 6. DEPOSITS AND INVESTMENTS (Continued)

Restrictions

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

NOTE 7. INTERFUND BALANCES

At August 31, 2019, the General Fund owed the Debt Service Fund $2,895 for interest earnings from certificates of deposit invested in by the Debt Service but deposited to the General Fund, and the Debt Service Fund (tax fund) owed the General Fund $271 for property taxes collected and owed to the General Fund. During the year ended August 31, 2019, the General Fund transferred $219 to the Debt Service Fund.

NOTE 8. INTANGIBLE ASSETS AND CAPITAL ASSETS

In accordance with the Water Agreement with CTSUD (see Note 12) and the Development Agreement with the City (see Note 13), and upon completion of construction, certain water and wastewater facilities have been conveyed to CTSUD and the City for operations and maintenance. In exchange for the conveyance of these assets, CTSUD and the City agree to provide water and wastewater services, respectively, to the District, which results in an intangible asset of the District.

As of August 31, 2019, the District had the following intangible assets:

	September 1, 2018	Increases	Decreases	August 31, 2019
Right to Receive Water Service	$ 3,575,478	$ 1,577,116	$ - 0 -	$ 5,152,594
Right to Receive Wastewater Service	6,044,797	1,749,677		7,794,474
Total Intangible Assets	$ 9,620,275	$ 3,326,793	$ - 0 -	$ 12,947,068

NOTE 8. INTANGIBLE ASSETS AND CAPITAL ASSETS (Continued)

Capital asset activity for the year ended August 31, 2019:

	September 1, 2018	Increases	Decreases	August 31, 2019
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 661,337	$ 850,305	$ - 0 -	$ 1,511,642
Capital Assets Subject to Depreciation				
Drainage System	$ 6,336,800	$ 2,142,949	$ - 0 -	$ 8,479,749
Roads	7,725,601	1,440,005		9,165,606
Park & Recreational Facilities	199,102			199,102
Total Capital Assets Subject to Depreciation	$ 14,261,503	$ 3,582,954	$ - 0 -	$ 17,844,457
Accumulated Depreciation				
Drainage System	$ 164,753	$ 129,601	$ - 0 -	$ 294,354
Roads	207,015	151,162		358,177
Park & Recreational Facilities	10,316	11,795		22,111
Total Accumulated Depreciation	$ 382,084	$ 292,558	$ - 0 -	$ 674,642
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 13,879,419	$ 3,290,396	$ - 0 -	$ 17,169,815
Total Capital Assets, Net of Accumulated Depreciation	$ 14,540,756	$ 4,140,701	$ - 0 -	$ 18,681,457

NOTE 9. PROPERTY TAX

On November 4, 2014, the voters of the District approved the levy and collection of a maintenance tax not to exceed $1.20 per $100 of assessed valuation of taxable property within the District. During the year ended August 31, 2019, the District levied an ad valorem maintenance tax rate of $0.52 per $100 of assessed valuation, which resulted in a tax levy of $282,838 on the adjusted taxable valuation of $53,892,476 for the 2018 tax year. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's water, sewer and drainage system.

NOTE 10. RISK MANAGEMENT

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

NOTE 11. UNREIMBURSED COSTS

The District has executed facilities and operating costs reimbursement agreements with a Developer. The agreements call for the Developer to fund costs associated with the construction of water, sewer and drainage facilities, as well as impact fees and operating advances. Future reimbursements will come from proceeds of future bond issues to the extent approved by the Commission. As of August 31, 2019, the District owes the Developer $21,047,546 of which $11,066 consists of operating advances to the District and $116,525 consists of Series 2019 bond issuance costs funded by the Developer.

NOTE 12. CHISHOLM TRAIL SPECIAL UTILITY DISTRICT

On May 15, 2014, the District entered a Water Service Agreement (the "Water Agreement") with Chisholm Trail Special Utility District ("CTSUD"). Under the Water Agreement, CTSUD agrees to sell and deliver to the District all water that may be required by users within the District for domestic and commercial uses. The District, through the Developer, will construct and finance its water system at which time the system will be conveyed to CTSUD who will be responsible for operating and maintaining the facilities as well as meter reading and billing its customers.

