OFFICIAL STATEMENT DATED OCTOBER 5, 2022

IN THE OPINION OF BOND COUNSEL, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER EXISTING LAW AND IS NOT INCLUDED IN THE ALTERNATIVE MINIMUM TAXABLE INCOME OF INDIVIDUALS; HOWEVER, SUCH INTEREST IS TAKEN INTO ACCOUNT IN DETERMINING THE ANNUAL ADJUSTED FINANCIAL STATEMENT INCOME OF APPLICABLE CORPORATIONS FOR THE PURPOSE OF DETERMINING THE ALTERNATIVE MINIMUM TAX IMPOSED ON CORPORATIONS FOR TAX YEARS BEGINNING AFTER DECEMBER 31, 2022. SEE "TAX MATTERS" HEREIN FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

The Bonds have not been designated as "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS – Not Qualified Tax-Exempt Obligations for Financial Institutions."

NEW ISSUE – Book Entry Only

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

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

$13,650,000	**$9,580,000**
Unlimited Tax Utility Bonds	**Unlimited Tax Road Bonds**
Series 2022	**Series 2022**

Interest accrues from: Date of Delivery
Dated: November 1, 2022 **Due: September 1, as shown on inside cover**

The $13,650,000 Unlimited Tax Utility Bonds, Series 2022 (the "Utility Bonds") and the $9,580,000 Unlimited Tax Road Bonds, Series 2022 (the "Road Bonds," and together with the Utility Bonds, the "Bonds"), are solely obligations of Kaufman County Fresh Water Supply District No. 4A (the "District") and are not obligations of the State of Texas; Kaufman County, Texas; the City of Crandall, Texas; or any political subdivision or entity other than the District. Neither the full faith and credit nor the taxing power of the State of Texas; Kaufman County, Texas; the City of Crandall, Texas; nor any entity other than the District is pledged to the payment of the principal of or the interest on the Bonds.

Principal of the Bonds is payable upon presentation at the principal payment office of the paying agent/registrar, initially, BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"). Interest on the Bonds accrues from the date of delivery (on or about November 3, 2022)(the "Date of Delivery"), and is payable March 1, 2023, and on each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. Interest on the Bonds will be payable as of the Interest Payment Date and paid by the Paying Agent/Registrar to registered owners as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding each Interest Payment Date. The Bonds are fully registered bonds in principal denominations of $5,000 or any integral multiple thereof.

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

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

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under separate municipal bond insurance policies to be issued concurrently with the delivery of the Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM")**.

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

The Utility Bonds are offered, when, as and if issued by the District to the winning bidder of the Utility Bonds (the "Utility Bonds Initial Purchaser") and the Road Bonds are offered, when, as and if issued by the District to the winning bidder of the Road Bonds (the "Road Bonds Initial Purchaser," and together with the Utility Bonds Initial Purchaser, the "Initial Purchaser"), subject, among other things, to the approval of the Attorney General of Texas and of Coats Rose, P.C., Dallas, Texas, Bond Counsel. Delivery of the Bonds through the facilities of DTC is expected on or about November 3, 2022.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS

$13,650,000 Unlimited Tax Utility Bonds, Series 2022

$5,700,000 Serial Bonds

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 48618U (b)	Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 48618U (b)
2024	$ 295,000	6.500%	3.350%	EC6	2031 (c)	$ 410,000	4.000%	4.000%	EK8
2025	310,000	6.500%	3.450%	ED4	2032 (c)	430,000	4.000%	4.100%	EL6
2026	325,000	6.500%	3.550%	EE2	2033 (c)	450,000	4.000%	4.200%	EM4
2027	340,000	6.500%	3.650%	EF9	2034 (c)	470,000	4.000%	4.300%	EN2
2028	355,000	6.500%	3.750%	EG7	2035 (c)	495,000	4.250%	4.400%	EP7
2029	375,000	6.500%	3.800%	EH5	2036 (c)	515,000	4.250%	4.500%	EQ5
2030 (c)	390,000	6.000%	3.850%	EJ1	2037 (c)	540,000	4.500%	4.600%	ER3

