OFFICIAL STATEMENT DATED APRIL 21, 2022

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

The Bonds are NOT designated as "qualified tax-exempt obligations" for financial institutions.

NEW ISSUE – Book-Entry-Only

S&P Global Ratings (AGM Insured)........................... "AA" (Stable Outlook)
Moody's Investors Service, Inc. (AGM Insured) ...."A1" (Stable Outlook)
Moody's Investors Service, Inc. (Underlying)..."Baa3" (Stable Outlook)
See "MUNICIPAL BOND INSURANCE" and "RATINGS"

$12,370,000
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 319
(A political subdivision of the State of Texas, located in Harris County, Texas)
UNLIMITED TAX BONDS, SERIES 2022

Dated: May 1, 2022 **Due: September 1, as shown on the inside cover**

The $12,370,000 Harris County Municipal Utility District No. 319 Unlimited Tax Bonds, Series 2022 (the "Bonds") are obligations of Harris County Municipal Utility District No. 319 (the "District") and are not obligations of the State of Texas ("Texas"); Harris County, Texas (the "County"); the City of Houston, Texas ("Houston"); or any political subdivision or entity other than the District. Neither the full faith and credit nor the taxing power of Texas; the County; Houston; nor any entity other than the District is pledged to the payment of the principal of or the interest on the Bonds.

The Bonds are dated May 1, 2022, and mature on September 1 in the years and in the principal amounts shown on the inside cover. Interest on the Bonds accrues from the initial date of delivery (on or about May 24, 2022), with interest payable on September 1, 2022, and each March 1 and September 1 thereafter (the "Interest Payment Date") until the earlier of stated maturity or prior redemption. Principal of the Bonds is payable to the registered owners of the Bonds (the "Registered Owners") at, initially, Zions Bancorporation, National Association, Houston, Texas (the "Paying Agent/Registrar"), upon surrender of the Bonds for payment at the stated maturity or upon prior redemption. Unless otherwise agreed between the Paying Agent/Registrar and a Registered Owner, interest on the Bonds is dated as of the Interest Payment Date and payable to each Registered Owner, as shown on the records of the Paying Agent/Registrar on the close of business on the 15th day of the calendar month next preceding each Interest Payment Date. The Bonds will be issued only in fully registered form in the denomination of $5,000 of principal amount, 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, principal of and interest on the Bonds will be paid by the Paying Agent/Registrar directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as discussed under "THE BONDS – Book-Entry-Only System."

See "PRINCIPAL AMOUNTS, MATURITIES, 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 a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by **ASSURED GUARANTY MUNICIPAL CORP ("AGM").**

ASSURED GUARANTY MUNICIPAL

The Bonds constitute the fourth series of unlimited tax bonds issued by the District for the purpose of acquiring or constructing water, wastewater, and storm drainage facilities to serve the District (the "Utility System"), and for refunding such bonds. Voters in the District have authorized a total of $202,500,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System, and for refunding such bonds. Additionally, voters in the District have authorized a total of $47,250,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing road improvements to serve the District (the "Road System"), and for refunding such bonds, and $96,300,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District, and for refunding such bonds. Following the issuance of the Bonds, $168,435,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System, and for refunding such bonds; $42,275,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System, and for refunding such bonds; and $96,300,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District, and for refunding such bonds, will remain authorized and unissued.

The Bonds, when issued, will constitute valid and binding obligations of the District, payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS – Source of Payment."

THE BONDS ARE SUBJECT TO CERTAIN INVESTMENT CONSIDERATIONS AS DISCUSSED UNDER "INVESTMENT CONSIDERATIONS."

The Bonds are offered subject to prior sale, when, as, and if issued by the District and accepted by the Initial Purchaser (herein defined), subject to the approval of the Attorney General of Texas and Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. Delivery of the Bonds in book-entry form through the facilities of DTC is expected on or about May 24, 2022.

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

$12,370,000
UNLIMITED TAX BONDS, SERIES 2022

$4,500,000 Serial Bonds

Maturity September 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 41428U (b)	Maturity September 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 41428U (b)
2023	$ 335,000	5.000%	2.400%	EA5	2030 (c)	$ 420,000	3.000%	3.300%	EH0
2024	350,000	5.000%	2.600%	EB3	2031 (c)	425,000	3.250%	3.400%	EJ6
2025	375,000	5.500%	2.800%	EC1	2032 (c)	435,000	3.250%	3.500%	EK3
2026	380,000	5.500%	2.900%	ED9	2033 (c)	445,000	3.500%	3.600%	EL1
–	–	–	–	–	2034 (c)	455,000	3.500%	3.700%	EM9
2029 (c)	410,000	3.000%	3.200%	EG2	2035 (c)	470,000	3.750%	3.800%	EN7

$7,870,000 Term Bonds

$805,000 Term Bond Due September 1, 2028 (c)(d), Interest Rate: 4.250% (Price: $105.693) (a), CUSIP No. 41428U EF4 (b)

$1,975,000 Term Bond Due September 1, 2039 (c)(d), Interest Rate: 3.750% (Price: $96.899) (a), CUSIP No. 41428U ES6 (b)

$1,075,000 Term Bond Due September 1, 2041 (c)(d), Interest Rate: 4.000% (Price: $100.000) (a), CUSIP No. 41428U EU1 (b)

$1,815,000 Term Bond Due September 1, 2044 (c)(d), Interest Rate: 4.000% (Price: $99.500) (a), CUSIP No. 41428U EX5 (b)

$2,200,000 Term Bond Due September 1, 2047 (c)(d), Interest Rate: 4.000% (Price: $99.000) (a), CUSIP No. 41428U FA4 (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 this issue by the CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association, and are included solely for the convenience of the owners of the Bonds.

(c) The Bonds maturing on September 1, 2027, 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 May 1, 2027, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption of the Bonds – *Optional Redemption*."

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

All of the summaries of the statutes, resolutions, orders, contracts, audits, and engineering and other related reports set forth herein 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 Bond Counsel upon payment of duplication costs, for further information.

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

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 contained under "MUNICIPAL BOND INSURANCE" and "APPENDIX B."

This Official Statement contains, in part, estimates, assumptions, and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions, or matters of opinion, or as to the likelihood that they will be realized. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters discussed herein since the date hereof. 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 such information actually comes to its attention, the other matters discussed herein, until delivery of the Bonds to the Initial Purchaser and thereafter only as discussed under "OFFICIAL STATEMENT – Updating of Official Statement."

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for any purpose.

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SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the lowest bid, resulting in the lowest net interest cost to the District, which was tendered by SAMCO Capital Markets, Inc. (the "Initial Purchaser") to purchase the Bonds bearing the interest rates shown under "PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATES, INITIAL REOFFERING YIELDS, AND CUSIPS" on the inside cover at a price of 97.011623% of the par value thereof, which resulted in a net effective interest rate of 4.088080%, as calculated pursuant to Chapter 1204 of the Texas Government Code.

Prices and Marketability

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

The 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, dealer, or similar person or organization acting in the capacity of underwriter or wholesaler. Otherwise, the District has no understanding with the Initial Purchaser regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the responsibility of the Initial Purchaser.

The prices and other terms with respect to the offering and sale of the Bonds may be changed from time-to-time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE INITIAL PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Securities Laws

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission (the "SEC") under the Securities Act of 1933 in reliance upon 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 acts of any other jurisdictions. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be offered, sold, or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds should not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdiction.

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, 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 "APPENDIX B."

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 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 "A1" (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 March 18, 2022, Moody's announced it had upgraded AGM's insurance financial strength rating to "A1" (stable outlook) from "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

On October 20, 2021, 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 July 8, 2021, 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.

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, 2021.

Capitalization of AGM

At December 31, 2021:

- The policyholders' surplus of AGM was approximately $3,053 million.
- The contingency reserve of AGM was approximately $877 million.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $2,127 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, and (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiaries Assured Guaranty UK Limited ("AGUK") and Assured Guaranty (Europe) SA ("AGE").

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

Incorporation of Certain Documents by Reference

Portions of the following 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, 2021 (filed by AGL with the SEC on February 25, 2022).

All 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 contained under "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 contained under "MUNICIPAL BOND INSURANCE".

RATINGS

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

The Bonds will receive an insured rating of "A1" (stable outlook) from Moody's solely in reliance upon the issuance of the Policy at the time of delivery of the Bonds. Moody's has also assigned an underlying rating of "Baa3" (stable outlook) 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.

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

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OFFICIAL STATEMENT SUMMARY

The following material is a summary of certain information contained herein and is qualified in its entirety by the more detailed information and financial statements appearing elsewhere herein. The summary should not be detached and should be used in conjunction with the more complete information contained herein. A full review should be made of this entire Official Statement and of the documents summarized or discussed herein.

THE BONDS

Issuer	Harris County Municipal Utility District No. 319 (the "District"), a political subdivision of the State of Texas ("Texas"), is in Harris County, Texas (the "County"). See "THE DISTRICT."
Issue	The $12,370,000 Harris County Municipal Utility District No. 319 Unlimited Tax Bonds, Series 2022 (the "Bonds") are dated May 1, 2022, and mature on September 1 in the years and in the principal amounts shown on the inside cover. Interest on the Bonds accrues from the initial date of delivery (on or about May 24, 2022), with interest payable on September 1, 2022, and each March 1 and September 1 thereafter until the earlier of stated maturity or prior redemption. See "THE BONDS."
Redemption	The Bonds maturing on September 1, 2027, 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 May 1, 2027, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption of the Bonds – *Optional Redemption*." The Bonds maturing on September 1 in the years 2028, 2039, 2041, 2044, and 2047 are term bonds that are also subject to the mandatory sinking fund redemption provisions set out under "THE BONDS – Redemption of the Bonds – *Mandatory Redemption*."
Book-Entry-Only System	The Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the book-entry-only system discussed herein. Beneficial ownership of the Bonds may be acquired in principal denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners of the Bonds. Principal of and interest on the Bonds will be payable by the office of the paying agent/registrar, initially Zions Bancorporation, National Association, Houston, Texas, to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS – Book-Entry-Only System."
Authority for Issuance	The Bonds constitute the fourth series of unlimited tax bonds issued by the District for the purpose of acquiring or constructing water, wastewater, and storm drainage facilities to serve the District (the "Utility System"), and for refunding such bonds. Voters in the District have authorized a total of $202,500,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System, and for refunding such bonds. Additionally, voters in the District have authorized a total of $47,250,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing road improvements to serve the District (the "Road System"), and for refunding such bonds, and $96,300,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District, and for refunding such bonds. Following the issuance of the Bonds, $168,435,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System, and for refunding such bonds; $42,275,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System, and for refunding such bonds; and $96,300,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District, and for refunding such bonds, will remain authorized and unissued.

The Bonds are issued pursuant to: an order of the Texas Commission on Environmental Quality (the "TCEQ"); the general laws of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended; Chapter 8018 of the Texas Special District Local Laws Code; Article XVI, Section 59, of the Texas Constitution; a resolution authorizing the issuance of the Bonds adopted by the Board of Directors of the District on the date of the sale of the Bonds (the "Bond Resolution"); and an election held in the District on November 3, 2015. See "THE BONDS – Authority for Issuance" and "THE BONDS – Issuance of Additional Debt."

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 within the District. The Bonds are obligations of the District and are not obligations of Texas; the County; the City of Houston, Texas ("Houston"); or any political subdivision or entity other than the District. The District is authorized to levy separate taxes to pay debt service on bonds issued for the Utility System (including bonds issued for parks and recreational facilities to serve the Distinct) and to pay debt service on bonds issued for the Road System; both such taxes are unlimited as to rate or amount. See "THE BONDS – Source of Payment."

Payment Record .... The District has never defaulted on the timely payment of principal or interest on its bonded indebtedness.

Outstanding Bonds.. The District has previously issued three (3) series of unlimited tax bonds for the purpose of acquiring or constructing the Utility System and one (1) series of unlimited tax bonds for the purpose of acquiring or constructing the Road System. At the delivery of the Bonds, $21,185,000 principal amount of such previously issued debt for the Utility System and $4,975,000 principal amount of such previously issued debt for the Road System will remain outstanding (collectively, the "Outstanding Bonds").

Use and Distribution of Proceeds............................ Proceeds from the sale of the Bonds will be used to reimburse the Developers (herein defined) for the projects and related costs shown under "THE BONDS – Use and Distribution of Proceeds of the Bonds." Additionally, proceeds from the sale of the Bonds will be used to pay developer interest and certain other costs associated with the issuance of the Bonds. See "THE BONDS – Use and Distribution of Proceeds of the Bonds."

NOT Qualified Tax-Exempt Obligations .... The Bonds are NOT designated as "qualified tax-exempt obligations" for financial institutions.

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

Ratings .... S&P Global Ratings (AGM Insured): "AA" (stable outlook). Moody's Investors Service, Inc. ("Moody's") (AGM Insured): "A1" (stable outlook). Moody's (Underlying): "Baa3" (stable outlook). See "RATINGS."

General and Bond Counsel .... Allen Boone Humphries Robinson LLP, Houston, Texas.

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

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

Engineer .... DE Corp., Houston, Texas.

Paying Agent/Registrar .... Zions Bancorporation, National Association, Houston, Texas.

INFECTIOUS DISEASE OUTLOOK (COVID-19)

Infectious Disease Outlook (COVID-19)............... In March 2020, the World Health Organization and the President of the United States separately declared the outbreak of a respiratory disease caused by a novel coronavirus ("COVID-19") to be a public health emergency. On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in Texas because of the effects of COVID-19. Subsequently, in response to a rise in COVID-19 infections in

Texas and pursuant to Chapter 418 of the Texas Government Code, the Governor issued a number of executive orders intended to help limit the spread of COVID-19 and mitigate injury and the loss of life, including limitations imposed on business operations, social gatherings, and other activities.

There are currently no COVID-19 related operating limits imposed by executive order of the Governor for any business or other establishment in Texas. The Governor retains the right to impose additional restrictions on activities if needed to mitigate the effects of COVID-19. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at https://gov.texas.gov/. Neither the information on, nor accessed through, such website of the Governor is incorporated by reference into this Official Statement.

The District has not experienced any decrease in property values, unusual tax delinquencies, or interruptions to service as a result of COVID-19; however, the District cannot predict the long-term economic effect of COVID-19 or a similar virus should there be a reversal of economic activity and re-imposition of restrictions.

THE DISTRICT

Description.. The District is a political subdivision of Texas, located approximately 30 miles northwest of the central business district of Houston. The District is bounded on the east by Bauer Road, on the north by Little Cypress Creek, on the west by Becker Road, and on the south by Grand North West Municipal Utility District. The District lies entirely in the extraterritorial jurisdiction of Houston and the boundaries of Waller Independent School District. The District is a municipal utility district created pursuant to Chapter 787, Acts of the 69th Legislature, Regular Session, 1985. By Order dated October 8, 2014, the TCEQ authorized the District's acquisition of road powers. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code, as amended, and other statutes of Texas applicable to municipal utility districts. The District consists of approximately 914.122 acres, including approximately 359.525 acres annexed into the District on December 17, 2015; approximately 277.036 acres annexed into the District on September 20, 2018; and approximately 39.567 acres annexed into the District on November 18, 2021. See "THE DISTRICT."

Development.. The District is being developed as the residential communities known as Dellrose and Windrow. To date, approximately 445.67 acres within the District have been developed as 1,813 single-family lots in the following single-family residential subdivisions: Dellrose, Sections 1-12 and Windrow, Sections 1-6. As of March 1, 2022, development in the District consisted of 1,130 completed homes (1,088 occupied, 34 unoccupied, and 8 models); 215 homes under construction; and 468 vacant developed lots. In addition, approximately 40.32 acres are currently under development as 217 single-family lots in Windrow, Sections 7-8. The remainder of land in the District consists of approximately 77.39 undeveloped but developable acres and approximately 350.74 undevelopable acres. See "DEVELOPMENT OF THE DISTRICT."

Developers .... Land within the District is being developed by Cypress 600 Development Partners LP ("Cypress 600"), as Dellrose, and Pulte Homes of Texas, L.P. ("Pulte"), as Windrow. Cyrpess 600 and Pulte are collectively referred to herein as the "Developers." See "PRINCIPAL LANDOWNERS/DEVELOPERS."

Active Homebuilders... Homebuilders active in the District include: Ashton Woods; Chesmar Homes; Coventry Homes; Empire Communities; Lennar; Plantation Homes; Princeton Classic Homes; Legend Homes; and Centex Homes. Prices of new homes being constructed in the District range from approximately $245,000 to approximately $500,000.

INVESTMENT CONSIDERATIONS

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

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SELECTED FINANCIAL INFORMATION
(UNAUDITED)

2021 Assessed Taxable Valuation	$	221,052,699	(a)
Estimated Assessed Taxable Valuation as of March 1, 2022	$	305,104,486	(b)
Direct Debt:			
The Outstanding Bonds (at the Delivery of the Bonds)	$	26,160,000	
The Bonds	$	12,370,000	
Total	$	38,530,000	
Estimated Overlapping Debt	$	17,891,636	(c)
Total Direct and Estimated Overlapping Debt	$	56,421,636	(c)
Direct Debt Ratios:			
As a Percentage of the 2021 Assessed Taxable Valuation		17.43	%
As a Percentage of the Estimated Assessed Taxable Valuation as of March 1, 2022		12.63	%
Direct and Estimated Overlapping Debt Ratios:			
As a Percentage of the 2021 Assessed Taxable Valuation		25.52	%
As a Percentage of the Estimated Assessed Taxable Valuation as of March 1, 2022		18.49	%
Utility System Debt Service Fund Balance (as of March 17, 2022)	$	1,489,084	(d)
Road System Debt Service Fund Balance (as of March 17, 2022)	$	439,655	(e)
Utility Capital Projects Fund Balance (as of March 17, 2022)	$	1,109,782	
Road Capital Projects Fund Balance (as of March 17, 2022)	$	239,117	
General Fund Balance (as of March 17, 2022)	$	3,233,376	
2021 Tax Rate per $100 of Assessed Taxable Valuation:			
Utility System Debt Service		$ 0.510	
Road System Debt Service		$ 0.110	
Maintenance and Operation		$ 0.800	
Total		$ 1.420	
Average Annual Debt Service Requirement (2022–2047)	$	2,124,993	(f)
Maximum Annual Debt Service Requirement (2041)	$	2,338,906	(f)
Debt Service Tax Rate per $100 of Assessed Taxable Valuation Required to Pay the Average Annual Debt Service Requirement (2022–2047) at 95% Tax Collections:			
Based on the 2021 Assessed Taxable Valuation		$ 1.02	
Based on the Estimated Assessed Taxable Valuation as of March 1, 2022		$ 0.74	
Debt Service Tax Rate per $100 of Assessed Taxable Valuation Required to Pay the Maximum Annual Debt Service Requirement (2041) at 95% Tax Collections:			
Based on the 2021 Assessed Taxable Valuation		$ 1.12	
Based on the Estimated Assessed Taxable Valuation as of March 1, 2022		$ 0.81	
Single-Family Homes (including 215 under construction) as of March 1, 2022		1,345	(g)

(a) Represents the assessed valuation of all taxable property within the District as of January 1, 2021, as provided by the Harris County Appraisal District (the "Appraisal District"). See "TAX DATA" and "TAXING PROCEDURES."