The District agrees to collect and remit to CTSUD impact fees for the purchase of permanent water capacity to serve the land within the District. Upon payment, the District will have a permanent guaranteed reservation and commitment of capacity in CTSUD's water capacity for the living unit equivalents for which these fees have been paid.

Subsequent to the District entering into the Water Agreement with CTSUD, water services were transferred from CTSUD to the City of Georgetown. Upon transfer of services from CTSUD to the City of Georgetown, the Water Agreement, and all terms and conditions within the agreement, was assigned to the City of Georgetown. The Water Agreement has no specified end date or term limits and thus will continue in perpetuity.

NOTE 13. CITY OF LIBERTY HILL

On April 25, 2016, the District entered a Development Agreement (the "Development Agreement") with the City of Liberty Hill, Texas (the "City"). The Development Agreement provides that the District acquire for the benefit of and conveyance to the City the wastewater facilities needed to serve lands being developed within the boundaries of the District and in order to enhance the economic feasibility of the District. In addition, the Developer has proposed to construct a retail, office and/or commercial facility within the boundaries. In consideration of the development of the land within the District, the City agrees to make quarterly sales tax payments to the District at such time sales taxes are available for collection from the retail, office and/or commercial space within the District.

In addition, the Development Agreement contemplates that the District will issue bonds from time to time, when economically feasible and allowed by law and applicable regulations, to finance the construction of wastewater facilities. Upon completion of construction, the wastewater facilities will be conveyed to the City and a security interest will be reserved by the District for the purpose of securing the performance of the City under the Agreement. Upon conveyance of the wastewater facilities to the City, the City will assume responsibility for the operation and maintenance of the wastewater facilities.

The District agrees to collect and remit to the City impact fees for the purchase of permanent wastewater capacity to serve the land within the District. Upon payment, the District will have a permanent guaranteed reservation and commitment of capacity in the City's wastewater capacity for the living unit equivalents for which these fees have been paid.

The term of the Development Agreement is limited to 20 years from the date of the first sales tax payment made from the City to the District. As of August 31, 2019, there have been no sales taxes collected by the City and remitted to the District.

NOTE 14. BOND APPLICATION

In July 2019, the District submitted an application to the Commission to issue bonds in the amount of $8,350,000. The proceeds will be used to retire its Series 2019 BAN (see Note 5); reimburse the developer for construction and engineering costs related to certain water, sewer and drainage facilities, and fund certain costs associated with the issuance of the 2019 BAN and the bonds.

NOTE 15. FUND DEFICIT

The Capital Projects Fund had a deficit fund balance of $4,403,693 at August 31, 2019. This negative balance represents cumulative expenditures, which are primarily comprised of capital outlay and issuance costs related to the 2019 BAN and the Series 2019 Unlimited Tax Bonds, that exceeded revenues due to the 2019 BAN issued during the current fiscal year which remains outstanding as of year-end. Management believes that this negative balance will be resolved with overall District growth and future bond proceeds which will be used to retire the 2019 BAN.

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WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 23

REQUIRED SUPPLEMENTARY INFORMATION

AUGUST 31, 2019

WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2019

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	$ 260,000	$ 310,289	$ 50,289
Investment Revenues		1,843	1,843
TOTAL REVENUES	$ 260,000	$ 312,132	$ 52,132
EXPENDITURES			
Operations:			
Professional Fees	$ 69,250	$ 76,536	$ (7,286)
Contracted Services	6,600	6,479	121
Repairs and Maintenance	106,000	123,146	(17,146)
Other	11,154	12,142	(988)
TOTAL EXPENDITURES	$ 193,004	$ 218,303	$ (25,299)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$ 66,996	$ 93,829	$ 26,833
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	$ -0-	$ (219)	$ (219)
NET CHANGE IN FUND BALANCE	$ 66,996	$ 93,610	$ 26,614
FUND BALANCE - SEPTEMBER 1, 2018	122,331	122,331	
FUND BALANCE - AUGUST 31, 2019	$ 189,327	$ 215,941	$ 26,614

See accompanying independent auditor's report.