$7,950,000 Term Bonds

$1,160,000 Term Bond Due September 1, 2039 (c)(d), Interest Rate: 4.500% (Price: $98.256) (a), CUSIP No. 48618U ET9 (b)
$1,960,000 Term Bond Due September 1, 2042 (c)(d), Interest Rate: 4.500% (Price: $96.805) (a), CUSIP No. 48618U EW2 (b)
$2,250,000 Term Bond Due September 1, 2045 (c)(d), Interest Rate: 4.500% (Price: $95.860) (a), CUSIP No. 48618U EZ5 (b)
$2,580,000 Term Bond Due September 1, 2048 (c)(d), Interest Rate: 4.625% (Price: $96.201) (a), CUSIP No. 48618U FC5 (b)

$9,580,000 Unlimited Tax Road Bonds, Series 2022

$4,010,000 Serial Bonds

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 48618U (b)	Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 48618U (b)
2024	$ 210,000	6.500%	3.350%	FD3	2031 (c)	$ 290,000	4.000%	4.000%	FL5
2025	220,000	6.500%	3.450%	FE1	2032 (c)	300,000	4.000%	4.100%	FM3
2026	230,000	6.500%	3.550%	FF8	2033 (c)	315,000	4.000%	4.200%	FN1
2027	240,000	6.500%	3.650%	FG6	2034 (c)	330,000	4.000%	4.350%	FP6
2028	250,000	6.500%	3.750%	FH4	2035 (c)	345,000	4.250%	4.400%	FQ4
2029	260,000	6.500%	3.800%	FJ0	2036 (c)	365,000	4.250%	4.550%	FR2
2030 (c)	275,000	6.000%	3.850%	FK7	2037 (c)	380,000	4.500%	4.600%	FS0

$5,570,000 Term Bonds

$815,000 Term Bond Due September 1, 2039 (c)(d), Interest Rate: 4.500% (Price: $97.686) (a), CUSIP No. 48618U FU5 (b)
$1,370,000 Term Bond Due September 1, 2042 (c)(d), Interest Rate: 4.500% (Price: $96.805) (a), CUSIP No. 48618U FX9 (b)
$1,575,000 Term Bond Due September 1, 2045 (c)(d), Interest Rate: 4.500% (Price: $95.860) (a), CUSIP No. 48618U GA8 (b)
$1,810,000 Term Bond Due September 1, 2048 (c)(d), Interest Rate: 4.625% (Price: $96.201) (a), CUSIP No. 48618U GD2 (b)

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

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

(c) Bonds maturing on September 1, 2030, and thereafter, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on November 1, 2029, or any date thereafter at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption Provisions – *Optional Redemption*."

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

USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

All of the summaries of the statutes, orders, contracts, records, and engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Coats Rose, P.C. ("Bond Counsel") for further information.

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

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

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

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SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Utility Bonds, the District has accepted the bid resulting in the lowest net interest cost, which was tendered by SAMCO Capital Markets, Inc. (the "Utility Bonds Initial Purchaser"). The Utility Bonds Initial Purchaser has agreed to purchase the Utility Bonds, bearing the interest rates shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS" on the inside cover page of this Official Statement, at a price of 97.013558% of the principal amount thereof, which resulted in a net effective interest rate of 4.765715%, calculated pursuant to Chapter 1204, Texas Government Code, as amended.

After requesting competitive bids for the Road Bonds, the District has accepted the bid resulting in the lowest net interest cost, which was tendered by SAMCO Capital Markets, Inc. (the "Road Bonds Initial Purchaser"). The Road Bonds Initial Purchaser has agreed to purchase the Road Bonds, bearing the interest rates shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS" on the inside cover page of this Official Statement, at a price of 97.062155% of the principal amount thereof, which resulted in a net effective interest rate of 4.763160%, calculated pursuant to Chapter 1204, Texas Government Code, as amended.

The Utility Bonds Initial Purchaser and the Road Bonds Initial Purchaser are collectively referred to as the "Initial Purchaser" throughout this Official Statement.