(b) Provided by the Appraisal District for informational purposes only, this amount represents an estimate of all taxable property within the District as of March 1, 2022, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2021, through March 1, 2022. No taxes will be levied against this amount. See "TAX DATA" and "TAXING PROCEDURES."

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

(d) Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the Utility System debt service fund. Funds in the Utility System debt service fund are not available to pay debt service on bonds issued for the Road System.

(e) Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the Road System debt service fund. Funds in the Road System debt service fund are not available to pay debt service on bonds issued for the Utility System, including the Bonds.

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

(g) Includes 1,088 occupied homes.

$12,370,000
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 319
(A political subdivision of the State of Texas, located in Harris County, Texas)
UNLIMITED TAX BONDS, SERIES 2022

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Harris County Municipal Utility District No. 319 (the "District") of its $12,370,000 Harris County Municipal Utility District No. 319 Unlimited Tax Bonds, Series 2022 (the "Bonds").

The Bonds are issued pursuant to: an order of the Texas Commission on Environmental Quality (the "TCEQ"); the general laws of the State of Texas ("Texas"), including Chapters 49 and 54 of the Texas Water Code, as amended; Chapter 8018 of the Texas Special District Local Laws Code; Article XVI, Section 59, of the Texas Constitution; a resolution authorizing the issuance of the Bonds adopted by the Board of Directors of the District (the "Board") on the date of the sale of the Bonds (the "Bond Resolution"); and an election held in the District on November 3, 2015.

There follows herein descriptions of the Bonds, the Developers (herein defined), the Bond Resolution, and certain information about the District and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from Bond Counsel (herein defined) at 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027, upon payment of the costs of duplication thereof. Certain capitalized terms used herein have the same meanings assigned to such terms in the Bond Resolution, except as otherwise indicated herein.

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 Resolution adopted by the Board. A copy of the Bond Resolution may be obtained from the District upon written request made to Bond Counsel.

The Bonds are dated May 1, 2022, and mature on September 1 in the years and in the principal amounts shown on the inside cover. Interest on the Bonds accrues from the initial date of delivery (on or about May 24, 2022), with interest payable on September 1, 2022, and each March 1 and September 1 thereafter (the "Interest Payment Date") until the earlier of stated maturity or prior redemption. Principal of the Bonds is payable to the Registered Owners (herein defined) at the principal office of, initially, Zions Bancorporation, National Association, Houston, Texas (the "Paying Agent/Registrar"), upon surrender of the Bonds for payment at the stated maturity or upon prior redemption. Unless otherwise agreed between the Paying Agent/Registrar and a Registered Owner, interest on the Bonds is dated as of the Interest Payment Date and payable to each Registered Owner, as shown on the records of the Paying Agent/Registrar on the close of business on the 15th day of the calendar month next preceding each Interest Payment Date (the "Record Date"). The Bonds will be issued only in fully registered form in the denomination of $5,000 of principal amount, or any integral multiple thereof.

Book-Entry-Only System

This section describes how ownership of the Bonds is to be transferred and how 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 Direct and Indirect Participants (herein defined), (2) Direct and Indirect 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 Registered Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner discussed herein. 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 Direct and Indirect 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 (1) 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 “Direct and Indirect Participants”). DTC has a rating of AA+ from S&P Global Ratings. The DTC rules applicable to its Direct and Indirect 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-Only System 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 Direct and Indirect 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 the Book-Entry-Only System has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy 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 herein to Registered Owners should be read to include the person for which the Direct and Indirect Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to Registered Owners under the Bond Resolution will be given only to DTC.

Successor Paying Agent/Registrar

Provision is made in the Bond Resolution 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 principal payment office of the Paying Agent/Registrar. 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 offices 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 (1) 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 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 30 calendar days. No service charge will be made for any transfer or exchange, but the District or Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

Redemption of the Bonds

Optional Redemption

The Bonds maturing on September 1, 2027, 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 May 1, 2027, 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 by the Paying Agent/Registrar at least 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 (1) maturity. The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present such Bond to the Paying Agent/Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

Mandatory Redemption

The Bonds maturing on September 1 in the years 2028, 2039, 2041, 2044, and 2047 are term bonds (the “Term Bonds”) and shall be redeemed by lot or other customary method of random selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form) prior to maturity, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the “Mandatory Redemption Date”), and in the principal amount set forth in the following schedule:

$805,000 Term Bond Maturing on September 1, 2028

Mandatory Redemption Date	Principal Amount
September 1, 2027	$ 400,000
September 1, 2028 (Maturity)	$ 405,000

$1,975,000 Term Bond Maturing on September 1, 2039

Mandatory Redemption Date	Principal Amount
September 1, 2036	$ 475,000
September 1, 2037	$ 490,000
September 1, 2038	$ 500,000
September 1, 2039 (Maturity)	$ 510,000

$1,075,000 Term Bond Maturing on September 1, 2041

Mandatory Redemption Date	Principal Amount
September 1, 2040	$ 530,000
September 1, 2041 (Maturity)	$ 545,000

$1,815,000 Term Bond Maturing on September 1, 2044

Mandatory Redemption Date	Principal Amount
September 1, 2042	$ 565,000
September 1, 2043	$ 575,000
September 1, 2044 (Maturity)	$ 675,000

$2,200,000 Term Bond Maturing on September 1, 2047

Mandatory Redemption Date	Principal Amount
September 1, 2045	$ 705,000
September 1, 2046	$ 735,000
September 1, 2047 (Maturity)	$ 760,000

On or before 30 days prior to each Mandatory Redemption Date set forth above, the Paying Agent/Registrar shall (i) determine the principal amount of such Term Bonds that must be mandatorily redeemed on such Mandatory Redemption Date, after taking into account deliveries for cancellation and optional redemptions as more fully provided for below, (ii) select, by lot or other customary random method, the Term Bonds or portions of the Term Bonds of such maturity to be mandatorily redeemed on such Mandatory Redemption Date, and (iii) give notice of such redemption as provided in the Bond Resolution. The principal amount of any Term Bond to be mandatorily redeemed on such Mandatory Redemption Date shall be reduced by the principal amount of such Term Bond which, by the 45th day prior to 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 should be discontinued, the District has agreed to replace mutilated, destroyed, lost, or stolen Bonds upon surrender of the mutilated Bonds, on receipt of satisfactory evidence of such destruction, loss, or theft, and receipt by the District and the Paying Agent/Registrar of security or indemnity to hold them harmless. Upon the issuance of a new bond the District may require payment of taxes, governmental charges and other expenses (including the fees and expenses of the Paying Agent/Registrar), bond printing and legal fees in connection with any such replacement.

Authority for Issuance

The Bonds are issued pursuant to: an order of the TCEQ; the general laws of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended; Chapter 8018 of the Texas Special District Local Laws Code; Article XVI, Section 59, of the Texas Constitution; the Bond Resolution; and an election held in the District on November 3, 2015.

Before the Bonds are issued, the Attorney General of Texas must pass upon the legality of certain related matters. The Attorney General of Texas does not guarantee or pass upon the safety of the Bonds as an investment or upon the adequacy of the information contained herein.

Outstanding Bonds

The District has previously issued three (3) series of unlimited tax bonds for the purpose of acquiring or constructing water, wastewater, and storm drainage facilities to serve the District (the "Utility System") and one (1) series of unlimited tax bonds for the purpose of acquiring or constructing road improvements to serve the District (the "Road System"). At the delivery of the Bonds, $21,185,000 principal amount of such previously issued debt for the Utility System and $4,975,000 principal amount of such previously issued debt for the Road System will remain outstanding (collectively, the "Outstanding Bonds").

Issuance of Additional Debt

The District may issue additional bonds necessary to provide improvements and facilities consistent with the purposes for which the District was created. The Bonds constitute the fourth series of unlimited tax bonds issued by the District for the purpose of acquiring or constructing the Utility System, and for refunding such bonds. Voters in the District have authorized a total of $202,500,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System, and for refunding such bonds. Additionally, voters in the District have authorized a total of $47,250,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System, and for refunding such bonds, and $96,300,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District, and for refunding such bonds. Following the issuance of the Bonds, $168,435,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System, and for refunding such bonds; $42,275,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System, and for refunding such bonds; and $96,300,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District, and for refunding such bonds, will remain authorized and unissued. The Bond Resolution 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 by the District for the Utility System (including bonds issued for parks and recreational facilities to serve the Distinct), such as the Bonds, approved by the TCEQ). The District's issuance of bonds for the Road System is not subject to approval by the TCEQ.

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. The Board has not considered adoption of a fire plan or calling an election at this time for such purposes. 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 parks and recreational facilities, including the issuance of bonds payable from taxes for such purpose. The principal amount of park bonds sold by the District is limited to 1% of the District's assessed valuation, however, effective June 14, 2021, if the District meets certain financial feasibility requirements under TCEQ rules, the outstanding principal amount of such bonds issued by the District may exceed an amount equal to 1% but not 3% of the value of the taxable property in the District. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas.

Based on present engineering cost estimates and on development plans supplied by the Developers, in the opinion of the Engineer (herein defined), following the issuance of the Bonds, the District will have adequate authorized but unissued bonds to repay the Developers for the remaining amounts owed for the existing utility facilities, and to finance the extension of water, wastewater, and storm drainage facilities and services to serve the remaining undeveloped land and road improvements in the District. See "DEVELOPMENT OF THE DISTRICT," "THE SYSTEM," and "INVESTMENT CONSIDERATIONS – Future Debt."

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 within the District. In the Bond Resolution, 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, Paying Agent/Registrar fees and the Harris County Appraisal District (the "Appraisal District") fees. Tax proceeds, after deduction for collection costs, will be placed into the applicable debt service fund and used solely to pay principal of and interest on the Outstanding Bonds, the Bonds, and additional bonds payable from taxes which may be issued, and Paying Agent/Registrar fees.

Bonds issued for the Utility System and the Road System are each supported by the proceeds of a separate unlimited tax levied annually by the District. Amounts on deposit in the Utility System debt service fund may not be used to pay debt service on bonds issued by the District for the Road System. Amounts on deposit in the Road System debt service fund may not be used to pay debt service on the bonds issued by the District for the Utility System, including the Bonds.

The Bonds are obligations solely of the District and are not the obligations of Texas; Harris County, Texas (the "County"); the City of Houston, Texas ("Houston"); or any political subdivision or entity other than the District.

Annexation

Under existing Texas law, since the District lies wholly in the extraterritorial jurisdiction of Houston, the District must conform to a Houston consent ordinance. Generally, the District may be annexed by Houston without the District's consent, and Houston cannot annex territory in the District unless it annexes the entire District. However, Houston may not annex the District unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed and (ii) if the registered voters in the area to be annexed do not own more than 50% of the land in the area, a petition has been signed by more than 50% of the landowners consenting to the annexation. Notwithstanding the preceding sentence, the described election and petition process does not apply during the term of a strategic partnership agreement ("SPA") between Houston and the District specifying the procedures for full purpose annexation of all or a portion of the District. The District does not currently have an SPA with Houston.

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

Consolidation

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

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 (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 Resolution provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest, and the 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 Texas a sum of money equal to 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 non-callable obligations of the United States, (b) non-callable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) non-callable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the 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 quoted from Section 49.186 of the Texas Water Code, and is applicable to the District:

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

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

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

Registered Owners' Remedies

Pursuant to Texas law, the Bond Resolution provides that, in the event the District defaults in the payment of principal of or interest on any of the Bonds when due, fails to make payments required by the Bond Resolution into the applicable debt service fund, or defaults in the observance or performance of any of the other covenants, conditions, or obligations set forth in the Bond Resolution, any Registered Owner shall be entitled to seek a writ of mandamus from a court of competent jurisdiction compelling and requiring the District to make such payments or to observe and perform such covenants, obligations, or conditions. Such right is in addition to other rights the Registered Owners may be provided by the laws of Texas.

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners may seek a writ of mandamus requiring the District to levy adequate taxes to make such payments. Except for the remedy of mandamus, the Bond Resolution does not specifically provide for remedies to a Registered Owner in the event of a District default, nor does it provide for the appointment of a trustee 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. Although the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on the property of the District or sell property within the District in order to pay principal of or interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may be further limited by laws and principles relating to sovereign immunity, bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. For example, a Chapter 9 bankruptcy proceeding by the District could delay or eliminate payment of principal or interest to the Registered Owners.

Use and Distribution of Proceeds of the Bonds

Proceeds from the sale of the Bonds will be used to reimburse the Developers for the projects and related costs shown below. Additionally, proceeds from the sale of the Bonds will be used to pay developer interest and certain other costs associated with the issuance of the Bonds, as shown below.

Non-construction costs are based upon either contract amounts or various cost estimates by the Engineer and the Financial Advisor. The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and completion of agreed-upon procedures by the Auditor (herein defined).

			District's Share
CONSTRUCTION COSTS			
A.	Developer Contribution Items		
	1.	Lift Station No. 1 for Windrow	$ 235,499
	2.	Lift Station to serve Dellrose	521,895
	3.	Detention for Dellrose	761,386
	4.	Conifer Farm and Springfield Meadows Utilities and Phase 2 Detention to serve Dellrose	1,636,707
	5.	Dellrose Section 6 – W, WW, & D	581,882
	6.	Dellrose Section 7 – W, WW, & D	322,077
	7.	Dellrose Section 8 – W, WW, & D	755,501
	8.	Dellrose Section 9 – W, WW, & D	683,406
	9.	Windrow Section 1 – W, WW, & D	753,066
	10.	Windrow Section 2 – W, WW, & D	1,043,294
	11.	Windrow Section 4 – W, WW, & D	1,036,630
	12.	Engineering, Testing, and SWPPP (Item Nos. 1-11)	2,069,133
		Total Developer Contribution Items	$ 10,400,476
B.	District Items		
		None	$ –
		Total District Items	$ –
	TOTAL CONSTRUCTION COSTS (84.1% of Bond Issue Requirement)		$ 10,400,476
NON-CONSTRUCTION COSTS			
A.	Legal Fees		$ 287,400
B.	Fiscal Agent Fees		247,400
C.	Developer Interest		920,527
D.	Bond Discount		369,662
E.	Bond Issuance Expenses		47,672
F.	Bond Application Report Costs		55,000
G.	Attorney General Fee (0.10% or $9,500 max.)		9,500
H.	TCEQ Bond Issuance Fee (0.25%)		30,925
I.	Contingency (a)		1,438
	TOTAL NON-CONSTRUCTION COSTS		$ 1,969,524
TOTAL BOND ISSUE REQUIREMENT			**$ 12,370,000**

(a) Represents the difference between the estimated and actual Bond Discount.

In the instance that approved estimated amounts exceed actual costs, the difference comprises a surplus which may be expended for uses approved by the TCEQ. In the instance that actual costs exceed previously approved estimated amounts and contingencies, additional TCEQ approval and the issuance of additional bonds may be required. The Engineer 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 is a municipal utility district created pursuant to Chapter 787, Acts of the 69th Legislature, Regular Session, 1985. By Order dated October 8, 2014, the TCEQ authorized the District's acquisition of road powers. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code, as amended, and other statutes of Texas applicable to municipal utility districts.

The District 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 and the construction of roads and related facilities.

The District also is authorized to construct, develop, and maintain park and recreational facilities using operating revenues or by issuing bonds payable from taxes, and to construct 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 provide such facilities and services to the customers of the District.

The TCEQ exercises continuing supervisory jurisdiction over the District construction and operation of the District's Utility System is subject to the regulatory jurisdiction of additional governmental agencies. See "THE SYSTEM – Regulation."

Description

The District is a political subdivision of Texas, located approximately 30 miles northwest of the central business district of Houston. The District is bounded on the east by Bauer Road, on the north by Little Cypress Creek, on the west by Becker Road, and on the south by Grand North West Municipal Utility District. The District lies entirely in the extraterritorial jurisdiction of Houston and the boundaries of Waller Independent School District. The District consists of approximately 914.122 acres, including approximately 359.525 acres annexed into the District on December 17, 2015; approximately 277.036 acres annexed into the District on September 20, 2018; and approximately 39.567 acres annexed into the District on November 18, 2021.

Management of the District

The District is governed by the Board, consisting of five (5) directors, who have control over and management supervision of all affairs of the District. All of the directors own property in the District. The directors serve staggered, four (4)-year terms. Elections are held in even-numbered years in May. The current members and officers of the Board are listed below:

Name	Title	Term Expires May
Mark Janik	President	2024
Timothy Gandre	Vice President	2022 (a)
Pamela Brownshadel	Assistant Vice President	2024
Scott Burrer	Assistant Secretary	2022 (a)
Ruth Palmer	Secretary	2022 (a)

(a) New term to commence in May 2022.