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WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 23

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

AUGUST 31, 2019

WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
SERVICES AND RATES
FOR THE YEAR ENDED AUGUST 31, 2019

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

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

2. RETAIL SERVICE PROVIDERS

a. RETAIL RATES FOR A 5/8” METER (OR EQUIVALENT):

Based on the rate order dated: *

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	N/A				
WASTEWATER:	N/A				

* The District does not provide water and sewer services. Retail water service is provided by the City of Georgetown (as assigned by Chisholm Trail Special Utility District) and wastewater service is provided by the City of Liberty Hill.

See accompanying independent auditor’s report.

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
5/8”			x 1.0	
≤¾”			x 1.0	
1”			x 2.5	
1½”			x 5.0	
2”			x 8.0	
3”			x 15.0	
4”			x 25.0	
6”			x 50.0	
8”			x 80.0	
10”			x 115.0	
Total Water Connections				
Total Wastewater Connections	N/A	N/A	x 1.0	N/A

3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: N/A

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 or Counties in which District is located:

Williamson County, Texas

Is the District located within a city?

Entirely _____ Partly ______ Not at all _X_

City in which District is located:
N/A

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 Liberty Hill, Texas

Are Board Members appointed by an office outside the District?

Yes _____ No _X_

WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2019

PROFESSIONAL FEES:		
Auditing	$	11,750
Legal		64,786
TOTAL PROFESSIONAL FEES	$	76,536
CONTRACTED SERVICES -		
Bookkeeping	$	6,479
REPAIRS AND MAINTENANCE	$	123,146
ADMINISTRATIVE EXPENDITURES:		
Director Fees	$	4,950
Insurance		6,360
Payroll Taxes		379
Travel and Meetings		333
Other		120
TOTAL ADMINISTRATIVE EXPENDITURES	$	12,142
TOTAL EXPENDITURES	$	218,303

See accompanying independent auditor's report.

WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
INVESTMENTS
AUGUST 31, 2019

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
DEBT SERVICE FUND					
Certificate of Deposit	XXXX0706	2.10%	02/21/20	$ 259,000	$ 74

See accompanying independent auditor's report.

WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2019

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE - SEPTEMBER 1, 2018	$ -0-		$ -0-	
Adjustments to Beginning Balance	56,798	$ 56,798		$ -0-
Original 2018 Tax Levy	$ 286,130		$ 236,608	
Adjustment to 2018 Tax Levy	(3,292)	282,838	(2,723)	233,885
TOTAL TO BE ACCOUNTED FOR		$ 339,636		$ 233,885
TAX COLLECTIONS:				
Rollbacks	$ 28,118		$	
Prior Years				
Current Year	282,171	310,289	233,333	233,333
TAXES RECEIVABLE - AUGUST 31, 2019		$ 29,347		$ 552
TAXES RECEIVABLE BY YEAR:				
2018		$ 667		$ 552
Rollbacks		28,680		
TOTAL		$ 29,347		$ 552

See accompanying independent auditor’s report.

WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2019

	2018	2017	2016	2015
PROPERTY VALUATIONS:				
Land & Improvements	$ 36,543,658	$ 23,318,060	$ 14,143,255	$ 12,756,988
Improvements	25,158,041	5,738,373		
Personal Property	378,867	117,987		
Exemptions	(8,188,090)	(6,977,817)	(12,111,648)	(10,776,744)
TOTAL PROPERTY VALUATIONS	$ 53,892,476	$ 22,196,603	$ 2,031,607	$ 1,980,244
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.43	$	$	$
Maintenance	0.52	0.95	0.95	0.95
TOTAL TAX RATES PER $100 VALUATION	$ 0.95	$ 0.95	$ 0.95	$ 0.95
ADJUSTED TAX LEVY*	$ 516,723	$ 210,868	$ 19,300	$ 21,639
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	99.76 %	100.00 %	100.00 %	100.00 %

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

Maintenance Tax – Maximum operations and maintenance tax rate of $1.20 per $100 of assessed valuation approved by voters on November 4, 2014.