Prices and Marketability

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

The prices and other terms with respect to the offering and sale of the Bonds may be changed from time to time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial reoffering prices, including sales to dealers who may sell the Bonds into investment accounts. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE INITIAL PURCHASER MAY OVER–ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Securities Laws

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

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, BAM will issue a separate Municipal Bond Insurance Policy for each series of the Bonds (each a "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.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds 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 Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2022, and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $490.5 million, $187.1 million, and $303.4 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

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

Additional Information Available from BAM

Credit Insights Videos: For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at www.buildamerica.com/videos. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles: Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at www.buildamerica.com/credit-profiles. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers: The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

RATINGS

The Bonds are expected to receive an insured rating of "AA" from S&P solely in reliance upon the issuance of the municipal bond insurance policy by BAM 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.

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

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

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OFFICIAL STATEMENT SUMMARY

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

THE BONDS

The District	Kaufman County Fresh Water Supply District No. 4A (the "District") is a political subdivision of the State of Texas, located within Kaufman County, Texas. See "THE DISTRICT."
The Bonds	The District is issuing $13,650,000 Unlimited Tax Utility Bonds, Series 2022 (the "Utility Bonds") and $9,580,000 Unlimited Tax Road Bonds, Series 2022 (the "Road Bonds," and together with the Utility Bonds, the "Bonds"). The Bonds are dated November 1, 2022 and interest accrues from the date of delivery (on or about November 3, 2022)(the "Date of Delivery"), at the rates set forth on the inside cover page hereof. Interest is payable on March 1, 2023, and on each September 1 and March 1 thereafter until maturity or earlier redemption. The Bonds mature on September 1 in the years and amounts set forth on the inside cover page. The Bonds are offered in fully registered form in integral multiples of $5,000 for any one maturity. See "THE BONDS."
Redemption Provisions	The Bonds maturing on and after September 1, 2030, are subject to redemption, in whole or from time to time in part, at the option of the District on November 1, 2029, and on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date of redemption. See "THE BONDS – Redemption Provisions – *Optional Redemption*." The Utility Bonds maturing on September 1, 2024, through September 1, 2037, both inclusive, are serial bonds. The Utility Bonds maturing on September 1 in the years 2039, 2042, 2045 and 2048 are term bonds that are also subject to mandatory sinking fund redemption provisions set out under "THE BONDS – Redemption Provisions – *Mandatory Redemption*." The Road Bonds maturing on September 1, 2024, through September 1, 2037, both inclusive, are serial bonds. The Road Bonds maturing on September 1 in the years 2039, 2042, 2045 and 2048 are term bonds that are also subject to mandatory sinking fund redemption provisions set out under "THE BONDS – Redemption Provisions – *Mandatory Redemption*."
Book-Entry Only System	The Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the book-entry-only system described herein. Beneficial ownership of the Bonds may be acquired in principal denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the Beneficial Owners (herein defined) thereof. Principal of and interest on the Bonds will be payable by BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"), to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the Beneficial Owners of the Bonds. See "THE BONDS – Book-Entry-Only System."

Source of Payment	Principal of and interest on the Bonds of the respective series are payable from the proceeds of two separate continuing direct annual ad valorem taxes, levied upon all taxable property within the District each without legal limitation as to rate or amount. The Bonds are obligations solely of the District and are not obligations of the State of Texas; Kaufman County, Texas; the City of Crandall, Texas; or any other political subdivision or entity other than the District. See "THE BONDS – Source of Payment."
Outstanding Bonds	The District has previously issued two (2) series of unlimited tax bonds for the purpose of acquiring or constructing water, wastewater and drainage facilities to serve the District (the "Utility System") and two (2) series of unlimited tax bonds for the purpose of acquiring or constructing road improvements to serve the District (the "Road System"). At the time of delivery of the Bonds, $10,290,000 principal amount of such previously issued debt for the Utility System and $14,375,000 principal amount of such previously issued debt for the Road System will remain outstanding (the "Outstanding Bonds").
Payment Record	The Utility Bonds constitute the third series of unlimited tax bonds issued by the District for the purpose of acquiring or constructing the Utility System and the Road Bonds constitute the third series of unlimited tax bonds issued by the District for the purpose of acquiring or constructing the Road System. The District has never defaulted on the timely payment of principal and interest on its bonded indebtedness.
Authority for Issuance	Voters of the District have authorized the District's issuance of $93,600,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System; $103,800,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System; $140,400,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Utility System; and $155,700,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Road System. The Utility Bonds are issued pursuant to (i) Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, particularly Chapters 49 and 53 of the Texas Water Code, as amended, (ii) an order authorizing the issuance of the Utility Bonds (the "Utility Bond Order") adopted by the Board of Directors of the District on the date of the sale of the Utility Bonds, (iii) an election held within the District on May 6, 2017, and (iv) an approving order of the Texas Commission on Environmental Quality ("TCEQ"). The Road Bonds are issued pursuant to (i) Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas, particularly Chapters 49 and 53 of the Texas Water Code, as amended, (ii) an order authorizing the issuance of the Road Bonds (the "Road Bond Order") adopted by the Board on the date of the sale of the Road Bonds, and (iii) an election held within the District on May 6, 2017. See "THE BONDS – Authority for Issuance" and "– Issuance of Additional Debt." The Utility Bond Order and the Road Bond Order are herein referred to collectively as the "Bond Orders."