Investment Policy

The District has adopted an Investment Policy (the "Policy") as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act"). The District's goal is to preserve principal and maintain liquidity in a diversified portfolio while securing a competitive yield on its portfolio. Funds of the District are to be invested only in accordance with the Policy. The Policy states that the funds of the District may be invested in 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 Texas CLASS, 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 utility system operating, bookkeeping, tax assessing and collecting, auditing, engineering, financial advisory, and legal services as follows:

Tax Assessor/Collector: The District's tax assessor/collector is Assessments of the Southwest, Inc., Houston, Texas (the "Tax Assessor/Collector"). The Tax Assessor/Collector applies the District's tax levy to tax rolls prepared by the Appraisal District and bills and collects such levy.

Bookkeeper: The District's bookkeeper is Municipal Accounts & Consulting, L.P., Houston, Texas.

Utility System Operator: The District's water and sewer system is operated by Regional Water Corporation, Houston, Texas.

Auditor: As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which audit reports are filed with the TCEQ. The District's financial statements for the fiscal year ended April 30, 2021, were audited by McGrath & Co., PLLC, Houston, Texas (the "Auditor") and are attached as "APPENDIX A."

Engineer: The consulting engineer for the District in connection with the design and construction of the facilities for which a portion of the Bonds are being sold to reimburse the Developers is DE Corp., Houston, Texas (the "Engineer"). DE Corp., Houston, Texas, has also been engaged by the Developers in connection with certain planning and design activities within the District.

General and Bond Counsel: The District has engaged Allen Boone Humphries Robinson LLP, Houston, Texas, 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 issuance and delivery of the Bonds. Allen Boone Humphries Robinson LLP, Houston, Texas, also serves as general counsel to the District on matters other than the issuance of bonds. See "LEGAL MATTERS."

Disclosure Counsel: The District has engaged McCall, Parkhurst & Horton L.L.P., Houston, Texas, as disclosure counsel ("Disclosure Counsel") to the District in connection with the issuance of the Bonds. The fees to be paid 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, Houston, Texas, is employed as financial advisor (the "Financial Advisor") to the District in connection with the issuance of the Bonds. 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 herein.

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DEVELOPMENT OF THE DISTRICT

The District is being developed as the residential communities known as Dellrose and Windrow. To date, approximately 445.67 acres within the District have been developed as 1,813 single-family lots in the following single-family residential subdivisions: Dellrose, Sections 1-12 and Windrow, Sections 1-6. As of March 1, 2022, development in the District consisted of 1,130 completed homes (1,088 occupied, 34 unoccupied, and 8 models); 215 homes under construction; and 468 vacant developed lots. In addition, approximately 40.32 acres are currently under development as 217 single-family lots in Windrow, Sections 7-8. The remainder of land in the District consists of approximately 77.39 undeveloped but developable acres and approximately 350.74 undevelopable acres.

Status of Development within the District

The following is a status of construction of single-family housing in the District as of March 1, 2022:

Development Area	Acreage	Platted Lots	Completed Homes	Homes Under Construction	Remaining Vacant Developed Lots
Dellrose:					
Section 1	31.52	101	101	0	0
Section 2	23.84	68	68	0	0
Section 3	26.14	106	106	0	0
Section 4	37.59	86	82	0	4
Section 5	15.12	79	79	0	0
Section 6	26.10	45	41	0	4
Section 7	25.20	82	82	0	0
Section 8	16.57	73	73	0	0
Section 9	26.99	87	56	14	17
Section 10	20.67	110	22	43	45
Section 11	21.95	102	49	48	5
Section 12	12.33	73	2	17	54
	284.02	1,012	761	122	129
Windrow:					
Section 1	34.90	157	155	0	2
Section 2	24.53	130	130	0	0
Section 3	14.53	76	76	0	0
Section 4	25.27	120	8	93	19
Section 5	27.12	161	0	0	161
Section 6	35.30	157	0	0	157
	161.65	801	369	93	339
Under Development:					
Windrow:					
Section 7	15.30	91			
Section 8	25.02	126			
	40.32	217			
Total Developed Acreage	445.67				
Under Development Acreage	40.32				
Undeveloped but Developable Acreage	77.39				
Undevelopable Acreage	350.74				
Total	914.12				

Homebuilders Active within the District

Homebuilders active in the District include: Ashton Woods; Chesmar Homes; Coventry Homes; Empire Communities; Lennar; Plantation Homes; Princeton Classic Homes; Legend Homes; and Centex Homes. Prices of new homes being constructed in the District range from approximately $245,000 to approximately $500,000.

PRINCIPAL LANDOWNERS/DEVELOPERS

Role of a 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 subdivisions, designing the utilities and streets to be constructed in the subdivisions, 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 storm 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 some instances, the developer will be required to pay up to 30% of the cost of constructing certain of the water, wastewater, and storm drainage facilities in a utility district pursuant to the rules of the TCEQ. The relative success or failure of a developer to perform such activities in development of property within a utility district may have a profound effect on the security of the unlimited tax bonds issued by such district. A developer is generally under no obligation to a district to develop the property which it owns. 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 usually the major taxpayer within a municipal utility district during the initial 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, or 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 of the Developers, nor any affiliate entity, are obligated to pay principal of or interest on the Bonds. Furthermore, neither of the Developers nor any of their affiliate entities has 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 Developers 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.

Principal Landowners/Developers

CYPRESS 600 DEVELOPMENT PARTNERS LP

Cypress 600 Development Partners LP ("Cypress 600"), a Delaware limited partnership, whose general partner is Cypress 600 GP Inc., an Ontario corporation, is the developer of approximately 598 acres in the District, being developed as Dellrose, on which it has completed the development of 1,012 single-family lots on approximately 284 acres. Cypress 600 continues to own approximately 200 acres in the District (none of which are under development). Cypress 600 is a single purpose entity formed for the purpose of developing the land it owns in the District. The District makes no representation as to the likelihood of the planned development to occur or the pace at which the planned development might occur. Cypress 600 is a thinly capitalized limited partnership whose assets consist primarily of the land in the District and the receivables due from the District for development costs. Cypress 600 has minimal net revenues.

PULTE HOMES OF TEXAS, L.P.

Pulte Homes of Texas, L.P. ("Pulte"), a Texas limited partnership, wholly-owned by PulteGroup, Inc., is the developer of approximately 316 acres in the District, being developed as Windrow, on which it has completed the development of 801 single-family lots on approximately 162 acres. Additionally, approximately 40 acres in the District are currently under development as 217 single-family lots in Windrow, Sections 7-8. Pulte continues to own approximately 40 acres in the District (including that under development). PulteGroup, Inc. is a publicly traded company on the New York Stock Exchange under the ticker PHM.

There is no financing associated with Pulte's acquisition of land or the development of the property in the District; the acquisition and development is paid with cash from PulteGroup, Inc.

Financial Information Regarding PulteGroup, Inc.: PulteGroup, Inc. files annual, quarterly, and current reports, proxy statements, and other information with the SEC. PulteGroup, Inc.'s SEC filings are available to the public over the internet at the SEC's website at http://www.sec.gov. You may also read and copy any document that has been filed with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information regarding the operation of the Public Reference Room. In addition, PulteGroup, Inc. makes available on its website http://www.pultegroupinc.com its annual reports on form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K (and any amendments to those reports) filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as soon as practicable after they have been electronically filed with the SEC. Unless otherwise specified, information contained on PulteGroup, Inc.'s website, available by hyperlink from PulteGroup, Inc.'s website or on the SEC's website, is not incorporated into this Official Statement. The District has not obtained any representations from PulteGroup, Inc. concerning its publicly available filings or undertaken any review thereof and assumes no responsibility for the information contained therein.

THE SYSTEM

Regulation

According to the Engineer, the Utility System has been designed in accordance with accepted engineering practices and the requirements of all governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities including, among others, the TCEQ, the County, and Houston. According to the Engineer, the design of all such completed facilities has been approved by all required governmental agencies.

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

Water, Wastewater, and Storm Drainage System

Water Supply: The District owns one (1) water plant. Phase One of the water plant consists of a 1,100 gallon-per minute ("gpm") well; 15,000 gallons of hydropneumatic tank capacity; a 220,000 gallon ground storage tank; and 3,000 gpm of booster pump capacity. According to the Engineer and based on current usage and flow rates, Phase One of the water plant is capable of serving the 1,345 single-family homes (including 215 under construction) currently in the District. Additional water supply facilities will be needed to serve future development in the District. The District is preparing a bond application to fund such facilities.

Wastewater Treatment: The District owns and operates a temporary 100,000 gallon-per day ("gpd") wastewater treatment facility. An expansion to a 0.25 million gallons per day ("mgd") plant is currently under construction and is anticipated to be complete in June 2022. The District is using available surplus funds to fund such expansion. According to the Engineer and based on current flow rates, the 0.25 mgd expanded plant will be capable of serving the 1,345 single-family homes (including 215 under construction) currently in the District. The District has begun design of a second expansion to a 0.50 mgd plant, which will be needed to serve future development in the District. Such expansion is anticipated to be complete by the end of 2022.

Storm Drainage: All of the land in the District drains to detention ponds that outfall into Little Cypress Creek. Discharge from the detention ponds is controlled such that total discharge to Little Cypress Creek will not exceed the undeveloped runoff.

100 Year Flood Plain

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

According to the FEMA Map Panel No. 48201C0195N, revised November 15, 2019, approximately 77.7 acres in the District are located in the 100-year flood plain and are not considered to be developable. Approximately 15.0 acres of flood plain will be filled in connection with future development, and a Letter of Map Revision will be filed to remove it from the flood plain.

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

General Fund Operating Statement

The following is a schedule of revenues and expenditures associated with operations of the System. The figures below were obtained from the District's financial statements for the fiscal year ended April 30, 2021, a copy of which is included as "APPENDIX A" and reference to which is hereby made. The District is required by statute to have an independent certified public accountant audit the District's financial statements annually, such audited financial statements are filed with the TCEQ. The figures for the period ended February 28, 2022, are unaudited and were obtained from the District's bookkeeper.

	UNAUDITED	Fiscal Year Ended			
	02/28/2022 (a)	04/30/2021	04/30/2020	04/30/19	04/30/18
REVENUES					
Water service	$ 292,809	$ 270,374	$ 170,548	$ 82,852	$ 31,284
Sewer service	400,409	342,668	215,387	105,494	43,212
Property taxes	1,642,310	1,020,570	698,236	793,954	301,259
Penalties and interest	21,653	16,974	8,423	8,675	8,434
Surface water fees	453,731	429,846	211,094	85,312	31,177
Tap connection and inspection	631,938	681,148	315,260	223,064	116,500
Miscellaneous	9,530	9,780	7,415	2,672	1,699
Investment earnings	3,580	3,508	11,813	454	118
TOTAL REVENUES	$ 3,455,960	$ 2,774,868	$ 1,638,176	$ 1,302,477	$ 533,683
EXPENDITURES					
Purchased services	$ –	$ –	$ –	$ –	$ 2,550
Professional fees	88,381	106,081	146,468	86,699	139,747
Contracted services	812,644	687,518	464,448	320,669	190,934
Repairs and maintenance	197,920	268,995	242,626	126,781	102,509
Utilities	58,192	63,025	55,426	45,590	33,934
Lease	195,000	234,000	253,500	19,500	136,500
Regional water authority fees	457,456	450,785	291,158	145,545	65,175
Administrative	53,721	48,313	42,835	26,999	31,296
Other	31,178	24,899	23,315	6,898	4,164
Capital outlay	38,254	30,255	–	–	–
TOTAL EXPENDITURES	$ 1,932,746	$ 1,913,871	$ 1,519,776	$ 778,681	$ 706,809
Excess Revenues (Expenditures)	$ 1,523,214	$ 860,997	$ 118,400	$ 523,796	$ (173,126)
Developer Advances	$ –	$ –	$ –	$ 160,416	$ 280,780
Internal Transfers	$ –	$ –	$ –	$ 117,000	$ –
Net Change in Fund Balance	$ 1,523,214	$ 860,997	$ 118,400	$ 801,212	$ 107,654
Balance, Beg of Year	$ 1,860,925	$ 999,928	$ 881,528	$ 80,316	$ (27,338)
Balance, End of Year	$ 3,384,139	$ 1,860,925	$ 999,928	$ 881,528	$ 80,316

(a) Unaudited.

INVESTMENT CONSIDERATIONS

General

The Bonds are obligations of the District and are not obligations of Texas; the County; Houston; or any political subdivision or entity other than the District. 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 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 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.

Special Flood Type 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.

Extreme Weather Events

The greater Houston area has experienced multiple storms exceeding a 0.2% probability (i.e. "500-year flood" events) since 2015, including Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 26, 2017, and brought historic levels of rainfall during the successive four (4) days.

According to the Developers, the Utility System did not sustain any material damage and there was no interruption of water and wastewater service as a result of Hurricane Harvey. Further, according to the Developers, no homes in the District experienced structural flooding or other material damages as a result of Hurricane Harvey.

If a future weather event significantly damaged all or part of the improvements within the District, the assessed valuation of property within the District could be substantially reduced, which could result in a decrease in tax revenues and/or necessitate an increase in the District's tax rate. Further, there can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (or that property owners will even carry flood or other casualty insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the District. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed valuations in the District could be adversely affected. See "INVESTMENT CONSIDERATIONS – Factors Affecting Taxable Values and Tax Payments – *Maximum Impact on District Tax Rates*," "TAXING PROCEDURES – Property Tax Code and County-Wide Appraisal District," and "TAXING PROCEDURES – Valuation of Property for Taxation."

Infectious Disease Outlook (COVID-19)

In March 2020, the World Health Organization and the President of the United States (the "President") separately declared the outbreak of a respiratory disease caused by a novel coronavirus ("COVID-19") to be a public health emergency. On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in Texas because of the effects of COVID-19. Subsequently, in response to a rise in COVID-19 infections in Texas and pursuant to Chapter 418 of the Texas Government Code, the Governor issued a number of executive orders intended to help limit the spread of COVID-19 and mitigate injury and the loss of life, including limitations imposed on business operations, social gatherings, and other activities.

There are currently no COVID-19 related operating limits imposed by executive order of the Governor for any business or other establishment in Texas. The Governor retains the right to impose additional restrictions on activities if needed to mitigate the effects of COVID-19. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at https://gov.texas.gov/. Neither the information on, nor accessed through, such website of the Governor is incorporated by reference into this Official Statement.

The District has not experienced any decrease in property values, unusual tax delinquencies, or interruptions to service as a result of COVID-19; however, the District cannot predict the long-term economic effect of COVID-19 or a similar virus should there be a reversal of economic activity and re-imposition of restrictions.

Potential Effects of Oil Price Fluctuations on the Houston Area

The economy of the Houston area has, in the past, been particularly affected by adverse conditions in the oil and gas industry, and such conditions and their spillover effects into other industries could result in declines in the demand for residential and commercial property in the Houston area and could reduce or negatively affect property values within the District. The District cannot predict the impact that negative conditions in the oil industry will have on property values in the District.

Factors Affecting Taxable Values and Tax Payments

Economic Factors: The rate of development of the District is directly related to the vitality of the residential housing industry. 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/Developers: There is no commitment by or legal requirement of the principal landowners/developers or any other landowner to 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 land owner'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," "PRINCIPAL LANDOWNERS/DEVELOPERS" 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 under "TAX DATA – Principal Taxpayers," the District's principal taxpayers in 2021 owned property in the District aggregating approximately 12.95% of the 2021 assessed taxable valuation. Cypress 600 represents 6.88% of such amount. In the event that the Developers, 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 Resolution 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 2021 assessed taxable valuation of all taxable property in the District is $221,052,699 and the estimated assessed taxable valuation as of March 1, 2022, of all taxable property in the District is $305,104,486. After issuance of the Bonds, the maximum annual debt service requirement on the Outstanding Bonds and the Bonds will be $2,338,906 (2041) and the average annual debt service requirement on the Outstanding Bonds and the Bonds will be $2,124,993 (2022–2047). Assuming no increase to nor decrease from the 2021 assessed taxable valuation, tax rates of $1.12 and $1.02 per $100 of assessed 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 increase to nor decrease from the estimated assessed taxable valuation as of March 1, 2022, tax rates of $0.81 and $0.74 per $100 of assessed valuation at 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively.

The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the proposed District tax rate or to justify continued payment of taxes by property owners. For the 2021 tax year, the District levied a total tax rate of $1.42 per $100 of assessed valuation, consisting of: a Utility System debt service tax rate of $0.51 per $100 of assessed valuation; a Road System debt service tax rate of $0.11

per $100 of assessed valuation; and a maintenance and operation tax rate of $0.80 per $100 of assessed valuation. See “TAX DATA – Tax Rate Distribution.”

Increases in the District's tax rate to rates materially higher than the levels currently being levied by the District may have an adverse impact upon future development of the District, and the ability of the District to collect, and the willingness of owners of property within the District to pay ad valorem taxes levied by the District. See "TAX DATA – Estimated Overlapping Taxes.”

Competitive Nature of Residential Housing Market

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

Tax Collection Limitations

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time-consuming and expensive collection procedures; (b) a bankruptcy court's stay of tax collection procedures against a taxpayer; (c) market conditions limiting the proceeds from a foreclosure sale of taxable property; or (d) the taxpayer's right to redeem the property within six (6) months for commercial property and two (2) years for residential and all other property after the purchaser's deed issued at the foreclosure sale is filed in the county records. 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. Attorney’s fees and other costs of collecting any such taxpayer's delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. Finally, any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two (2) other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six (6) years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid. See "TAX PROCEDURES – District’s Rights in the Event of Tax Delinquencies.”

Registered Owners’ Remedies and Bankruptcy

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 a 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 Resolution does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no provision for acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Although the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by a direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District in order to pay principal of and interest on the Bonds. Since there is no trust indenture or trustee, the Registered Owners would have to initiate and finance the legal process to enforce their remedies. The enforceability of the rights and remedies of the Registered Owners further 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. In this regard, should the District file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the District to seek judicial foreclosure of its tax lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See “THE BONDS – Registered Owners’ Remedies.”