Park Maintenance Tax – Maximum park maintenance tax rate of $0.10 per $100 of assessed valuation approved by voters on November 4, 2014.

See accompanying independent auditor's report.

WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2019

	SERIES - 2018		
Due During Fiscal Years Ending August 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2020	$ 90,000	$ 133,210	$ 223,210
2021	95,000	130,435	225,435
2022	95,000	127,585	222,585
2023	100,000	124,660	224,660
2024	105,000	121,585	226,585
2025	110,000	118,580	228,580
2026	120,000	115,470	235,470
2027	125,000	111,915	236,915
2028	130,000	108,090	238,090
2029	135,000	104,047	239,047
2030	145,000	99,635	244,635
2031	150,000	94,840	244,840
2032	160,000	89,645	249,645
2033	165,000	84,079	249,079
2034	175,000	78,170	253,170
2035	185,000	71,824	256,824
2036	190,000	65,120	255,120
2037	200,000	58,050	258,050
2038	210,000	50,515	260,515
2039	220,000	42,505	262,505
2040	235,000	33,915	268,915
2041	245,000	24,795	269,795
2042	260,000	15,200	275,200
2043	270,000	5,130	275,130
2044			
2045			
	$ 3,915,000	$ 2,009,000	$ 5,924,000

See accompanying independent auditor's report.

WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2019

	SERIES-2019		
Due During Fiscal Years Ending August 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2020	$	$ 162,662	$ 162,662
2021	120,000	174,450	294,450
2022	125,000	168,638	293,638
2023	130,000	162,575	292,575
2024	135,000	155,950	290,950
2025	145,000	150,037	295,037
2026	150,000	145,250	295,250
2027	155,000	140,675	295,675
2028	160,000	135,950	295,950
2029	170,000	131,000	301,000
2030	175,000	125,825	300,825
2031	180,000	120,500	300,500
2032	190,000	114,950	304,950
2033	200,000	109,100	309,100
2034	205,000	103,025	308,025
2035	215,000	96,590	311,590
2036	225,000	89,575	314,575
2037	230,000	82,181	312,181
2038	240,000	74,394	314,394
2039	250,000	66,125	316,125
2040	260,000	57,519	317,519
2041	275,000	48,319	323,319
2042	285,000	38,519	323,519
2043	295,000	28,185	323,185
2044	310,000	17,219	327,219
2045	320,000	5,800	325,800
	$ 5,145,000	$ 2,705,013	$ 7,850,013

See accompanying independent auditor's report.

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WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2019

	ANNUAL REQUIREMENTS FOR ALL SERIES		
Due During Fiscal Years Ending August 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2020	$ 90,000	$ 295,872	$ 385,872
2021	215,000	304,885	519,885
2022	220,000	296,223	516,223
2023	230,000	287,235	517,235
2024	240,000	277,535	517,535
2025	255,000	268,617	523,617
2026	270,000	260,720	530,720
2027	280,000	252,590	532,590
2028	290,000	244,040	534,040
2029	305,000	235,047	540,047
2030	320,000	225,460	545,460
2031	330,000	215,340	545,340
2032	350,000	204,595	554,595
2033	365,000	193,179	558,179
2034	380,000	181,195	561,195
2035	400,000	168,414	568,414
2036	415,000	154,695	569,695
2037	430,000	140,231	570,231
2038	450,000	124,909	574,909
2039	470,000	108,630	578,630
2040	495,000	91,434	586,434
2041	520,000	73,114	593,114
2042	545,000	53,719	598,719
2043	565,000	33,315	598,315
2044	310,000	17,219	327,219
2045	320,000	5,800	325,800
	$ 9,060,000	$ 4,714,013	$ 13,774,013

See accompanying independent auditor's report.