Short-Term Debt	The District issued its $8,875,000 Bond Anticipation Note, Series 2022 (the "BAN"), dated March 15, 2022. The BAN matures on March 14, 2023, and accrues interest at a rate of 2.150% per annum, calculated on the basis of actual days elapsed and a 360-day year. The District will use a portion of the proceeds from the sale of the Utility Bonds to redeem the BAN prior to its maturity.
Use of Utility Bond Proceeds	Proceeds from the sale of the Utility Bonds will be used by the District to redeem the BAN, the proceeds of which were used to reimburse the Developers for a portion of the improvements and related costs shown under "THE BONDS – Use and Distribution of Utility Bond Proceeds." Additionally, proceeds from the sale of the Utility Bonds will be used to reimburse the Developers for a portion of the water and wastewater capacity payments, improvements and related costs that were not reimbursed by the BAN, to pay developer interest, to pay BAN interest, to pay $238,875 of capitalized interest and to pay other certain costs associated with the issuance of the Utility Bonds. See "THE BONDS – Use and Distribution of Utility Bond Proceeds."
Use of Road Bond Proceeds	Proceeds from the sale of the Road Bonds will be used to reimburse the Developers for the improvements and related engineering and land costs set out herein under "THE BONDS – Use and Distribution of Road Bond Proceeds." Additionally, a portion of the proceeds of the Road Bonds will be used to pay twelve (12) months of capitalized interest, developer interest, and certain costs associated with the issuance of the Road Bonds. See "THE BONDS – Use and Distribution of Road Bond Proceeds."
Not Qualified Tax-Exempt Obligations	The Bonds have not been designated as "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS – Not Qualified Tax-Exempt Obligations for Financial Institutions."
Municipal Bond Insurance	Build America Mutual Assurance Company ("BAM"). See "MUNICIPAL BOND INSURANCE" above.
Ratings	S&P Global Ratings (BAM Insured): "AA." Moody's Investors Service, Inc. (Underlying): "Baa3." See "RATINGS" above.
Bond Counsel	Coats Rose, P.C., Dallas, Texas. See "LEGAL MATTERS."
Disclosure Counsel	McCall, Parkhurst & Horton L.L.P., Dallas, Texas.
Financial Advisor	Robert W. Baird & Co. Incorporated, Dallas, Texas.
Paying Agent/Registrar	BOKF, NA, Dallas, Texas.

THE DISTRICT

Description	Kaufman County Fresh Water Supply District No. 4 (the "Original District") was created by an order of the Commissioners Court of Kaufman County effective June 30, 2008. The District was duly created by division of the Original District at an election held on May 8, 2010. The District is a political subdivision of the State of Texas, located in Kaufman County, approximately 23 miles southeast of the City of Dallas. The District is north of US Highway 175. All of the land within the District is within the extraterritorial jurisdiction of the City of Crandall. The District contains approximately 785.974 acres. See "THE DISTRICT – General" and "– Description."
Authority	The rights, powers, privileges, authority and functions of the District are established by the general laws of the State of Texas pertaining

to utility districts, including particularly Chapters 49 and 53 of the Texas Water Code, as amended. See "THE DISTRICT – General."