Marketability

The District has no understanding (other than the initial reoffering yields) with the winning bidder for the Bonds (the “Initial Purchaser”) regarding the reoffering yields or prices of the Bonds and has no control over the trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made for the Bonds. If there is a secondary market, the difference between the bid and asked price of the Bonds may be greater than the bid and asked price of other bonds which are more generally bought, sold, or traded in the secondary market. See “SALE AND DISTRIBUTION OF THE BONDS.”

Future Debt

Following the issuance of the Bonds, $168,435,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System, and for refunding such bonds; $42,275,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System, and for refunding such bonds; and $96,300,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District, and for refunding such bonds, will remain authorized and unissued; and such additional bonds as may hereafter be approved by both the Board and voters of the District. See "THE BONDS – Issuance of Additional Debt."

The District also has the right to issue certain other additional bonds, special project bonds, and other obligations described in the Bond Resolution. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt-property valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

Issuance of the remaining authorized $168,435,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System, as well as the remaining authorized $96,300,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District, is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. The principal amount of park bonds sold by the District is limited to 1% of the District's assessed valuation, however, effective June 14, 2021, if the District meets certain financial feasibility requirements under TCEQ rules, the outstanding principal amount of such bonds issued by the District may exceed an amount equal to 1% but not 3% of the value of the taxable property in the District.

Following the issuance of the Bonds, the District will owe the Developers approximately $25,000,000 for reimbursable expenditures advanced to develop land in the District. See "THE BONDS – Issuance of Additional Debt."

Continuing Compliance with Certain Covenants

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

Environmental Regulations

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

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

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

Air Quality Issues: Air quality control measures required by the United States Environmental Protection Agency (the "EPA") and the TCEQ may impact new industrial, commercial, and residential development in the Houston area. Under the Clean Air Act ("CAA") Amendments of 1990, the eight (8)-county Houston-Galveston-Brazoria area ("HGB Area")—Harris, Galveston, Brazoria, Chambers, Fort Bend, Waller, Montgomery and Liberty Counties—has been designated a nonattainment area under three (3) separate federal ozone standards: the one (1)-hour (124 parts per billion ("ppb")) and eight (8)-hour (84 ppb) standards promulgated by the EPA in 1997 (the "1997 Ozone Standards"); the tighter, eight (8)-hour ozone standard of 75 ppb promulgated by the EPA in 2008 (the "2008 Ozone Standard"), and the EPA's most-recent promulgation of an even lower, 70 ppb eight (8)-hour ozone standard in 2015 (the "2015 Ozone Standard"). While Texas has been able to demonstrate steady progress and improvements in air quality in the HGB Area, the HGB Area remains subject to CAA nonattainment requirements.

While the EPA has revoked the 1997 Ozone Standards, the EPA historically has not formally redesignated nonattainment areas for a revoked standard. As a result, the HGB Area remained subject to continuing severe nonattainment area "anti-backsliding" requirements, despite the fact that HGB Area air quality has been attaining the 1997 Ozone Standards since 2014. In late 2015, the EPA approved the TCEQ's "redesignation substitute" for the HGB Area under the revoked 1997 Ozone

Standards, leaving the HGB Area subject only to the nonattainment area requirements under the 2008 Ozone Standard (and later, the 2015 Ozone Standard).

In February 2018, the U.S. Court of Appeals for the District of Columbia Circuit issued an opinion in *South Coast Air Quality Management District v. EPA,* 882 F.3d 1138 (D.C. Cir. 2018) vacating the EPA redesignation substitute rule that provided the basis for the EPA's decision to eliminate the anti-backsliding requirements that had applied in the HGB Area under the 1997 Ozone Standard. The court has not responded to the EPA's April 2018 request for rehearing of the case. To address the uncertainty created by the *South Coast* court's ruling, the TCEQ developed a formal request that the HGB Area be redesignated to attainment under the 1997 Ozone Standards. The TCEQ Commissioners adopted the request and maintenance plan for the 1997 one (1)-hour and eight (8)-hour standards on December 12, 2018. On May 16, 2019, the EPA proposed a determination that the HGB Area has met the redesignation criteria and continues to attain the 1997 one (1)-hour and eight (8)-hour standards, the termination of the anti-backsliding obligations, and approval of the proposed maintenance plan.

The HGB Area is currently designated as a "serious" nonattainment area under the 2008 Ozone Standard, with an attainment deadline of July 20, 2021. If the EPA ultimately determines that the HGB Area has failed to meet the attainment deadline based on the relevant data, the area is subject to reclassification to a nonattainment classification that provides for more stringent controls on emissions from the industrial sector. In addition, the EPA may impose a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects if it finds that an area fails to demonstrate progress in reducing ozone levels.

The HGB Area is currently designated as a "marginal" nonattainment area under the 2015 Ozone Standard, with an attainment deadline of August 3, 2021. For purposes of the 2015 Ozone Standard, the HGB Area consists of only six (6) counties: Brazoria, Chambers, Fort Bend, Galveston, Harris, and Montgomery Counties.

In order to demonstrate progress toward attainment of the EPA's ozone standards, the TCEQ has established a state implementation plan ("SIP") for the HGB Area setting emission control requirements, some of which regulate the inspection and use of automobiles. These types of measures could impact how people travel, what distances people are willing to travel, where people choose to live and work, and what jobs are available in the HGB Area. These SIP requirements can negatively impact business due to the additional permitting/regulatory constraints that accompany this designation and because of the community stigma associated with a nonattainment designation. It is possible that additional controls will be necessary to allow the HGB Area to reach attainment with the ozone standards by the EPA's attainment deadlines. These additional controls could have a negative impact on the HGB Area's economic growth and development.

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

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

Pursuant to the federal Safe Drinking Water Act ("SDWA") and the EPA's National Primary Drinking Water Regulations ("NPDWRs"), which are implemented by the TCEQ's Water Supply Division, a municipal utility district's provision of water for human consumption is subject to extensive regulation as a public water system. Municipal utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency's rules. The EPA has established NPDWRs for more than 90 contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future.

Texas Pollutant Discharge Elimination System ("TPDES") permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000), with an effective date of March 5, 2018, which is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain non-stormwater discharges into surface water in the state. It has a five (5)-year permit term, and is then subject to renewal. Moreover, the Clean Water Act ("CWA") and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district's ability to obtain and maintain compliance with TPDES permits.

The District is subject to the TCEQ's General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit"), which was issued by the TCEQ on January 24, 2019. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. The District has applied for coverage under the MS4 Permit and is awaiting final approval from the TCEQ. In order to maintain compliance with the MS4 Permit, the District continues to develop, implement, and maintain the required plans, as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff. Costs associated with these compliance activities could be substantial in the future.

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

In 2015, the EPA and USACE promulgated a rule known as the Clean Water Rule ("CWR") aimed at redefining "waters of the United States" over which the EPA and USACE have jurisdiction under the CWA. The CWR significantly expanded the scope of the federal government's CWA jurisdiction over intrastate water bodies and wetlands. The CWR was challenged in numerous jurisdictions, including the Southern District of Texas, causing significant uncertainty regarding the ultimate scope of "waters of the United States" and the extent of EPA and USACE jurisdiction.

On September 12, 2019, the EPA and USACE finalized a rule repealing the CWR, thus reinstating the regulatory text that existed prior to the adoption of the CWR. This repeal officially became final on December 23, 2019, but the repeal has itself become the subject of litigation in multiple jurisdictions.

On January 23, 2020, the EPA and USACE released the Navigable Waters Protection Rule ("NWPR"), which contains a new definition of "waters of the United States." The stated purpose of the NWPR is to restore and maintain the integrity of the nation's waters by maintaining federal authority over the waters Congress has determined should be regulated by the federal government, while preserving the states' primary authority over land and water resources. The new definition outlines four (4) categories of waters that are considered "waters of the United States," and thus federally regulated under the CWA: (i) territorial seas and traditional navigable waters; (ii) perennial and intermittent tributaries to territorial seas and traditional navigable waters; (iii) certain lakes, ponds, and impoundments of jurisdictional waters; and (iv) wetlands adjacent to jurisdictional waters. The new rule also identifies certain specific categories that are not "waters of the United States," and therefore not federally regulated under the CWA: (a) groundwater; (b) ephemeral features that flow only in direct response to precipitation; (c) diffuse stormwater runoff and directional sheet flow over upland; (d) certain ditches; (e) prior converted cropland; (f) certain artificially irrigated areas; (g) certain artificial lakes and ponds; (h) certain water-filled depressions and certain pits; (i) certain stormwater control features; (j) certain groundwater recharge, water reuse, and wastewater recycling structures; and (k) waste treatment systems. The NWPR became effective on June 22, 2020, and is currently the subject of ongoing litigation.

On June 9, 2021, the EPA and USACE announced plans to further revise the definition of "waters of the United States." On August 30, 2021, the United States District Court for the District of Arizona issued an order vacating the NWPR while the EPA and USACE make plans to replace it. On November 18, 2021, the EPA and USACE issued a Notice Proposed Rulemaking to put back into place the pre-2015 definition of "waters of the United States." Due to existing and possible future litigation and regulatory action, there remains uncertainty regarding the ultimate scope of "waters of the United States" and the extent of EPA and USACE jurisdiction. Depending on the final outcome of such proceedings, operations of municipal utility districts, including the District, could potentially be subject to additional restrictions and requirements, including additional permitting requirements.

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.

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 issuer which is recovered by the issuer from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the Insurer at such time and in such amounts as would have been due absence such prepayment by the District unless the bond insurer chooses to pay such amounts at an earlier date.

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

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

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

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

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

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PHOTOGRAPHS TAKEN WITHIN THE DISTRICT

(April 2022)

PHOTOGRAPHS TAKEN WITHIN THE DISTRICT

(April 2022)

DISTRICT DEBT

Debt Service Requirement Schedule

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

Calendar Year	Outstanding Debt Service (a)	The Bonds Principal	The Bonds Interest	The Bonds Total Debt Service	Total Debt Service
2022	$ 869,269	$ –	$ 131,927	$ 131,927	$ 1,001,195
2023	1,498,438	335,000	489,625	824,625	2,323,063
2024	1,494,331	350,000	472,875	822,875	2,317,206
2025	1,484,069	375,000	455,375	830,375	2,314,444
2026	1,490,744	380,000	434,750	814,750	2,305,494
2027	1,485,244	400,000	413,850	813,850	2,299,094
2028	1,493,869	405,000	396,850	801,850	2,295,719
2029	1,504,344	410,000	379,638	789,638	2,293,981
2030	1,517,794	420,000	367,338	787,338	2,305,131
2031	1,533,094	425,000	354,738	779,738	2,312,831
2032	1,537,294	435,000	340,925	775,925	2,313,219
2033	1,545,350	445,000	326,788	771,788	2,317,138
2034	1,552,494	455,000	311,213	766,213	2,318,706
2035	1,558,244	470,000	295,288	765,288	2,323,531
2036	1,572,594	475,000	277,663	752,663	2,325,256
2037	1,574,906	490,000	259,850	749,850	2,324,756
2038	1,585,800	500,000	241,475	741,475	2,327,275
2039	1,599,944	510,000	222,725	732,725	2,332,669
2040	1,601,650	530,000	203,600	733,600	2,335,250
2041	1,611,506	545,000	182,400	727,400	2,338,906
2042	1,609,319	565,000	160,600	725,600	2,334,919
2043	1,625,356	575,000	138,000	713,000	2,338,356
2044	1,159,538	675,000	115,000	790,000	1,949,538
2045	758,144	705,000	88,000	793,000	1,551,144
2046	465,806	735,000	59,800	794,800	1,260,606
2047	–	760,000	30,400	790,400	790,400
Total	$ 35,729,138	$ 12,370,000	$ 7,150,689	$ 19,520,689	$ 55,249,827

(a) Outstanding debt service at the delivery of the Bonds.

Average Annual Debt Service Requirement (2022–2047) .... $ 2,124,993

Maximum Annual Debt Service Requirement (2041) .... $ 2,338,906

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Bonded Indebtedness

2021 Assessed Taxable Valuation	$	221,052,699	(a)
Estimated Assessed Taxable Valuation as of March 1, 2022	$	305,104,486	(b)
Direct Debt:			
The Outstanding Bonds (at the Delivery of the Bonds)	$	26,160,000	
The Bonds	$	12,370,000	
Total	$	38,530,000	
Estimated Overlapping Debt	$	17,891,636	(c)
Total Direct and Estimated Overlapping Debt	$	56,421,636	(c)
Direct Debt Ratios:			
As a Percentage of the 2021 Assessed Taxable Valuation		17.43	%
As a Percentage of the Estimated Assessed Taxable Valuation as of March 1, 2022		12.63	%
Direct and Estimated Overlapping Debt Ratios:			
As a Percentage of the 2021 Assessed Taxable Valuation		25.52	%
As a Percentage of the Estimated Assessed Taxable Valuation as of March 1, 2022		18.49	%
Utility System Debt Service Fund Balance (as of March 17, 2022)	$	1,489,084	(d)
Road System Debt Service Fund Balance (as of March 17, 2022)	$	439,655	(e)
Utility Capital Projects Fund Balance (as of March 17, 2022)	$	1,109,782	
Road Capital Projects Fund Balance (as of March 17, 2022)	$	239,117	
General Fund Balance (as of March 17, 2022)	$	3,233,376	

(a) Represents the assessed valuation of all taxable property within the District as of January 1, 2021, as provided by the Appraisal District. See "TAX DATA" and "TAXING PROCEDURES."

(b) Provided by the Appraisal District for informational purposes only, this amount represents an estimate of all taxable property within the District as of March 1, 2022, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2021, through March 1, 2022. No taxes will be levied against this amount. See "TAX DATA" and "TAXING PROCEDURES."

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

(d) Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the Utility System debt service fund. Funds in the Utility System debt service fund are not available to pay debt service on bonds issued for the Road System.

(e) Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the Road System debt service fund. Funds in the Road System debt service fund are not available to pay debt service on bonds issued for the Utility System, including the Bonds.

Estimated Direct and Overlapping Debt Statement

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

Taxing Jurisdiction	Outstanding Debt as of February 28, 2022	Estimated Overlapping Debt Percent	Estimated Overlapping Debt Amount
Harris County	$ 1,682,992,125	0.04%	$ 714,282
Harris County Department of Education	20,185,000	0.04%	8,565
Harris County Flood Control	584,900,000	0.04%	252,518
Harris County Hospital District	76,385,000	0.04%	32,971
Harris County Toll Road (a)	–	–	–
Port of Houston Authority	469,434,397	0.04%	202,680
Waller Independent School District	370,970,000	4.50%	16,680,620
Total Estimated Overlapping Debt			$ 17,891,636
The District (b)			$ 38,530,000
Total Direct and Estimated Overlapping Debt (b)			$ 56,421,636

(a) Debt is considered self-supported.

(b) Includes the Outstanding Bonds and the Bonds.

Debt Ratios

	Percentage of the 2021 Assessed Taxable Valuation	Percentage of the Estimate of Assessed Taxable Valuation as of March 1, 2022
Direct Debt (a)	17.43%	12.63%
Total Direct and Estimated Overlapping Debt (a)	25.52%	18.49%

(a) Includes the Outstanding Bonds and 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 in the District in sufficient amount to pay the principal of and interest on the Bonds and any bonds issued for the Utility System payable from taxes which the District may hereafter issue (see "INVESTMENT CONSIDERATIONS – Future Debt"), and to pay the expenses of assessing and collecting such taxes. The Board is also authorized to levy an annual ad valorem tax, without legal limitation 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 issued for the Road System payable from taxes which the District may hereafter issue, and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Resolution to levy such a tax from year to year as described more fully under "THE BONDS – Source of Payment." Under Texas law, the Board may also levy and collect annual ad valorem taxes for the operation and maintenance of the District and the Utility System, and for the payment of certain contractual obligations. See "TAX DATA – Maintenance and Operation Tax."

Property Tax Code and County-Wide Appraisal District

Title I of the Texas Tax Code (the "Property Tax Code") specifies the taxing procedures of all political subdivisions of Texas. 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 appraisal district. The Appraisal District has the responsibility of appraising property for all taxing units within the County. Such appraisal values will be subject to review and change by the Harris 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

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. The District may be required to offer such exemptions if a majority of voters approve same at an election. The District would be required to call an election upon petition by 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 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. This exemption will also apply to a residence homestead that was donated by a charitable organization at some cost to such veterans. Also, the surviving spouse of a member of the armed forces who was killed in action is entitled to an exemption of the appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the service member's death and said property was the service member's residence homestead at the time of death. Such exemption may be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

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 appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the first responder's death, and said property was the first responder's residence homestead at the time of death. Such exemption would be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received. For the 2021 tax year, the District did not grant an exemption for persons over 65 years of age and for disabled persons.

***Residential Homestead Exemptions*:** The Property Tax Code authorizes the governing body of each political subdivision in Texas to exempt up to 20% of the appraised market value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted by before July 1. The District has never adopted a homestead exemption.

***Freeport Goods and Goods-in-Transit Exemption*:** A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing, or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2013 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of

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

Tax Abatement

The County and/or Houston may designate all or part of the area within the District as a reinvestment zone. Thereafter, the County and/or Houston 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. To date, the County and/or Houston has not designated any part 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 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% annually regardless of the market value of the property.

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its fair market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all of such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by one (1) political subdivision while claiming it for another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three (3) years, for open space land and timberland.

The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraisal values. The plan must provide for appraisal of all property in the Appraisal District at least once every three (3) 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.

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

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, 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 which could result in the repeal of certain tax increases. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals 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 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 6% of the amount of the tax for the first calendar month it is delinquent, plus 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 12% regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the District and a delinquent tax attorney, 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of 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, which may be rejected by taxing units. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of taxes, penalties, and interest, if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) 65 years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continue to accrue during the period of deferral.

Tax Payment Installments After Disaster

Certain qualified taxpayers, including owners of residential homesteads, within a designated disaster area or emergency area and whose property has been damaged as a direct result of the disaster or emergency, are entitled to enter into a tax payment installment agreement with a taxing jurisdiction, such as the District, if the taxpayer pays at least 1/4th of the tax bill imposed on the property by the delinquency date. The remaining taxes may be paid without penalty or interest in three (3) equal installments within six (6) months of the delinquency date.