WILLIAMSON COUNTY
MUNICIPAL UTILITY DISTRICT NO. 23
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED AUGUST 31, 2019

Description	Original Bonds Issued	Bonds Outstanding September 1, 2018
Williamson County Municipal Utility District No. 23 Unlimited Tax Bonds - Series 2018	$ 3,915,000	$ 3,915,000
Williamson County Municipal Utility District No. 23 Unlimited Tax Bonds - Series 2019	$ 5,145,000	$ - 0 -
TOTAL	$ 9,060,000	$ 3,915,000

Bond Authority:	Tax Bonds*	Park Bonds*	Road Bonds*
Amount Authorized by Voters	$ 92,960,000	$ 6,950,000	$ 80,000,000
Amount Issued	9,060,000		
Remaining to be Issued	$ 83,900,000	$ 6,950,000	$ 80,000,000

Debt Service Fund cash, investments and cash with paying agent balances as of August 31, 2019:	$ 537,981
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 529,770

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				
	Retirements		Bonds Outstanding	
Bonds Sold	Principal	Interest	August 31, 2019	Paying Agent
$ - 0 -	$ - 0 -	$ 148,764	$ 3,915,000	Amegy Bank Houston, TX
$ 5,145,000	$ - 0 -	$ - 0 -	$ 5,145,000	Zions Bancorporation Houston, TX
$ 5,145,000	$ - 0 -	$ 148,764	$ 9,060,000	

See accompanying independent auditor's report.

WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2019	2018	2017
REVENUES			
Property Taxes	$ 310,289	$ 247,070	$ 17,277
Penalty and Interest		1,341	
Investment Revenues	1,843	646	
TOTAL REVENUES	$ 312,132	$ 249,057	$ 17,277
EXPENDITURES			
Professional Fees	$ 76,536	$ 104,513	$ 37,184
Contracted Services	6,479	7,140	1,993
Repairs and Maintenance	123,146	26,230	
Other	12,142	11,969	8,121
TOTAL EXPENDITURES	$ 218,303	$ 149,852	$ 47,298
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$ 93,829	$ 99,205	$ (30,021)
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	$ (219)	$ - 0 -	$ - 0 -
Developer Contributions		21,726	35,314
NET CHANGE IN FUND BALANCE	$ 93,610	$ 120,931	$ 5,293
BEGINNING FUND BALANCE	122,331	1,400	(3,893)
ENDING FUND BALANCE	$ 215,941	$ 122,331	$ 1,400

* Unaudited

See accompanying independent auditor’s report.

		Percentage of Total Revenue				
2016*	2015*	2019	2018	2017	2016*	2015*
$ 5,052	$	99.4 %	99.2 %	100.0 %	100.0 %	%
			0.5			
		0.6	0.3			
$ 5,052	$ - 0 -	100.0 %	100.0 %	100.0 %	100.0 %	%
$ 48,378	$ 39,876	24.5 %	42.0 %	215.2 %	957.6 %	%
2,954		2.1	2.9	11.6	58.5	
		39.5	10.5			
7,993	3,704	3.9	4.8	47.0	158.2	
$ 59,325	$ 43,580	70.0 %	60.2 %	273.8 %	1,174.3 %	%
$ (54,273)	$ (43,580)	30.0 %	39.8 %	(173.8) %	(1,074.3) %	%
$ - 0 -	$ - 0 -					
59,736	51,706					
$ 5,463	$ 8,126					
(9,356)	(17,482)					
$ (3,893)	$ (9,356)					

See accompanying independent auditor’s report.

WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2019	2018	2017
REVENUES			
Property Taxes	$ 233,367	$	$
Penalty and Interest	1,228		
Investment Revenues	5,641	1,985	
TOTAL REVENUES	$ 240,236	$ 1,985	$ - 0 -
EXPENDITURES			
Other	$ 2,921	$ 80	$
Debt Service Interest and Fees	149,194		
TOTAL EXPENDITURES	$ 152,115	$ 80	$ - 0 -
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$ 88,121	$ 1,905	$
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	$ 219	$ - 0 -	$ - 0 -
Long-Term Debt Issued	177,450	268,055	
TOTAL OTHER FINANCING SOURCES (USES)	$ 177,669	$ 268,055	$ - 0 -
NET CHANGE IN FUND BALANCE	$ 265,790	$ 269,960	$
BEGINNING FUND BALANCE	269,960		
ENDING FUND BALANCE	$ 535,750	$ 269,960	N/A

* Unaudited

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2016*	2015*	2019	2018	2017	2016*	2015*
$	$	97.2 %	%	%	%	%
		0.5				
		2.3 %	100.0 %	%	%	%
$ - 0 -	$ - 0 -	100.0 %	100.0 %	-0- %	-0- %	-0- %
$	$	1.2 %	4.0 %	%	%	%
		62.1				
$ - 0 -	$ - 0 -	63.3 %	4.0 %	-0- %	-0- %	-0- %
$	$	36.7 %	96.0 %	N/A %	N/A %	N/A %
$ - 0 -	$ - 0 -					
$ - 0 -	$ - 0 -					
$	$					
N/A	N/A					

See accompanying independent auditor's report.

WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
AUGUST 31, 2019

District Mailing Address	-	WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 23 1980 Post Oak Blvd, Suite 1380 Houston, TX 77056-3970
District Telephone Number	-	(713) 850-9000

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended August 31, 2019	Expense Reimbursements for the year ended August 31, 2019	Title
Kris Ehlert	05/18 05/22 (Elected)	$ 1,200	$ 91	President
Scott Davis	05/16 05/20 (Elected)	$ 600	$ -0-	Vice President
Todd Kolkhorst	05/18 05/22 (Elected)	$ 1,050	$ 103	Secretary
Milton Schultz III	05/18 05/22 (Elected)	$ 1,050	$ 79	Assistant Secretary
Anthony Jasinski	05/16 05/20 (Elected)	$ 1,050	$ 60	Assistant Secretary

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

Submission date of most recent District Registration Form: May 22, 2018.

The limit on Fees of Office that a Director may receive during a fiscal year is $7,200 as set by Board Resolution (TWC Section 49.060). Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
AUGUST 31, 2019

	Date Hired	Fees for the year ended August 31, 2019	Title
Consultants:			
Sanford Kuhl Hagan Kugle Parker Kahn LLP	11/11/13	$ 64,786	Attorney
		$ 200,760	Bond Related
McCall Gibson Swedlund Barfoot PLLC	11/11/13	$ 11,750	Auditor
		$ 63,250	Bond Related
L&S District Services LLC	11/11/13	$ 6,679	Bookkeeper
		$ 1,200	Bond Related
LandDev Consulting, LLC	08/24/15	$ -0-	Engineer
		$ -0-	Bond Related
Robert W. Baird & Co.	02/20/15	$ 156,057	Financial Advisor
Cindy Schmidt	11/11/13	$ -0-	Investment Officer
Williamson County Tax Assessor-Collector	09/18/15	$ 107	Tax Assessor/ Collector

See accompanying independent auditor's report.

APPENDIX B

Specimen Municipal Bond Insurance Policy

ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

SPECIMEN

ISSUER: Policy No: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), 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 AGM, 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 AGM shall have received Notice of Nonpayment, AGM 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 AGM, 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 AGM. 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 AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM 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, AGM 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 AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM 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 AGM 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 AGM 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.

AGM 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 AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM 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 AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM 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 AGM 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 AGM, 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 MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

SPECIMEN

ASSURED GUARANTY MUNICIPAL CORP.

By ________________________________
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100