Developers/Principal Landowners .... Texas 903 Partners, LP ("Texas 903"), a Texas limited partnership, owned approximately 154.73 acres of land within the District as of January 1, 2022. Texas 903 was formed for the purpose of acquiring and holding for investment and sale such land to SOCFM (as described below), which is under common control and ownership. Texas 903 is controlled by Patrick E. Sessions.

On January 26, 2022, Texas 903 sold approximately 49.98 acres to PMB Crandall Dev Co Ph 1, LLC ("PMB Crandall Dev Co"), a Texas limited liability company, approximately 58.32 acres to PMB Crandall Land 1, LP ("PMB Crandall Land 1"), a Texas limited partnership, and approximately 46.42 acres to PMB Crandall Land 2, LP ("PMB Crandall Land 1"), a Texas limited partnership. As of the date of this Official Statement, Texas 903 no longer owns any land within the District.

PMB Crandall Land 1 and PMB Crandall Land 2 are affiliates of PMB and were created for the purpose of acquiring and holding land within the District to be developed by PMB and its related entities. PMB Crandall Land 2 purchased approximately 46.42 acres of land within the District, of which it has since sold such land to GSPMB Wildcat (hereinafter defined). PMB Crandall Land 1 purchased approximately 58.32 acres of land and continues to own such acres for future development.

Upward America Central Property Owner LP ("Upward America"), a Delaware limited partnership, purchased approximately 108 homes from Lennar (defined herein) within Highbridge Phase 3 for the purpose of holding those properties as rental income properties. Upward America was created as a joint venture led by Centerbridge Partners LP and Lennar, through its subsidiary, LSFR, LLC is an investor in Upward America.

SOCFM Developer LLC ("SOCFM"), a Texas limited liability company, developed approximately 442.72 acres of land within the District as the master-planned community known as "Wildcat Ranch". SOCFM is managed by SOCFM Developer Manager, LLC of which Patrick E. Sessions is the manager. According to SOCFM, SOCFM's primary assets consist of its land in the District and receivables due from the District. Further, according to the SOCFM, it is currently operating at a net loss.

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

To date, SOCFM has developed Wildcat Ranch, Phase 1A on approximately 128.04 acres as 190 single-family lots, Wildcat Ranch, Phase 1B on approximately 82.37 acres as 202 single-family lots, Wildcat Ranch, Phase 2 on approximately 133.24 acres as 357 single-family lots, and Wildcat Ranch, Phase 3 on approximately 99.07 acres as 401 single-family lots.

PMB Crandall Dev Co is an affiliate of PMB and was created for the purpose of developing land within the District. PMB Crandall Dev Co owns approximately 49.98 acres of land within the District on which it is currently developing 218 single-family lots as Wildcat Ranch, Phase 7.

GSPMB Wildcat, LLC ("GSPMB Wildcat"), a Delaware limited liability company, was created as a partnership between Greystar BFR REIT, LLC and PMB for the purpose of developing land within the District. On July 22, 2022, GSPMB Wildcat purchased approximately 46.42 acres within the District on which it is currently developing 176 single-family lots as Wildcat Ranch, Phase 9. The development for GSPMB Wildcat is being managed by PMB BTR Developer 1, LLC, a Texas limited liability company, which is an affiliate of PMB.

Lennar Homes of Texas Land and Construction LTD., a Texas Limited partnership ("Lennar") owned approximately 183.49 acres of land within the District. To date, Lennar sold approximately has developed approximately 32.46 acres (116 single-family lots) as Highbridge, Phase 1 and approximately 52.55 acres (185 single-family lots) as Highbridge, Phase 2. Lennar sold its remaining approximately 98.48 acres to AG Essential (hereinafter defined) for the purpose of developing single-family lots in Highbridge, Phases 3, 4 and 5 and has since repurchased such acres for homebuilding. As of September 1, 2022, Lennar owned approximately 4 completed homes, 207 homes under construction, and 151 vacant developed lots.