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

Rollback of Operation and Maintenance Tax Rate

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

Special Taxing Units

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

Developed Districts

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

Developing Districts

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

The District

For the 2021 tax year, the Board designated the District as a Developing District. For future years, a determination as to a district's status as a Special Taxing Unit, Developed District, or Developing District will be made by the Board on an annual basis. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year 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 Texas 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 six (6) months for commercial property and two (2) years for residential and 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.” The Board has in its Bond Resolution covenanted 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 2021 tax year, the District levied a total tax rate of $1.42 per $100 of assessed valuation, consisting of: a Utility System debt service tax rate of $0.51 per $100 of assessed valuation; a Road System debt service tax rate of $0.11 per $100 of assessed valuation; and a maintenance and operation tax rate of $0.80 per $100 of assessed valuation. See "TAX DATA – Tax Rate Distribution.”

Tax Rate Limitation

Utility System Debt Service:	Unlimited (no legal limit as to rate or amount).
Road System Debt Service:	Unlimited (no legal limit as to rate or amount).
Maintenance and Operation:	$1.50 per $100 assessed taxable valuation.

Maintenance and Operation Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District’s improvements if such maintenance tax is authorized by vote of the District’s electors. The Board is authorized by the District’s voters to levy such maintenance tax in an amount not to exceed $1.50 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 and any parity bonds which may be issued in the future. For the 2021 tax year, the District levied a maintenance and operation tax rate of $0.80. See "TAX DATA – Tax Rate Distribution.”

Additional Penalties

The District has contracted with a delinquent tax attorney to collect certain delinquent taxes. In connection with that contract, the District established an additional penalty of 20% of the tax to defray the costs of collection. This 20% penalty applies to taxes that either; (1) become delinquent on or after February 1 of a year, but not later than May 1 of that year, and that remain delinquent on April 1 (for personal property) and 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.

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the debt service tax rates per $100 of assessed taxable valuation which would be required to meet certain debt service requirements of the Outstanding Bonds and the Bonds if no growth in the District’s tax base occurs beyond the 2021 assessed taxable valuation ($221,052,699) or the estimated assessed taxable valuation as of March 1, 2022 ($305,104,486). The calculations assume collection of 95% of taxes levied and the sale of no additional bonds by the District.

Average Annual Debt Service Requirement (2022–2047)	$ 2,124,993
Tax Rate of $1.02 on the 2021 Assessed Taxable Valuation Produces	$ 2,142,001
Tax Rate of $0.74 on the Estimated Assessed Taxable Valuation as of March 1, 2022, Produces	$ 2,144,885
Maximum Annual Debt Service Requirement (2041)	$ 2,338,906
Tax Rate of $1.12 on the 2021 Assessed Taxable Valuation Produces	$ 2,352,001
Tax Rate of $0.81 on the Estimated Assessed Taxable Valuation as of March 1, 2022, Produces	$ 2,347,779

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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, 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. See "DISTRICT DEBT – Estimated Direct and Overlapping Debt Statement."

Set forth below is an estimation of all 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. The following chart includes the 2021 taxes per $100 of assessed valuation levied by all such taxing jurisdictions.

Taxing Jurisdictions	**2021 Tax Rate**
The District	$ 1.420000
Harris County and Related Entities (a)	0.586340
Harris County Emergency Services District No. 21	0.099212
Harris County Emergency Services District No. 3	0.099186
Waller Independent School District	1.320900
Total	$ 3.525638

(a) Includes the County, Harris County Flood Control District, Port of Houston Authority, Harris County Hospital District, and Harris County Department of Education.

Historical Tax Collections

The following represents the historical tax collections for the District's 2017-2021 tax years.

Tax Year	Assessed Valuation	Tax Rate (a)	Adjusted Levy	Collections Current Year	Fiscal Year Ending	Collections as of 02/28/2022
2017	$ 18,114,370	$ 1.500000	$ 271,716	99.99%	2018	100.00%
2018	52,016,284	1.500000	780,244	99.81%	2019	99.93%
2019	83,269,907	1.500000	1,249,049	98.51%	2020	99.69%
2020	137,675,174	1.500000	2,065,128	99.15%	2021	99.28%
2021	221,052,699	1.420000	3,138,948	96.50% (b)	2022	96.50% (b)

(a) Total tax rate per $100 of assessed valuation. See "TAX DATA – Tax Rate Distribution."

(b) In process of collections.

Tax Rate Distribution

The following represents the components of the tax rate for the District's 2017-2021 tax years.

	2021	2020	2019	2018	2017
Utility System Debt Service	$ 0.510	$ 0.610	$ 0.590	$ 0.000	$ 0.000
Road System Debt Service	0.110	0.180	0.000	0.000	0.000
Maintenance and Operation	0.800	0.710	0.910	1.500	1.500
Total	$ 1.420	$ 1.500	$ 1.500	$ 1.500	$ 1.500

[*Remainder of page intentionally left blank.*]

Assessed Taxable Valuation Summary

The following represents the type of property comprising the District's 2017-2021 tax rolls, as certified by the Appraisal District.

Type of Property	2021 Assessed Taxable Valuation	2020 Assessed Taxable Valuation	2019 Assessed Taxable Valuation	2018 Assessed Taxable Valuation	2017 Assessed Taxable Valuation
Land	$ 67,365,795	$ 49,829,429	$ 44,380,562	$ 31,286,139	$ 21,239,485
Improvements	169,886,664	100,529,128	49,846,095	25,006,466	7,541,587
Personal Property	1,308,342	1,058,299	458,347	202,267	106,826
Exemptions	(17,508,102)	(13,741,682)	(11,415,097)	(4,478,588)	(10,773,528)
Total	$ 221,052,699	$ 137,675,174	$ 83,269,907	$ 52,016,284	$ 18,114,370

Principal Taxpayers

The following represents the principal taxpayers on the District's 2021 tax roll, as certified by the Appraisal District.

Taxpayer	Type of Property	Assessed Taxable Valuation 2021 Tax Roll	Percentage of 2021 Taxable Assessed Valuation
Cypress 600 Development Partners LP (a)	Land and Improvements	$ 15,215,595	6.88%
Ashton Houston Residential LLC (b)	Land and Improvements	3,270,662	1.48%
Pulte Homes of Texas, L.P. (a)	Land and Improvements	2,529,587	1.14%
Camillo Properties LTD	Land and Improvements	1,483,112	0.67%
Lennar Homes of Texas (b)	Land and Improvements	1,273,048	0.58%
Camillo LT 2018 SFR LLC	Land and Improvements	1,050,870	0.47%
Castlerock Communities LP	Land and Improvements	1,014,640	0.46%
EHT of Texas LP	Land and Improvements	999,163	0.45%
Chesmar Homes LLC (b)	Land and Improvements	948,600	0.43%
Three Star Operations LLC	Land and Improvements	871,545	0.39%
Total		$ 28,656,822	
Percentage of 2021 Tax Roll			12.95%

(a) See "PRINCIPAL LANDOWNERS/DEVELOPERS."

(b) See "DEVELOPMENT OF THE DISTRICT – Homebuilders Active within the District."

LEGAL MATTERS

Legal Opinions

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 a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against 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, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals.

Bond Counsel has reviewed the information discussed under "THE BONDS" (except for the subheadings "Book-Entry-Only System" and "Use and Distribution of Proceeds of the Bonds"), "THE DISTRICT – Authority," "TAXING PROCEDURES," "LEGAL MATTERS," "TAX MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION" solely to determine whether such information, insofar as it relates to matters of law, is true and correct and whether such information fairly summarizes matters of law, the provisions of the documents referred to therein and conforms to the provisions of the order of the TCEQ approving the Bonds. Bond Counsel has not, however, independently verified any of the factual information contained herein nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

Allen Boone Humphries Robinson LLP, Houston, Texas, also serves as general counsel to the District on matters other than the issuance of bonds. The legal fees paid to Bond Counsel for services rendered in connection with the issuance of the

Bonds are based on a percentage of the bonds actually issued, sold, and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds.

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

No-Litigation Certificate

The District will furnish the Initial Purchaser a certificate, executed by the President and the Secretary of the Board, and dated as of the date of delivery of the Bonds, that to their knowledge, no litigation is pending or threatened affecting the validity of the Bonds, or the levy and/or collection of taxes for the payment thereof, the organization or boundaries of the District, or the title of the officers thereof to their respective offices.

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 herein, as it may have been supplemented or amended through the date of sale.

TAX MATTERS

In the opinion of Bond Counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals.

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

Bond Counsel's opinion will assume continuing compliance with the covenants of the Resolution pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds for federal income tax purpose, and in addition, will rely on representations by the District, the Financial Advisor, and the Initial Purchaser with respect to matters solely within the knowledge of the District, the Financial Advisor, and the Initial Purchaser, respectively, which Bond Counsel has not independently verified. If the District should fail to comply with the covenants in the Bond Resolution or if the foregoing representations should be determined to be inaccurate or incomplete, interest on the Bonds could become taxable from the date of delivery of the Bonds, regardless of the date on which the event causing such taxability occurs.

Under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year. Payments of interest on tax-exempt obligations, such as the Bonds, are in many cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any owner who is not an "exempt recipient" and who fails to provide certain identifying information. Individuals generally are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients.

Except as stated above, Bond Counsel will express no opinion as to any federal, state, or local tax consequences resulting from the ownership of, receipt of interest on, or disposition of, the Bonds.

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, taxpayers owning an interest in a FASIT that holds tax-exempt obligations, and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively-connected earnings and profits, including tax-exempt interest such as interest on the Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences.

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

Tax Accounting Treatment of Original Issue Discount Bonds

The issue price of certain of the Bonds (the "Original Issue Discount Bonds") is less than the stated redemption price at maturity. In such case, under existing law, and based upon the assumptions hereinafter stated (a) the difference between (i) the stated amount payable at the maturity of each Original Issue Discount Bond and (ii) the issue price of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond at the initial public offering price in the initial public offering of the Bonds; and (b) such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner.

In the event of the redemption, sale, or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Bond was held by such initial owner) is includable in gross income. (Because original issue discount is treated as interest for federal income tax purposes, the discussion regarding interest on the Bonds under "TAX MATTERS" generally applies, except as otherwise provided below, to original issue discount on an Original Issue Discount Bond held by an owner who purchased such Bond at the initial offering price in the initial public offering of the Bonds, and should be considered in connection with the discussion in this portion of this Official Statement.)

The foregoing is based on the assumptions that (a) the Initial Purchaser has purchased the Bonds for contemporaneous sale to the general public and not for investment purposes, and (b) all of the Original Issue Discount Bonds have been offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a cash price (and with no other consideration being included) equal to the initial offering prices thereof stated on the inside cover, and (c) the respective initial offering prices of the Original Issue Discount Bonds to the general public are equal to the fair market value thereof. Neither the District nor Bond Counsel warrants that the Original Issue Discount Bonds will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six (6)-month period ending on the date before the semiannual anniversary dates of the Bonds and ratably within each such six (6)-month period) and the accrued amount is added to an initial owner's basis for such Bond for purposes of determining the amount of gain or loss recognized by such owner upon redemption, sale, or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price plus the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Bond.

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

NOT Qualified Tax-Exempt Obligations

The Bonds are NOT designated as "qualified tax-exempt obligations" for financial institutions.

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The District will provide certain updated financial information and operating data to EMMA annually.

The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type discussed under "DISTRICT DEBT" (except under the subheading "Estimated Direct and Overlapping Debt Statement"), "TAX DATA," and "APPENDIX A." The District will update and provide this information within six (6) months after the end of each of its fiscal years ending in or after 2022. The District will provide the updated information to the MSRB through the EMMA system.

Any information so provided shall be prepared in accordance with generally accepted auditing standards or other such principles as the District may be required to employ from time to time pursuant to Texas law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to EMMA within such six (6) month period, and audited financial statements when the audit report becomes available.

The District's current fiscal year end is April 30. Accordingly, it must provide updated information by October 31 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 events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten (10) 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 Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the District or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms "obligated person" and "financial obligation" when used in this paragraph shall have the meanings ascribed to them under SEC Rule 15c2-12 (the "Rule"). The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution 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 information, data, or financial statements in accordance with its agreement discussed under "CONTINUING DISCLOSURE OF INFORMATION – 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 material 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, operations, conditions, or prospects or to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although registered owners and beneficial owners of the Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

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

Compliance with Prior Undertakings

During the last five (5) years, the District has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

OFFICIAL STATEMENT

General

The information contained herein has been obtained primarily from the District's records, the Engineer, the Developers, the Tax Assessor/Collector, 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. All of the summaries of the statutes, resolutions, orders, contracts, audits, and engineering and other related reports set forth herein 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 for further information.

The District's financial statements for the fiscal year ended April 30, 2021, were audited by the Auditor and are attached as "APPENDIX A." The Auditor has consented to the publication of such financial statements herein.

Experts

The information contained herein relating to engineering and to the description of the Utility System, and, in particular, that engineering information discussed under "THE BONDS – Use and Distribution of Proceeds of the Bonds," "THE DISTRICT – Description," "THE SYSTEM," and "DEVELOPMENT OF THE DISTRICT" was provided by the Engineer and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

The information contained herein relating to assessed valuations of property generally and, in particular, that information concerning collection rates and valuations contained under "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 tax assessing.

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 this 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 this 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 this Official Statement satisfactory to the Initial Purchaser; provided, however, that the obligation of the District to so amend or supplement this Official Statement will terminate when the District delivers the Bonds to the Initial Purchaser, unless the Initial Purchaser notifies the District in writing on or before such date that less than all of the Bonds have been sold to ultimate customers, in which case the District's obligations hereunder will extend for an additional period of time (but not more than 90 days after the date the District delivers the Bonds) until all of the Bonds have been sold to ultimate customers.

CONCLUDING STATEMENT

The information set forth herein has been obtained from the District's records, audited financial statements, and other sources which 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 herein 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 Harris County Municipal Utility District No. 319 as of the date shown on the cover.

/s/ Mark Janik
President, Board of Directors
Harris County Municipal Utility District No. 319

ATTEST:

/s/ Scott Burrer
Assistant Secretary, Board of Directors
Harris County Municipal Utility District No. 319

APPENDIX A

FINANCIAL STATEMENTS OF THE DISTRICT

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 319

HARRIS COUNTY, TEXAS

FINANCIAL REPORT

April 30, 2021

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McGRATH & CO., PLLC
Certified Public Accountants
2500 Tanglewilde, Suite 340
Houston, Texas 77063

Independent Auditor's Report

Board of Directors
Harris County Municipal Utility District No. 319
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 319, as of and for the year ended April 30, 2021, 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 basic 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 basic financial statements are free of 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles 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 to provide a basis for our audit opinions.

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Crystal V. Horn, CPA
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Opinion

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 Harris County Municipal Utility District No. 319, as of April 30, 2021, and the respective changes in financial position thereof for the year then ended in conformity 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 budgetary comparison information 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 Texas Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Texas Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied to the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements taken as a whole.

McGrath & Co, PLLC

Houston, Texas
August 19, 2021

Management's Discussion and Analysis

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Using this Annual Report

Within this section of the financial report of Harris County Municipal Utility District No. 319 (the "District"), the District's Board of Directors provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended April 30, 2021. This analysis should be read in conjunction with the independent auditor's report and the basic financial statements that follow this section.

In addition to this discussion and analysis, this annual report consists of:

- The District's basic financial statements;
- Notes to the basic financial statements, which provide additional information essential to a full understanding of the data provided in the financial statements;
- Supplementary information required by the Governmental Accounting Standards Board (GASB) concerning the District's budget; and
- Other Texas supplementary information required by the District's state oversight agency, the Texas Commission on Environmental Quality (TCEQ).

Overview of the Financial Statements

The District prepares its basic financial statements using a format that combines fund financial statements and government-wide statements onto one financial statement. The combined statements are the *Statement of Net Position and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. Each statement contains an adjustments column which quantifies the differences between the government-wide and fund level statements. Additional details of the adjustments are provided in Note 2 to the basic financial statements.

Government-Wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District, both long-term and short-term. The District's government-wide financial statements consist of the *Statement of Net Position* and the *Statement of Activities*, which are prepared using the accrual basis of accounting. The *Statement of Net Position* includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual reported as net position. Over time, changes in net position may provide a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

Accounting standards establish three components of net position. The net investment in capital assets component represents the District's investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets. Resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The restricted component of net position consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties. The unrestricted component of net position represents resources not included in the other components.

The *Statement of Activities* reports how the District's net position has changed during the fiscal year. All revenues and expenses are included on this statement, regardless of whether cash has been received or paid.

Fund Financial Statements

The fund financial statements include the *Governmental Funds Balance Sheet* and the *Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. The focus of fund financial statements is on specific activities of the District rather than the District as a whole, reported using modified accrual accounting. These statements report on the District's use of available financial resources and the balances of available financial resources at the end of the year. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties, governmental statutes or regulations.

For further discussion on the government-wide and fund financial statements, please refer to Note 1 in the financial statements.