The General Partner of Lennar is U.S. Home LLC, a Delaware limited liability company that is wholly-owned by Lennar Corporation. Lennar Corporation is a publicly traded corporation whose stock is listed on the New York Stock Exchange. Audited financial statements for Lennar Corporation can be found online at http://phx.corporate-ir.net/phoenix.zhtml?c=65842&p=irol-irhome. Lennar Corporation is subject to the information requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports and other information with the United States Securities and Exchange Commission ("SEC"). Reports, proxy statements and other information filed by Lennar Corporation can be inspected at the office of the SEC at Judiciary Plaza, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such material can be obtained from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Copies of the above reports, proxy statements and other information may also be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005. The SEC maintains a website at http://www.sec.gov that contains reports, proxy information statements and other information regarding registrants that file electronically with the SEC.

AG Essential Housing Multi State 4, LLC, a Delaware limited liability company ("AG Essential"), purchased approximately 98.48 acres from Lennar for the purpose of developing the single-family lots on such acreage. As of September 1, 2022, AG Essential has developed approximately 44.68 acres (195 single-family lots) as Highbridge,

	Phase 3, approximately 30.07 acres (145 single-family lots) as Highbridge, Phase 4, and approximately 23.73 acres (104 single-family lots) as Highbridge, Phase 5. As of September 1, 2022, AG Essential does not own any remaining undeveloped or developed land within the District.
	Lennar, SOCFM, PMB Crandall Dev Co, and GSPMB Wildcat are collectively referred to herein as the "Developers." The Developers are not responsible for, liable for, or have any commitment for payment of the Bonds. The Developers do not have any legal commitment to the District or the owners of the Bonds to continue development of land within the District and the Developers may sell or otherwise dispose of property within the District, or any assets, at any time. Further, the financial condition of the Developers is subject to change at any time.
Development within the District	As of September 1, 2022, of the approximately 785.974 acres of land located within the District, approximately 626.21 acres within the District have been developed with water distribution, sanitary sewer and storm drainage and road facilities to serve the single-family residential subdivisions of Wildcat Ranch, Phases 1A, 1B, 2, and 3 (1,150 lots) and Highbridge, Phases 1, 2, 3, 4 and 5 (745 lots). In addition, 96.40 acres of land located within the District are currently being developed as Wildcat Ranch, Phase 7 (218 lots), and Phase 9 (176 lots). As of September 1, 2022, the District was comprised of approximately 1,483 completed homes (1,424 occupied homes, 55 unoccupied homes, and 4 model homes); 207 homes under construction; and 205 vacant developed lots. The remaining acreage within the District is comprised of approximately 58.37 undeveloped but developable acres and 5.00 undevelopable acres. See "DEVELOPMENT OF THE DISTRICT."
Homebuilders Within the District	The homebuilders within the District are Lennar, D.R. Horton-Texas, LTD., and Beazer Homes. Home prices range from approximately $211,000 to $440,000 and range in size from approximately 1,000 to 3,800 square feet. See "DEVELOPERS" and "DEVELOPMENT OF THE DISTRICT."
Infectious Disease Outlook (COVID-19)	The purchase and ownership of the Bonds is subject to certain risk factors, including certain factors related to the current COVID-19 pandemic. See "INVESTMENT CONSIDERATIONS – Infectious Disease Outlook – COVID-19."

INVESTMENT CONSIDERATIONS

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

SELECTED FINANCIAL INFORMATION
(UNAUDITED)