Financial Analysis of the District as a Whole

The District's net position at April 30, 2021, was negative $14,029,618. This amount is negative because the District incurs debt to construct certain facilities which it conveys to other governmental entities. A comparative summary of the District's overall financial position, as of April 30, 2021 and 2020, is as follows:

	2021	2020
Current and other assets	$ 4,849,980	$ 2,011,301
Capital assets	23,432,018	19,397,480
Total assets	28,281,998	21,408,781
Current liabilities	714,494	3,669,204
Long-term liabilities	41,597,122	24,895,364
Total liabilities	42,311,616	28,564,568
Net position		
Net investment in capital assets	(12,127,712)	(6,526,126)
Restricted	1,359,931	448,466
Unrestricted	(3,261,837)	(1,078,127)
Total net position	$ (14,029,618)	$ (7,155,787)

The total net position of the District decreased during the current fiscal year by $6,873,831. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	2021	2020
Revenues		
Property taxes, penalties and interest	$ 2,193,311	$ 1,183,314
Water and sewer service	613,042	385,935
Other	1,133,114	554,616
Total revenues	3,939,467	2,123,865
Expenses		
Current service operations	2,036,189	1,594,608
Debt interest and fees	478,757	319,940
Developer interest	529,107	
Debt issuance costs	987,059	74,250
Drainage impact fees		176,000
Depreciation	653,316	493,107
Total expenses	4,684,428	2,657,905
Change in net position before other item	(744,961)	(534,040)
Other item		
Transfers to other governments	(6,128,870)	(276,728)
Change in net position	(6,873,831)	(810,768)
Net position, beginning of year	(7,155,787)	(6,345,019)
Net position, end of year	$ (14,029,618)	$ (7,155,787)

Financial Analysis of the District's Funds

The District's combined fund balances, as of April 30, 2021, were $4,508,555, which consists of $1,860,925 in the General Fund, $1,413,753 in the Debt Service Fund, and $1,233,877 in the Capital Projects Fund.

General Fund

A comparative summary of the General Fund's financial position as of April 30, 2021 and 2020, is as follows:

	2021	2020
Total assets	$ 2,143,120	$ 1,186,443
Total liabilities	$ 251,442	$ 163,400
Total deferred inflows	30,753	23,115
Total fund balance	1,860,925	999,928
Total liabilities, deferred inflows and fund balance	$ 2,143,120	$ 1,186,443

A comparative summary of the General Fund's activities for the current and prior fiscal year is as follows:

	2021	2020
Total revenues	$ 2,774,868	$ 1,638,176
Total expenditures	(1,913,871)	(1,519,776)
Revenues over expenditures	$ 860,997	$ 118,400

The District manages its activities with the objectives of ensuring that expenditures will be adequately covered by revenues each year and that an adequate fund balance is maintained. The District's primary financial resources in the General Fund are from a property tax levy, the provision of water and sewer services to customers within the District, and tap connection fees charged to homebuilders in the District. Financial resources are influenced by a variety of factors each year:

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. While the District decreased its maintenance tax levy, property tax revenues increased because assessed values in the District increased from the prior year.
- Water, sewer and surface water revenues are dependent upon customer usage, which fluctuates from year to year as a result of factors beyond the District's control.
- Tap connection fees fluctuate with homebuilding activity within the District.

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of April 30, 2021 and 2020 is as follows:

	2021	2020
Total assets	$ 1,460,957	$ 544,212
Total liabilities	$ 8,172	$ 5,348
Total deferred inflows	39,032	18,298
Total fund balance	1,413,753	520,566
Total liabilities, deferred inflows and fund balance	$ 1,460,957	$ 544,212

A comparative summary of the Debt Service Fund's activities for the current and prior fiscal year is as follows:

	2021	2020
Total revenues	$ 1,134,681	$ 461,854
Total expenditures	(610,388)	(294,343)
Revenues over expenditures	524,293	167,511
Other changes in fund balance	368,894	
Net change in fund balance	$ 893,187	$ 167,511

The District's financial resources in the Debt Service Fund in both the current year and prior year are from property tax revenues. During the current year, financial resources also included capitalized interest from the sale of bonds. The difference between these financial resources and debt service requirements resulted in an increase in fund balance each year. It is important to note that the District sets its annual debt service tax rate as recommended by its financial advisor, who monitors projected cash flows in the Debt Service Fund to ensure that the District will be able to meet its future debt service requirements.

Capital Projects Fund

A comparative summary of the Capital Projects Fund's financial position as of April 30, 2021 and 2020 is as follows:

	2021	2020
Total assets	$ 1,245,903	$ 280,646
Total liabilities	$ 12,026	$ 58
Total fund balance	1,233,877	280,588
Total liabilities and fund balance	$ 1,245,903	$ 280,646

A comparative summary of activities in the Capital Projects Fund for the current and prior fiscal year is as follows:

	2021	2020
Total revenues	$ 1,546	$ 4,189
Total expenditures	(6,716,391)	(3,244,468)
Revenues under expenditures	(6,714,845)	(3,240,279)
Other changes in fund balance	7,668,134	3,250,000
Net change in fund balance	$ 953,289	$ 9,721

The District has had considerable capital asset activity in the last two years, which was financed with proceeds from the issuance of its Series 2020 Unlimited Tax Bonds and Series 2020A Unlimited Tax Road Bonds in the current year and issuance of its Series 2019 Bond Anticipation Note in the prior year.

General Fund Budgetary Highlights

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board did not amend the budget during the fiscal year.

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was $138,364 greater than budgeted. The *Budgetary Comparison Schedule* on page 36 of this report provides variance information per financial statement line item.

Capital Assets

The District has entered into financing agreements with its developers for the financing of the construction of capital assets within the District. Developers will be reimbursed from proceeds of future bond issues or other lawfully available funds. These developer funded capital assets are recorded on the District's financial statements upon completion of construction.

Capital assets held by the District at April 30, 2021 and 2020 are summarized as follows:

	2021	2020
Capital assets not being depreciated		
Land and improvements	$ 3,343,336	$ 3,343,336
Construction in progress	49,476	
	3,392,812	3,343,336
Capital assets being depreciated		
Infrastructure	19,251,582	15,548,404
Landscaping improvements	2,903,421	1,968,221
	22,155,003	17,516,625
Less accumulated depreciation		
Infrastructure	(1,463,057)	(1,035,161)
Landscaping improvements	(652,740)	(427,320)
	(2,115,797)	(1,462,481)
Depreciable capital assets, net	20,039,206	16,054,144
Capital assets, net	$ 23,432,018	$ 19,397,480

Capital asset additions during the current year include the following:

- Windrow Sections 2 – utilities
- Windrow Section 3 – utilities
- Cumberland Ridge Phase 2 – utilities
- Dellrose Section 8 – utilities
- Dellrose Cumberland Ridge streetscape
- Dellrose Sections 6 and 7 – landscaping

The District's construction in progress is for engineering fees related to the wastewater treatment plant expansion and hydro tank addition.

Additionally, certain capital assets constructed by the District are conveyed to other governmental entities. The value of these assets is recorded as transfers to other governments upon completion of construction and trued-up when the developer is reimbursed. For the year ended April 30, 2021, capital assets in the amount of $6,128,870 have been recorded as transfers to other governments in the government-wide statements. Additional information is presented in Note 10.

Long-Term Debt and Related Liabilities

As of April 30, 2021, the District owes approximately $23,787,122 to developers for completed projects and operating advances. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. As discussed in Note 7, the District has an additional commitment in the amount of $6,755,381 for projects under construction by the developers. As noted, the District will owe its developers for these projects upon completion of construction. The District intends to reimburse the developers from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developers is trued up when the developers are reimbursed.

At April 30, 2021 and 2020, the District had total bonded debt outstanding as shown below:

Series	2021	2020
2018	$ 6,585,000	$ 6,745,000
2020	6,600,000	
2020A Road	4,975,000	
	$ 18,160,000	$ 6,745,000

During the current year, the District issued $6,600,000 in unlimited tax bonds and $4,975,000 in unlimited tax road bonds. At April 30, 2021, the District had $189,155,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and the refunding of such bonds; $96,300,000 for parks and recreational facilities and the refunding of such bonds; $42,275,000 for road improvements and the refunding of such bonds.

Next Year's Budget

In establishing the budget for the next fiscal year, the Board considered various economic factors that may affect the District, most notably projected revenues from property taxes and water/sewer services and the projected cost of operating the District and providing services to customers. A comparison of next year's budget to current year actual amounts for the General Fund is as follows:

	2021 Actual	2022 Budget
Total revenues	$ 2,774,868	$ 3,373,360
Total expenditures	(1,913,871)	(2,148,052)
Revenues over expenditures	860,997	1,225,308
Beginning fund balance	999,928	1,860,925
Ending fund balance	$ 1,860,925	$ 3,086,233

Property Taxes

The District's property tax base increased approximately $43,122,000 for the 2021 tax year from $137,200,546 to $180,322,124. This increase was primarily due to new construction in the District.

Basic Financial Statements

Harris County Municipal Utility District No. 319
Statement of Net Position and Governmental Fund Balance Sheet
April 30, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	$ 185,640	$ 93,048	$ 100	$ 278,788	$ -	$ 278,788
Investments	1,665,673	1,344,439	1,294,160	4,304,272		4,304,272
Taxes receivable	30,753	39,032		69,785		69,785
Customer service receivables	164,171			164,171		164,171
Internal balances	64,994	(16,637)	(48,357)			
Other receivables	1,225	1,075		2,300		2,300
Prepaid items	30,664			30,664		30,664
Capital assets not being depreciated					3,392,812	3,392,812
Capital assets, net					20,039,206	20,039,206
Total Assets	$2,143,120	$1,460,957	$1,245,903	$ 4,849,980	23,432,018	28,281,998
Liabilities						
Accounts payable	$ 156,740	$ -	$ 12,026	$ 168,766		168,766
Other payables	11,085	8,172		19,257		19,257
Customer deposits	82,570			82,570		82,570
Due to other governments	1,047			1,047		1,047
Accrued interest payable					92,854	92,854
Due to developers					23,787,122	23,787,122
Long-term debt						
Due within one year					350,000	350,000
Due after one year					17,810,000	17,810,000
Total Liabilities	251,442	8,172	12,026	271,640	42,039,976	42,311,616
Deferred Inflows of Resources						
Deferred property taxes	30,753	39,032		69,785	(69,785)	
Fund Balance/Net Position						
Fund Balance						
Nonspendable	30,664			30,664	(30,664)	
Restricted		1,413,753	1,233,877	2,647,630	(2,647,630)	
Unassigned	1,830,261			1,830,261	(1,830,261)	
Total Fund Balance	1,860,925	1,413,753	1,233,877	4,508,555	(4,508,555)	
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$2,143,120	$1,460,957	$1,245,903	$ 4,849,980		
Net Position						
Net investment in capital assets					(12,127,712)	(12,127,712)
Restricted for debt service					1,359,931	1,359,931
Unrestricted					(3,261,837)	(3,261,837)
Total Net Position					$(14,029,618)	$(14,029,618)

See notes to basic financial statements.

Harris County Municipal Utility District No. 319
Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance
For the Year Ended April 30, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Water service	$ 270,374	$ -	$ -	$ 270,374	$ -	$ 270,374
Sewer service	342,668			342,668		342,668
Property taxes	1,020,570	1,116,478		2,137,048	24,911	2,161,959
Penalties and interest	16,974	10,917		27,891	3,461	31,352
Surface water fees	429,846			429,846		429,846
Tap connection and inspection	681,148			681,148		681,148
Miscellaneous	9,780	4,640		14,420		14,420
Investment earnings	3,508	2,646	1,546	7,700		7,700
Total Revenues	2,774,868	1,134,681	1,546	3,911,095	28,372	3,939,467
Expenditures/Expenses						
Current service operations						
Professional fees	106,081		100,174	206,255		206,255
Contracted services	687,518	26,596		714,114		714,114
Repairs and maintenance	268,995			268,995		268,995
Utilities	63,025			63,025		63,025
Lease	234,000		12,133	246,133		246,133
Regional Water Authority fees	450,785			450,785		450,785
Administrative	48,313	1,822		50,135		50,135
Other	24,899	11,792	56	36,747		36,747
Capital outlay	30,255		5,021,740	5,051,995	(5,051,995)	
Debt service						
Principal		160,000		160,000	(160,000)	
Interest and fees		410,178	66,122	476,300	2,457	478,757
Developer interest			529,107	529,107		529,107
Debt issuance costs			987,059	987,059		987,059
Depreciation					653,316	653,316
Total Expenditures/Expenses	1,913,871	610,388	6,716,391	9,240,650	(4,556,222)	4,684,428
Revenues Over/(Under) Expenditures/Expenses	860,997	524,293	(6,714,845)	(5,329,555)	4,584,594	(744,961)
Other Financing Sources/(Uses)						
Proceeds from sale of bonds		368,894	11,206,106	11,575,000	(11,575,000)	
Repayment of bond anticipation note			(3,250,000)	(3,250,000)	3,250,000	
Repayment of developer advances			(287,972)	(287,972)	287,972	
Other Items						
Transfers to other governments					(6,128,870)	(6,128,870)
Net Change in Fund Balance	860,997	893,187	953,289	2,707,473	(2,707,473)	
Change in Net Position					(6,873,831)	(6,873,831)
Fund Balance/Net Position						
Beginning of the year	999,928	520,566	280,588	1,801,082	(8,956,869)	(7,155,787)
End of the year	$1,860,925	$1,413,753	$1,233,877	$4,508,555	$(18,538,173)	$(14,029,618)

See notes to basic financial statements.

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Note 1 – Summary of Significant Accounting Policies

The accounting policies of Harris County Municipal Utility District No. 319 (the "District") conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB"). The following is a summary of the most significant policies:

Creation

The District was organized, created and established pursuant to House Bill No. 2514, 69th Legislature, Regular Session, dated June 14, 1985, and operates in accordance with Article III, Section 52 and Article XVI, Section 59 of the Texas Constitution. The Board of Directors held its first meeting on February 24, 2014, and the first bonds were issued on December 13, 2018.

The District's primary activities include construction, maintenance and operation of water, sewer, drainage, park and recreational facilities; and the construction of road improvements within the District. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

Reporting Entity

The District is a political subdivision of the State of Texas governed by an elected five-member board. The GASB has established the criteria for determining the reporting entity for financial statement reporting purposes. To qualify as a primary government, a government must have a separately elected governing body, be legally separate, and be fiscally independent of other state and local governments, while a component unit is a legally separate government for which the elected officials of a primary government are financially accountable. Fiscal independence implies that the government has the authority to adopt a budget, levy taxes, set rates, and/or issue bonds without approval from other 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.

Government-Wide and Fund Financial Statements

Government-wide financial statements display information about the District as a whole. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Interfund activity, if any, has been removed from these statements. These aggregated statements consist of the *Statement of Net Position* and the *Statement of Activities*.

Fund financial statements display information at the individual fund level. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. Each fund is considered to be a separate accounting entity. Most governments typically have many funds; however, governmental financial statements focus on the most important or "major" funds with non-major funds aggregated in a single column. The District has three governmental funds, which are all considered major funds.

Note 1 – Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements (continued)

The following is a description of the various funds used by the District:

- The General Fund is used to account for the operations of the District's water and sewer system and all other financial transactions not reported in other funds. The principal sources of revenue are property taxes and water and sewer service fees. Expenditures include costs associated with the daily operations of the District.
- The Debt Service Fund is used to account for the payment of interest and principal on the District's general long-term debt. The primary source of revenue for debt service is property taxes. Expenditures include costs incurred in assessing and collecting these taxes.
- The Capital Projects Fund is used to account for the expenditures of bond proceeds for the construction of the District's water, sewer, drainage and road facilities.

As a special-purpose government engaged in a single governmental program, the District has opted to combine its government-wide and fund financial statements in a columnar format showing an adjustments column for reconciling items between the two.

Measurement Focus and Basis of Accounting

The government-wide financial statements use the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized in the accounting period in which it becomes both available and measurable to finance expenditures of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, interest earned on investments and income from District operations. Property taxes receivable at the end of the fiscal year are treated as deferred inflows because they are not considered available to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

Note 2 further details the adjustments from the governmental fund presentation to the government-wide presentation.

Use of Restricted Resources

When both restricted and unrestricted resources are available for use, the District uses restricted resources first, then unrestricted resources as they are needed.

Note 1 – Summary of Significant Accounting Policies (continued)

Prepaid Items

Certain payments made by the District reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At April 30, 2021, an allowance for uncollectible accounts was not considered necessary.

Unbilled Service Revenues

Utility revenue is recorded when earned. Customers are billed monthly. The estimated value of services provided but unbilled at year-end has been included in the accompanying financial statements.

Interfund Activity

During the course of operations, transactions occur between individual funds. This can include internal transfers, payables and receivables. This activity is combined as internal balances and is eliminated in both the government-wide and fund financial statement presentation.

Capital Assets

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost of $5,000 or more and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciable capital assets, which primarily consist of water, wastewater and drainage facilities, are depreciated using the straight-line method as follows:

Assets	Useful Life
Infrastructure	45 years
Landscaping improvements	10-20 years

The District's detention facilities and drainage channels are considered improvements to land and are non-depreciable.

Note 1 – Summary of Significant Accounting Policies (continued)

Deferred Inflows and Outflows of Financial Resources

A deferred inflow of financial resources is the acquisition of resources in one period that is applicable to a future period, while a deferred outflow of financial resources is the consumption of financial resources in one period that is applicable to a future period. A deferred inflow results from the acquisition of an asset without a corresponding revenue or assumption of a liability. A deferred outflow results from the use of an asset without a corresponding expenditure or reduction of a liability.

At the fund level, property taxes receivable not collected within 60 days of fiscal year end do not meet the availability criteria required for revenue recognition and are recorded as deferred inflows of financial resources.

Net Position – Governmental Activities

Governmental accounting standards establish the following three components of net position:

Net investment in capital assets – represents the District's investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets.

Restricted – consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties.

Unrestricted – resources not included in the other components.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

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's nonspendable fund balance consists of prepaid items.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District's restricted fund balances consist of unspent bond proceeds in the Capital Projects Fund and property taxes levied for debt service and capitalized interest from the sale of bonds in the Debt Service Fund.

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The District does not have any committed fund balances.

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balances – Governmental Funds (continued)

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances and does not have any assigned fund balances.

Unassigned - all other spendable amounts in the General Fund.

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include, among others, the collectability of receivables; the value of unbilled utility revenues and receivables; the useful lives and impairment of capital assets; the value of amounts due to developers; the value of capital assets transferred, and the value of capital assets for which the developers have not been fully reimbursed. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

Note 2 – Adjustment from Governmental to Government-wide Basis

Reconciliation of the *Governmental Fund Balance Sheet* to the *Statement of Net Position*

Total fund balance, governmental fund		$ 4,508,555
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	$ 25,547,815	
Less accumulated depreciation	(2,115,797)	
Change due to capital assets		23,432,018
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of:		
Bonds payable, net	(18,160,000)	
Interest payable on bonds	(92,854)	
Change due to long-term debt		(18,252,854)
Amounts due to the District's developers for prefunded construction and operating advances are recorded as a liability in the *Statement of Net Position.*		(23,787,122)
Property taxes receivable and related penalties and interest have been levied and are due, but are not available soon enough to pay current period expenditures and, therefore, are deferred in the funds.		69,785
Total net position - governmental activities		$ (14,029,618)

Note 2 – Adjustment from Governmental to Government-wide Basis (continued)

Reconciliation of the *Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance* to the *Statement of Activities*

Net change in fund balance - total governmental fund		$ 2,707,473
Governmental fund do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for property taxes and related penalties and interest.		28,372
Governmental funds report capital outlays for developer reimbursements as expenditures in the funds; however, in the *Statement of Activities,* the cost of capital assets is charged to expense over the estimated useful life of the asset. Other assets are recorded as transfers to other governments.		
Capital outlays	$ 5,051,995	
Depreciation expense	(653,316)	
Transfers to other governments	(6,128,870)	
		(1,730,191)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal uses current financial resources. However, neither transaction has any effect on net assets. Other elements of debt financing are reported differently between the fund and government wide statements.		
Issuance of long-term debt	(11,575,000)	
Principal payments	160,000	
Repayment of bond anticipation note	3,250,000	
Interest expense accrual	(2,457)	
		(8,167,457)
Amounts paid to the District's developers for operating advances use financial resources at the fund level, but reduce the liability in the *Statement of Net Position*.		287,972
Change in net position of governmental activities		$ (6,873,831)

Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

Custodial credit risk as it applies to deposits (i.e. cash and certificates of deposit) is the risk that, in the event of the failure of the depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities. The *Public Funds Collateral Act* (Chapter 2257, Texas Government Code) requires that all of the District's deposits with financial institutions be covered by federal depository insurance and, if necessary, pledged collateral held by a third-party custodian. The act further specifies the types of securities that can be used as collateral. The District's written investment policy establishes additional requirements for collateralization of deposits.

Investments

The District is authorized by the *Public Funds Investment Act* (Chapter 2256, Texas Government Code) to invest in the following: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including Federal Home Loan Banks, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies or instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, (5) certain A rated or higher obligations of states and political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) certain insured or collateralized certificates of deposit and share certificates, (8) certain fully collateralized repurchase agreements, (9) bankers' acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds, with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

The District has adopted a written investment policy to establish the principles by which the District's investment program should be managed. This policy further restricts the types of investments in which the District may invest.

Note 3 – Deposits and Investments (continued)

Investments (continued)

As of April 30, 2021, the District's investments consist of the following:

Type	Fund	Carrying Value	Percentage of Total	Rating	Weighted Average Maturity
Certificates of deposit	General	$ 1,200,000			
	Debt Service	960,000			
		2,160,000	50%	N/A	N/A
Texas CLASS	General	465,673			
	Debt Service	384,439			
	Capital Projects	1,294,160			
Total		2,144,272	50%	AAAm	50 days
		$ 4,304,272	100%		

The District's investments in certificates of deposit are reported at cost.

Texas CLASS

The District participates in Texas Cooperative Liquid Assets Securities System (Texas CLASS). Texas CLASS is managed by an elected Board of Trustees consisting of members of the pool. Additionally, the Board of Trustees has established an advisory board, the function of which is to provide guidance on investment policies and strategies. The Board of Trustees has selected Public Trust Advisors, LLC as the program administer and Wells Fargo Bank as the custodian.

The District's investment in Texas CLASS is reported at fair value because Texas CLASS uses fair value to report investments (other than repurchase agreements which are valued at amortized cost). Governmental accounting standards establish the following hierarchy of inputs used to measure fair value: Level 1 inputs are based on quoted prices in active markets, Level 2 inputs are based on significant other observable inputs, and Level 3 inputs are based on significant unobservable inputs. The District's investment in Texas CLASS is measured using published fair value per share (level 1 inputs).

Investments in Texas CLASS may be withdrawn via wire transfer on a same day basis, as long as the transaction is executed by 4 p.m. ACH withdrawals made by 4 p.m. will settle on the next business day.

Note 3 – Deposits and Investments (continued)

Investment Credit and Interest Rate Risk

Investment credit risk is the risk that the investor may not recover the value of an investment from the issuer, while interest rate risk is the risk that the value of an investment will be adversely affected by changes in interest rates. The District's investment policies do not address investment credit and interest rate risk beyond the rating and maturity restrictions established by state statutes.

Note 4 – Interfund Balances and Transactions

Amounts due to/from other funds at April 30, 2021, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
General Fund	Debt Service Fund	$ 16,637	Maintenance tax collections due to the General Fund
General Fund	Capital Projects Fund	48,357	Bond application costs paid by the General Fund

Amounts reported as internal balances between funds are considered temporary balances and will be paid during the following fiscal year.

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended April 30, 2021, is as follows:

	Beginning Balances	Additions/ Adjustments	Ending Balances
Capital assets not being depreciated			
Land and improvements	$ 3,343,336	$ -	$ 3,343,336
Construction in progress		49,476	49,476
	3,343,336	49,476	3,392,812
Capital assets being depreciated			
Infrastructure	15,548,404	3,703,178	19,251,582
Landscaping improvements	1,968,221	935,200	2,903,421
	17,516,625	4,638,378	22,155,003
Less accumulated depreciation			
Infrastructure	(1,035,161)	(427,896)	(1,463,057)
Landscaping improvements	(427,320)	(225,420)	(652,740)
	(1,462,481)	(653,316)	(2,115,797)
Subtotal depreciable capital assets, net	16,054,144	3,985,062	20,039,206
Capital assets, net	$ 19,397,480	$ 4,034,538	$ 23,432,018

Depreciation expense for the current year was $653,316.

The District has contractual commitments for construction projects as follows:

	Contract Amount	Amounts Paid	Remaining Commitment
Left hand turn lane to serve Dellrose Section 10	$ 339,994	$ -	$ 339,994
Windrow lift station No. 2	581,112		581,112
	$ 921,106	$ -	$ 921,106

Note 6 – Bond Anticipation Note

The District uses a bond anticipation note (BAN) to provide short-term financing for reimbursements to its developers. Despite its short-term nature, a BAN is not recorded as a fund liability, since it will not be repaid from current financial resources and will be repaid through the issuance of long-term debt or another BAN. It is, however, recorded as a liability at the government-wide level.

At the beginning of the fiscal year, the District had a BAN outstanding in the amount of $3,250,000. This BAN was repaid on August 11, 2020, with proceeds from the issuance of the District's Series 2020 Unlimited Tax Bonds.

Note 6 – Bond Anticipation Note (continued)

The effect of this transaction on the District's short-term obligations are as follows:

Beginning balance	$ 3,250,000
Amounts repaid	(3,250,000)
Ending balance	$ -

Note 7 – Due to Developers

The District has entered into financing agreements with its developers for the financing of the construction of water, sewer, drainage, and park and recreational facilities and road improvements. Under the agreements, the developers will advance funds for the construction of facilities to serve the District. The developers will be reimbursed from proceeds of future bond issues or other lawfully available funds, subject to approval by TCEQ, as applicable. The District does not record the capital asset and related liability on the government-wide statements until construction of the facilities is complete. The initial cost is estimated based on construction costs plus 10-15% for engineering and other fees. Estimates are trued up when the developers are reimbursed.

The District's developers have also advanced funds to the District for operating expenses.

Changes in the estimated amounts due to developers during the year are as follows:

Due to developers, beginning of year	$ 18,310,364
Developer reimbursements	(4,972,263)
Repayments of developer advances	(287,972)
Developer funded construction and adjustments	10,736,993
Due to developers, end of year	$ 23,787,122

Note 7 – Due to Developers (continued)

In addition, the District will owe the developers approximately $6,755,381, which is included in the following schedule of contractual commitments. The exact amount is not known until approved by the TCEQ and verified by the District's auditor. As previously noted, these projects will be reported in the government-wide financial statements upon completion of construction.

	Contract Amount	Amounts Paid	Remaining Commitment
Dellrose Section 9 - utilities	$ 686,706	$ 452,572	$ 234,134
Dellrose Section 10 - utilities	1,089,691	976,266	113,425
Dellrose Section 11 - utilities	810,531	748,057	62,474
Dellrose Section 12 - utilities	349,918		349,918
Windrow Farm Drive - utilities and force main	812,899		812,899
Windrow Farm Drive bridge - utilities	1,075,408	753,085	322,323
Windrow Section 4 - utilities	1,036,630		1,036,630
Windrow Phase III - detention improvements	473,918	140,555	333,363
Section 8 and Cumberland Ridge Phase II - landscaping	419,680	359,703	59,977
	$ 6,755,381	$ 3,430,238	$ 3,325,143

Note 8 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	$ 18,160,000
Due within one year	$ 350,000

The District's bonds payable at April 30, 2021, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2018	$ 6,585,000	$ 6,745,000	3.00% - 4.50%	September 1, 2020/2043	September 1, March 1	September 1, 2023
2020	6,600,000	6,600,000	2.00% - 4.50%	September 1, 2021/2044	September 1, March 1	September 1, 2025
2020A Road	4,975,000	4,975,000	2.00% - 4.50%	September 1, 2022/2045	September 1, March 1	September 1, 2025
	$ 18,160,000					

Note 8 – Long-Term Debt (continued)

Payments of principal and interest on all series of bonds are to be provided from taxes levied on all properties within the District. Investment income realized by the Debt Service Fund from investment of idle funds will be used to pay outstanding bond principal and interest. The District is in compliance with the terms of its bond resolutions.

At April 30, 2021, the District had authorized but unissued bonds in the amount of $189,155,000 for water, sewer and drainage facilities and the refunding of such bonds; $96,300,000 for park and recreational facilities and the refunding of such bonds; and $42,275,000 for road improvements and the refunding of such bonds.

On August 11, 2020, the District issued its $6,600,000 Series 2020 Unlimited Tax Bonds at a net effective interest rate of 2.589917%. Proceeds of the bonds were used (1) to reimburse developers for the following: the cost of capital assets constructed within the District; drainage impact fees paid to Harris County Flood Control District; and operating advances; (2) to repay a $3,250,000 BAN issued in the previous fiscal year; (3) to pay developer interest at the net effective interest rate of the bonds; and (4) to pay capitalized interest into the Debt Service Fund.

On October 20, 2020, the District issued its $4,975,000 Series 2020A Unlimited Tax Road Bonds at a net effective interest rate of 2.386217%. Proceeds of the bonds were used (1) to reimburse a developer for the following: the cost of capital assets constructed within the District and the acquisition of land for certain District facilities; (2) to pay developer interest at the net effective interest rate of the bonds; and (3) to pay capitalized interest into the Debt Service Fund.

The change in the District's long-term debt during the year is as follows:

Bonds payable, beginning of year	$	6,745,000
Bonds issued		11,575,000
Bonds retired		(160,000)
Bonds payable, end of year	$	18,160,000

Note 8 – Long-Term Debt (continued)

As of April 30, 2021, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2022	$ 350,000	$ 550,525	$ 900,525
2023	505,000	533,876	1,038,876
2024	530,000	513,172	1,043,172
2025	550,000	491,362	1,041,362
2026	565,000	470,094	1,035,094
2027	590,000	451,431	1,041,431
2028	605,000	435,044	1,040,044
2029	630,000	418,894	1,048,894
2030	650,000	401,681	1,051,681
2031	680,000	383,481	1,063,481
2032	710,000	364,431	1,074,431
2033	735,000	344,409	1,079,409
2034	760,000	323,509	1,083,509
2035	785,000	301,656	1,086,656
2036	815,000	278,556	1,093,556
2037	850,000	253,887	1,103,887
2038	875,000	227,919	1,102,919
2039	910,000	200,801	1,110,801
2040	950,000	172,042	1,122,042
2041	980,000	141,597	1,121,597
2042	1,025,000	109,375	1,134,375
2043	1,055,000	75,670	1,130,670
2044	1,100,000	40,695	1,140,695
2045	670,000	14,800	684,800
2046	285,000	3,385	288,385
	$ 18,160,000	$ 7,502,292	$ 25,662,292

Note 9 – Property Taxes

On November 3, 2015, the voters of the District authorized the District's Board of Directors to levy taxes annually for use in financing general operations limited to $1.50 per $100 of assessed value and $0.25 per $100 of assessed value for use in financing maintenance and operations for roads. The District's bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

Note 9 – Property Taxes (continued)

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

Property taxes are collected based on rates adopted in the year of the levy. The District's 2021 fiscal year was financed through the 2020 tax levy, pursuant to which the District levied property taxes of $1.50 per $100 of assessed value, of which $0.71 was allocated to maintenance and operations; $0.61 was allocated to water, sewer, and drainage debt service; and $0.18 was allocated to road debt service. The resulting tax levy was $2,058,008 on the adjusted taxable value of $137,200,546.

Property taxes receivable, at April 30, 2021, consisted of the following:

Current year taxes receivable	$ 56,064
Prior years taxes receivable	5,998
	62,062
Penalty and interest receivable	7,723
Property taxes receivable	$ 69,785

Note 10 – Transfers to Other Governments

Harris County assumes responsibility for the maintenance of public roads constructed within the county limits. Accordingly, road facilities are considered to be capital assets of Harris County, not the District. The estimated cost of each road project is recorded as a transfer to other government upon completion of construction. This cost is trued-up when the developers are subsequently reimbursed. For the year ended April 30, 2021, the District recorded transfers to other governments in the amount of $6,128,870 for road facilities constructed by a developer within the District.

Note 11 – Agreements with Northwest Freeway Municipal Utility District

Interim and Emergency Water Supply Agreement

On February 25, 2015, the District and Northwest Freeway Municipal Utility District ("Northwest MUD") entered into an Interim and Emergency Water Supply Agreement for the purchase of water supply not to exceed 15,000 gallons per month. During the current year, the District did not purchase emergency water supply from Northwest MUD.

Pursuant to the agreement, each District agrees to temporarily supply water to the other District in the event of an emergency at a rate of $1.00 per $1,000 gallons of water delivered plus any groundwater pumpage fees imposed on the supplying District. The term of this provision for emergency water supply is 40 years.

Note 11 – Agreements with Northwest Freeway Municipal Utility District (continued)

Temporary Wastewater Treatment Service Agreement

On April 18, 2016, the District and Northwest MUD entered into a Letter Agreement for Temporary Wastewater Treatment Services. Pursuant to this agreement, the District can deliver up to 13,750 gallons per day to Northwest MUD's wastewater treatment plant for a fee of $2.00 per 1,000 gallons of wastewater delivered. During the current year, the District did not purchase wastewater treatment services from Northwest MUD.

Note 12 – Lease Agreement

On December 31, 2015, the District entered into an operating lease agreement for a wastewater treatment plant. This lease is for 60 months, unless otherwise terminated. The lease was effective as of August 1, 2017. The District has the option to extend the lease on a month to month basis following expiration of the term. The District is responsible for all ordinary expenses related to repairing and maintaining the equipment. Monthly payments for the lease are $19,500. Total costs for all such leases for the fiscal year ended April 30, 2021 was $246,133.

Future minimum leases payments as of April 30, 2021 for term leases are as follows:

Year	Amount
2022	$ 234,000
2023	58,500
	$ 292,500

Prepaid expense on the *Statement of Net Position* includes amounts for the May 2021 lease expense.

Note 13 – Water, Wastewater, and Operations Cost Sharing Agreement

On May 11, 2017, the District interested into a 40-year term Water, Wastewater, and Operations Cost Sharing Agreement with the Cypress 600 Development Partners ("Cypress 600") and Pulte Homes of Texas ("Pulte"). Pulte acquired a portion of existing capacity by reimbursing Cypress 600 a share of construction costs. Pursuant to the Agreement, Cypress 600 and Pulte shall split future construction costs of additional facilities based on projected ESFCs of 69% and 31%, respectively.

The Developers shall advance funds on a proportional basis to the District subject to the request of the District for construction and operating costs until the District develops sufficient operating fund revenue from customer rate and fee payments, maintenance tax income, and interest earnings.

Note 14 – Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and personal injuries. The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage from the prior year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Note 15 – Subsequent Event

On August 4, 2021, the District approved a preliminary official statement and notice of sale for its Series 2021 Unlimited Tax Bonds in the amount of $8,350,000. The acceptance of bids and award of sale is scheduled for August 19, 2021. Proceeds of the bonds will primarily be used to reimburse developers for amounts currently reported in "Due to developers."

Required Supplementary Information

Harris County Municipal Utility District No. 319
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended April 30, 2021

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Water service	$ 213,000	$ 270,374	$ 57,374
Sewer service	265,000	342,668	77,668
Property taxes	1,040,000	1,020,570	(19,430)
Penalties and interest	11,000	16,974	5,974
Surface water fees	360,000	429,846	69,846
Tap connection and inspection	375,000	681,148	306,148
Miscellaneous	9,250	9,780	530
Investment earnings	9,250	3,508	(5,742)
Total Revenues	2,282,500	2,774,868	492,368
Expenditures			
Current service operations			
Professional fees	113,900	106,081	7,819
Contracted services	510,200	687,518	(177,318)
Repairs and maintenance	239,392	268,995	(29,603)
Utilities	58,800	63,025	(4,225)
Lease	234,000	234,000	
Regional Water Authority fees	360,000	450,785	(90,785)
Administrative	48,400	48,313	87
Other	15,450	24,899	(9,449)
Capital outlay	25,000	30,255	(5,255)
Total Expenditures	1,605,142	1,913,871	(308,729)
Revenues Over Expenditures	677,358	860,997	183,639
Other Financing Sources			
Internal transfers	45,275		(45,275)
Net Change in Fund Balance	722,633	860,997	138,364
Fund Balance			
Beginning of the year	999,928	999,928	
End of the year	$ 1,722,561	$ 1,860,925	$ 138,364

Budgets and Budgetary Accounting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. There were no amendments to the budget during the year.