2022 Assessed Valuation	$ 256,902,363	(a)
Estimated Valuation as of September 1, 2022	$ 399,151,000	(b)
Direct Debt		
The Outstanding Bonds	$ 24,665,000	
The Utility Bonds	$ 13,650,000	
The Road Bonds	$ 9,580,000	
Total	$ 47,895,000	
Estimated Overlapping Debt	$ 29,480,261	(c)
Total Direct and Estimated Overlapping Debt	$ 77,375,261	(c)
Direct Debt Ratios:		
As a Percentage of 2022 Assessed Valuation	18.64 %	
As a Percentage of Estimated Valuation as of September 1, 2022	12.00 %	
Direct and Estimated Overlapping Debt Ratios:		
As a Percentage of 2022 Assessed Valuation	30.12 %	
As a Percentage of Estimated Valuation as of September 1, 2022	19.38 %	
Utility System Debt Service Fund Balance (as of September 7, 2022)	$ 185,653	(d)
Road System Debt Service Fund Balance (as of September 7, 2022)	$ 305,722	(e)
Utility Capital Projects Fund (as of September 7, 2022)	$ 456,410	
Road Capital Projects Fund (as of September 7, 2022)	$ 78,396	
General Operating Fund Balance (as of September 7, 2022)	$ 385,248	
2022 Tax Rate		
Utility Debt Service	$0.500	(f)
Road Debt Service	$0.400	(f)
Maintenance and Operations	$0.100	
Total	$1.000	
Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2023–2048)	$ 2,868,415	(g)
Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2024)	$ 3,013,586	(g)
Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2023–2048):		
Based on 2022 Assessed Valuation at 95% Tax Collections	$ 1.18	
Based on Estimated Valuation as of September 1, 2022, at 95% Tax Collections	$ 0.76	
Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2024):		
Based on 2022 Assessed Valuation at 95% Tax Collections	$ 1.24	
Based on Estimated Valuation as of September 1, 2022, at 95% Tax Collections	$ 0.80	
Single-Family Homes (including 207 homes under construction) as of September 1, 2022	1,690	(h)

(a) Represents the taxable assessed valuation as of January 1, 2022, of all taxable property in the District, as provided by the Kaufman Central Appraisal District (the "Appraisal District") upon certification of its 2022 tax rolls. Such value includes $9,319,334 of taxable assessed value of the taxable properties that remain under review of the Kaufman County Appraisal Review Board (the "Appraisal Review Board"). Such value represents the estimated minimum amount of taxable value that will ultimately be approved by the Appraisal Review Board upon which the District will levy its tax. See "TAX DATA" and "TAXING PROCEDURES."

(b) Provided by the Appraisal District for informational purposes only. This amount is an estimate of the taxable value of all taxable property located within the District as of September 1, 2022, and includes an estimate of additional taxable value resulting from the construction of taxable improvements from January 1, 2022, through September 1, 2022. No taxes will be levied on this estimated value. See "TAX DATA" and "TAXING PROCEDURES."

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

(d) $238,875 of capitalized interest will be deposited into the Utility System Debt Service Fund (defined herein) upon closing of the Utility Bonds. Neither Texas law nor the Utility Bond Order requires that the District maintain any particular sum in the Utility System Debt Service Fund. Funds in the Utility System Debt Service Fund are pledged only to pay the debt service on the Outstanding Utility Bonds (herein defined), the Utility Bonds, and any other bonds issued for the purpose of acquiring or constructing the Utility System. Funds in the Utility System Debt Service Fund are not pledged to pay debt service on the Road Bonds, or any other bonds issued for the purpose of acquiring or constructing the Road System.

(e) Twelve (12) months of capitalized interest will be deposited into the Road System Debt Service Fund upon closing of the Road Bonds. Neither Texas law nor the Road Bond Order requires that the District maintain any particular sum in the Road System Debt Service Fund. Funds in the Road System Debt Service Fund are pledged only to pay the debt service on the Outstanding Road Bonds (herein defined), the Road Bonds, and any other bonds issued for the purpose of acquiring or constructing the Road System. Funds in the Road System Debt Service Fund are not pledged to pay debt service on the Utility Bonds, or any other bonds issued for the purpose of acquiring or constructing the Utility System.

(f) The District is authorized to levy separate taxes for payment of debt service on bonds issued by the District for the Utility System and for payment of debt service on bonds issued for the Road System; both such taxes are unlimited as to rate or amount. See "TAX DATA."

(g) See "DISTRICT DEBT – Debt Service Requirement Schedule."

(h) As of September 1, 2022, the District includes 207 homes under construction. See "DEVELOPMENT OF THE DISTRICT – Status of Development within the District."