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Texas Supplementary Information

1. Services provided by the District During the Fiscal Year:

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

[ ] 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):

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels		
Water:	$ 18.00	5,000	N	$ 1.75	5,000	to	10,000
				$ 2.00	10,001	to	20,000
				$ 2.50	20,001	to	unlimited
Wastewater:	$ 36.10	N/A	Y				
Surcharge:	$ -	0	N	$ 4.68	1,001	to	unlimited

District employs winter averaging for wastewater usage? [ ] Yes [X] No

Total charges per 10,000 gallons usage: Water $ 73.55 Wastewater $ 36.10

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered			x 1.0	
less than 3/4"	988	985	x 1.0	985
1"	30	29	x 2.5	73
1.5"			x 5.0	
2"	11	11	x 8.0	88
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water	1,029	1,025		1,146
Total Wastewater	1,029	1,016	x 1.0	1,016

See accompanying auditors' report.

3. Total Water Consumption during the fiscal year (rounded to the nearest thousand):

Gallons pumped into system:	104,214,000	Water Accountability Ratio: (Gallons billed or sold / Gallons pumped or purchased)
Gallons billed to customers:	97,098,000	93.17%

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

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

If yes, Date of the most recent commission Order: ______

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

If yes, Date of the most recent commission Order: ______

5. Location of District

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

County(ies) in which the District is located: Harris County

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

City(ies) in which the District is located: ______

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

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

ETJs in which the District is located: Houston

Are Board members appointed by an office outside the district? Yes [ ] No [X]

If Yes, by whom? ______

See accompanying auditors' report.

Harris County Municipal Utility District No. 319
TSI-2 General Fund Expenditures
For the Year Ended April 30, 2021

Professional fees		
Legal	$	81,306
Audit		10,000
Engineering		14,775
		106,081
Contracted services		
Bookkeeping		31,526
Operator		79,860
Garbage collection		169,359
Security		38,745
Tap connection and inspection		368,028
		687,518
Repairs and maintenance		268,995
Utilities		63,025
Lease		234,000
Regional Water Authority		450,785
Administrative		
Directors fees		8,700
Printing and office supplies		6,641
Insurance		12,145
Other		20,827
		48,313
Other		24,899
Capital outlay		30,255
Total expenditures	$	1,913,871

Reporting of Utility Services in Accordance with HB 3693:

	Usage		Cost
Electrical	632,214 kWh	$	63,025
Water	N/A		N/A
Natural Gas	N/A		N/A

See accompanying auditors' report.

Harris County Municipal Utility District No. 319
TSI-3. Investments
April 30, 2021

Fund	Interest Rate	Maturity Date	Balance at End of Year	Interest Receivable
General				
Certificate of deposit	0.38%	12/24/21	$ 100,000	$ 96
Certificate of deposit	0.38%	08/26/21	100,000	96
Certificate of deposit	0.40%	02/22/22	100,000	37
Certificate of deposit	0.30%	05/28/21	100,000	76
Certificate of deposit	0.30%	09/25/21	100,000	76
Certificate of deposit	0.40%	07/27/21	100,000	101
Certificate of deposit	0.25%	04/28/22	100,000	1
Certificate of deposit	0.35%	03/23/22	100,000	36
Certificate of deposit	0.75%	09/28/21	50,000	220
Certificate of deposit	0.75%	01/28/22	100,000	189
Certificate of deposit	0.50%	06/25/21	50,000	146
Certificate of deposit	0.35%	10/25/21	100,000	88
Certificate of deposit	0.25%	11/28/21	100,000	63
Texas Class	Variable	N/A	465,673	
			1,665,673	1,225
Debt Service				
Certificate of deposit	0.38%	08/01/21	240,000	217
Certificate of deposit	0.40%	08/02/21	240,000	229
Certificate of deposit	0.40%	08/01/21	240,000	229
Certificate of deposit	0.70%	08/01/21	240,000	400
Texas Class	Variable	N/A	312,796	
Texas Class	Variable	N/A	71,643	
			1,344,439	1,075
Capital Projects				
Texas Class	Variable	N/A	439,737	
Texas Class	Variable	N/A	854,423	
			1,294,160	
Total - All Funds			$ 4,304,272	$ 2,300

See accompanying auditors' report.

Harris County Municipal Utility District No. 319
TSI-4. Taxes Levied and Receivable
April 30, 2021

	Maintenance Taxes	WSD Debt Service Taxes	Road Debt Service Taxes	Totals
Taxes Receivable, Beginning of Year	$ 23,115	$ 14,036	$ -	$ 37,151
Adjustments to Prior Year Tax Levy	79,289	24,662		103,951
Adjusted Receivable	102,404	38,698		141,102
2020 Original Tax Levy	817,611	702,455	207,282	1,727,348
Adjustments	156,513	134,468	39,679	330,660
Adjusted Tax Levy	974,124	836,923	246,961	2,058,008
Total to be accounted for	1,076,528	875,621	246,961	2,199,110
Tax collections:				
Current year	947,587	814,124	240,233	2,001,944
Prior years	98,188	36,916		135,104
Total Collections	1,045,775	851,040	240,233	2,137,048
Taxes Receivable, End of Year	$ 30,753	$ 24,581	$ 6,728	$ 62,062
Taxes Receivable, By Years				
2020	$ 26,537	$ 22,799	$ 6,728	$ 56,064
2019	2,748	1,782		4,530
2018	1,468			1,468
Taxes Receivable, End of Year	$ 30,753	$ 24,581	$ 6,728	$ 62,062

	2020	2019	2018	2017
Property Valuations:				
Land	$ 49,548,860	$ 44,380,562	$ 31,286,139	$ 21,239,485
Improvements	100,210,324	49,846,095	25,006,466	7,541,587
Personal Property	909,813	284,786	202,267	106,826
Exemptions	(13,468,451)	(11,241,536)	(4,478,588)	(10,773,528)
Total Property Valuations	$ 137,200,546	$ 83,269,907	$ 52,016,284	$ 18,114,370
Tax Rates per $100 Valuation:				
Maintenance tax rates	$ 0.71	$ 0.91	$ 1.50	$ 1.50
WSD debt service tax rates	0.61	0.59		
Road debt service tax rates	0.18			
Total Tax Rates per $100 Valuation	$ 1.50	$ 1.50	$ 1.50	$ 1.50
Adjusted Tax Levy:	$ 2,058,008	$ 1,249,049	$ 780,244	$ 271,716
Percentage of Taxes Collected to Taxes Levied ***	97.28%	99.64%	99.81%	100.00%

* Maximum Maintenance Tax Rate Approved by Voters: $1.50 on November 3, 2015
** Maximum Road Tax Rate Approved by Voters: $0.25 on November 3, 2015
*** Calculated as taxes collected for a tax year divided by taxes levied for that tax year.

See accompanying auditors' report.

Harris County Municipal Utility District No. 319
TSI-5. Long-Term Debt Service Requirements
Series 2018--by Years
April 30, 2021

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2022	$ 170,000	$ 267,619	$ 437,619
2023	175,000	262,444	437,444
2024	185,000	256,928	441,928
2025	195,000	250,869	445,869
2026	200,000	244,200	444,200
2027	210,000	237,025	447,025
2028	220,000	229,363	449,363
2029	230,000	221,063	451,063
2030	240,000	211,950	451,950
2031	250,000	202,150	452,150
2032	265,000	191,850	456,850
2033	275,000	180,878	455,878
2034	285,000	169,328	454,328
2035	300,000	157,075	457,075
2036	315,000	144,006	459,006
2037	330,000	130,094	460,094
2038	340,000	115,438	455,438
2039	355,000	100,013	455,013
2040	375,000	83,588	458,588
2041	390,000	66,375	456,375
2042	410,000	48,375	458,375
2043	425,000	29,588	454,588
2044	445,000	10,013	455,013
	$ 6,585,000	$ 3,810,232	$ 10,395,232

See accompanying auditors' report.

Harris County Municipal Utility District No. 319
TSI-5. Long-Term Debt Service Requirements
Series 2020--by Years
April 30, 2021

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2022	$ 180,000	$ 167,025	$ 347,025
2023	185,000	158,813	343,813
2024	195,000	150,263	345,263
2025	200,000	141,374	341,374
2026	205,000	132,263	337,263
2027	215,000	124,425	339,425
2028	220,000	119,000	339,000
2029	230,000	114,500	344,500
2030	235,000	109,850	344,850
2031	245,000	105,050	350,050
2032	255,000	100,050	355,050
2033	265,000	94,850	359,850
2034	275,000	89,450	364,450
2035	280,000	83,900	363,900
2036	290,000	78,019	368,019
2037	300,000	71,562	371,562
2038	310,000	64,700	374,700
2039	325,000	57,556	382,556
2040	335,000	49,922	384,922
2041	345,000	41,847	386,847
2042	360,000	33,250	393,250
2043	370,000	24,125	394,125
2044	385,000	14,688	399,688
2045	395,000	4,937	399,937
	$ 6,600,000	$ 2,131,419	$ 8,731,419

See accompanying auditors' report.

Harris County Municipal Utility District No. 319
TSI-5. Long-Term Debt Service Requirements
Series 2020A Road--by Years
April 30, 2021

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2022	$ -	$ 115,881	$ 115,881
2023	145,000	112,619	257,619
2024	150,000	105,981	255,981
2025	155,000	99,119	254,119
2026	160,000	93,631	253,631
2027	165,000	89,981	254,981
2028	165,000	86,681	251,681
2029	170,000	83,331	253,331
2030	175,000	79,881	254,881
2031	185,000	76,281	261,281
2032	190,000	72,531	262,531
2033	195,000	68,681	263,681
2034	200,000	64,731	264,731
2035	205,000	60,681	265,681
2036	210,000	56,531	266,531
2037	220,000	52,231	272,231
2038	225,000	47,781	272,781
2039	230,000	43,232	273,232
2040	240,000	38,532	278,532
2041	245,000	33,375	278,375
2042	255,000	27,750	282,750
2043	260,000	21,957	281,957
2044	270,000	15,994	285,994
2045	275,000	9,863	284,863
2046	285,000	3,385	288,385
	$ 4,975,000	$ 1,560,641	$ 6,535,641

See accompanying auditors' report.

Harris County Municipal Utility District No. 319
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
April 30, 2021

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2022	$ 350,000	$ 550,525	$ 900,525
2023	505,000	533,876	1,038,876
2024	530,000	513,172	1,043,172
2025	550,000	491,362	1,041,362
2026	565,000	470,094	1,035,094
2027	590,000	451,431	1,041,431
2028	605,000	435,044	1,040,044
2029	630,000	418,894	1,048,894
2030	650,000	401,681	1,051,681
2031	680,000	383,481	1,063,481
2032	710,000	364,431	1,074,431
2033	735,000	344,409	1,079,409
2034	760,000	323,509	1,083,509
2035	785,000	301,656	1,086,656
2036	815,000	278,556	1,093,556
2037	850,000	253,887	1,103,887
2038	875,000	227,919	1,102,919
2039	910,000	200,801	1,110,801
2040	950,000	172,042	1,122,042
2041	980,000	141,597	1,121,597
2042	1,025,000	109,375	1,134,375
2043	1,055,000	75,670	1,130,670
2044	1,100,000	40,695	1,140,695
2045	670,000	14,800	684,800
2046	285,000	3,385	288,385
	$ 18,160,000	$ 7,502,292	$ 25,662,292

See accompanying auditors' report.

Harris County Municipal Utility District No. 319
TSI-6. Change in Long-Term Bonded Debt
April 30, 2021

	Bond Issue			
	Series 2018	Series 2020	Series 2020A Road	Totals
Interest rate	3.00% - 4.50%	2.00% - 4.50%	2.00% - 4.50%	
Dates interest payable	9/1; 3/1	9/1; 3/1	9/1; 3/1	
Maturity dates	9/1/20 - 9/1/43	9/1/21 - 9/1/44	9/1/22 - 9/1/45	
Beginning bonds outstanding	$ 6,745,000	$ -	$ -	$ 6,745,000
Bonds issued		6,600,000	4,975,000	11,575,000
Bonds retired	(160,000)			(160,000)
Ending bonds outstanding	$ 6,585,000	$ 6,600,000	$ 4,975,000	$ 18,160,000
Interest paid during fiscal year	$ 272,569	$ 99,794	$ 48,284	$ 420,647

Paying agent's name and city
All Series — Zions Bancorporation, National Association, Houston, Texas

Bond Authority:	Water, Sewer and Drainage Bonds	Road Bonds	Parks and Recreational Bonds
Amount Authorized by Voters	$ 202,500,000	$ 47,250,000	$ 96,300,000
Amount Issued	(13,345,000)	(4,975,000)	
Remaining To Be Issued	$ 189,155,000	$ 42,275,000	$ 96,300,000

All bonds are secured with tax revenues. Bonds may also be secured with other revenues in combination with taxes.

Debt Service Fund cash and investment balances as of April 30, 2021:	$ 1,437,487
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 1,026,492

See accompanying auditors' report.

Harris County Municipal Utility District No. 319
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2021	2020	2019	2018	2017
Revenues					
Water service	$ 270,374	$ 170,548	$ 82,852	$ 31,284	$ 14,499
Sewer service	342,668	215,387	105,494	43,212	15,065
Property taxes	1,020,570	698,236	793,954	301,259	550
Penalties and interest	16,974	8,423	8,675	8,434	549
Surface water fees	429,846	211,094	85,312	31,177	9,546
Tap connection and inspection	681,148	315,260	223,064	116,500	95,383
Miscellaneous	9,780	7,415	2,672	1,699	328
Investment earnings	3,508	11,813	454	118	21
Total Revenues	2,774,868	1,638,176	1,302,477	533,683	135,941
Expenditures					
Current service operations					
Purchased services				2,550	34,192
Professional fees	106,081	146,468	86,699	139,747	75,141
Contracted services	687,518	464,448	320,669	190,934	103,482
Repairs and maintenance	268,995	242,626	126,781	102,509	17,364
Utilities	63,025	55,426	45,590	33,934	5,647
Lease	234,000	253,500	19,500	136,500	
Regional Water Authority fees	450,785	291,158	145,545	65,175	30,875
Administrative	48,313	42,835	26,999	31,296	25,096
Other	24,899	23,315	6,898	4,164	430
Capital outlay	30,255				
Total Expenditures	1,913,871	1,519,776	778,681	706,809	292,227
Revenues Over/(Under) Expenditures	$ 860,997	$ 118,400	$ 523,796	$ (173,126)	$ (156,286)
Total Active Retail Water Connections	1,025	563	296	140	68
Total Active Retail Wastewater Connections	1,016	557	290	136	65

*Percentage is negligible
See accompanying auditors' report.

Percent of Fund Total Revenues				
2021	2020	2019	2018	2017
10%	10%	6%	6%	11%
12%	13%	8%	8%	11%
37%	43%	61%	56%	*
1%	1%	1%	2%	*
15%	13%	7%	6%	7%
25%	19%	17%	22%	71%
*	*	*	*	*
*	1%	*	*	*
100%	100%	100%	100%	100%
			*	25%
4%	9%	7%	26%	55%
25%	28%	25%	36%	76%
10%	15%	10%	19%	13%
2%	3%	4%	6%	4%
8%	15%	1%	26%	
16%	18%	11%	12%	23%
2%	3%	2%	6%	18%
1%	1%	1%	1%	*
1%				
69%	92%	61%	132%	214%
31%	8%	39%	(32%)	(114%)

Harris County Municipal Utility District No. 319
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Last Three Fiscal Years

	Amounts		
	2021	2020	2019
Revenues			
Property taxes	$ 1,116,478	$ 452,594	$ -
Penalties and interest	10,917	4,415	178
Miscellaneous	4,640	1,061	
Investment earnings	2,646	3,784	
Total Revenues	1,134,681	461,854	178
Expenditures			
Tax collection services	28,418	16,266	
Other	11,792	2,708	
Debt service			
Principal	160,000		
Interest and fees	410,178	275,369	59,576
Total Expenditures	610,388	294,343	59,576
Revenues Over/(Under) Expenditures	$ 524,293	$ 167,511	$ (59,398)

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues		
2021	2020	2019
99%	98%	
1%	1%	100%
*	*	
*	1%	
100%	100%	100%
3%	4%	
1%	1%	
14%		
36%	60%	33470%
54%	65%	33470%
46%	35%	(33370%)

Harris County Municipal Utility District No. 319
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended April 30, 2021

Complete District Mailing Address:	3200 Southwest Freeway, Suite 2600, Houston, TX 77027
District Business Telephone Number:	(713)860-6400
Submission Date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	May 21, 2020
Limit on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution -- TWC Section 49.0600)	$ 7,200

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse-ments	Title at Year End
Board Members				
Mark Janik	05/20 - 05/24	$ 1,800	$ 316	President
Timothy Gandre	05/18 - 05/22	1,950		Vice President
Vacant				Secretary
Ruth Palmer	05/18 - 05/22	1,800		Assistant Vice President
Scott Burrer	05/18 - 05/22	1,950		Assistant Secretary
Lloyd Sheffield	05/20 - 12/20	1,200		Former Director
Consultants		Amounts Paid		
Allen Boone Humphries Robinson LLP	2014			Attorney
General legal fees		$ 125,221		
Bond counsel		323,379		
Regional Water Corporation	2014	626,837		Operator
Municipal Accounts & Consulting, L.P.	2019	39,657		Bookkeeper
Assessments of the Southwest, Inc.	2014	8,647		Tax Collector
Harris County Appraisal District	Legislation	14,287		Property Valuation
Perdue, Brandon, Fielder, Collins & Mott, LLP	2016	3,661		Delinquent Tax Attorney
Dannenbaum Engineering	2014	78,321		Engineer
McGrath & Co., PLLC	Annual	21,100		Auditor
Robert W. Baird & Co.	2015	236,176		Financial Advisor

* *Fees of Office* are the amounts actually paid to a director during the District's fiscal year.
See accompanying auditors’ report.

APPENDIX B

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

MUNICIPAL BOND INSURANCE POLICY

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.

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

Form 500NY (5/90)