OFFICIAL STATEMENT

relating to

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4A

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

$13,650,000	**$9,580,000**
Unlimited Tax Utility Bonds	**Unlimited Tax Road Bonds**
Series 2022	**Series 2022**

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Kaufman County Fresh Water Supply District No. 4A (the "District") of its $13,650,000 Unlimited Tax Utility Bonds, Series 2022 (the "Utility Bonds") and its $9,580,000 Unlimited Tax Road Bonds, Series 2022 (the "Road Bonds"). The Utility Bonds and Road Bonds are herein referred to collectively as the "Bonds."

The Utility Bonds are issued pursuant to (i) Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, particularly Chapters 49 and 53 of the Texas Water Code, as amended, (ii) an order authorizing the issuance of the Utility Bonds (the "Utility Bond Order") adopted by the Board of Directors of the District (the "Board") on the date of the sale of the Utility Bonds, (iii) an election held within the District on May 6, 2017, and (iv) an approving order of the Texas Commission on Environmental Quality ("TCEQ").

The Road Bonds are issued pursuant to (i) Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas, particularly Chapters 49 and 53 of the Texas Water Code, as amended, (ii) an order authorizing the issuance of the Road Bonds (the "Road Bond Order") adopted by the Board on the date of the sale of the Road Bonds, and (iii) an election held within the District on May 6, 2017. See "THE BONDS – Authority for Issuance" and "– Issuance of Additional Debt."

The Utility Bond Order and the Road Bond Order are herein referred to collectively as the "Bond Orders."

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

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

THE BONDS

General

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

The Bonds are dated November 1, 2022. The Bonds will mature on September 1 of the years and in principal amounts and will bear interest at the rates per annum set forth on the inside cover page of this Official Statement. Interest on the Bonds accrues from the initial date of delivery (on or about November 3, 2022), with interest payable on March 1, 2023, and each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption.

The Bonds will be issued only in fully registered form in any integral multiples of $5,000 of principal amount for any one maturity and will be initially registered and delivered only to The Depository Trust Company, New York, New York ("DTC") in its nominee name of Cede & Co., pursuant to the book-entry-only system described herein. No physical delivery of the Bonds will be made to the owners thereof. Initially, principal of and interest on the Bonds will be payable by BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"), the Paying

Agent/Registrar to Cede & Co., as registered owner. DTC will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "Book-Entry-Only System" below.

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

If the date for payment of the principal of or interest on any Bond is not a business day, then the date for such payment shall be the next succeeding business day without additional interest and with the same force and effect as if made on the specified date for such payment.

Book-Entry-Only System

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

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

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be required by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each series 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 ("Direct Participants") deposit with DTC.

DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating of AA+ from S&P Global Ratings. The DTC Rules applicable to its

Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

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

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

Use of Certain Terms in Other Sections of this Official Statement

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

Successor Paying Agent/Registrar

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

Registration, Transfer and Exchange

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

Mutilated, Lost, Stolen or Destroyed Bonds

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

Redemption Provisions

Optional Redemption

Bonds maturing on September 1, 2030, 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 November 1, 2029, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the bond register. If less than all of the Bonds are redeemed at any time, the series and maturities of the Bonds to be redeemed shall be selected by the District. If less than all of the Bonds of a certain series and maturity are to be redeemed, the particular Bonds or portions thereof to be redeemed will be selected by the Paying Agent/Registrar prior to the redemption date by such random method as the Paying Agent/Registrar deems fair and appropriate in integral multiples of $5,000 within any one maturity. The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present such Bond to the Paying Agent/Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

Mandatory Redemption

The Utility Bonds maturing on September 1 in the years 2039, 2042, 2045 and 2048 are term bonds (the "Utility 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 Utility 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:

$1,160,000 Utility Term Bonds Maturing on September 1, 2039

Mandatory Redemption Date	Principal Amount
September 1, 2038	$ 565,000
September 1, 2039 (Maturity)	$ 595,000

$1,960,000 Utility Term Bonds Maturing on September 1, 2042

Mandatory Redemption Date	Principal Amount
September 1, 2040	$ 625,000
September 1, 2041	$ 650,000
September 1, 2042 (Maturity)	$ 685,000

$2,250,000 Utility Term Bonds Maturing on September 1, 2045

Mandatory Redemption Date	Principal Amount
September 1, 2043	$ 715,000
September 1, 2044	$ 750,000
September 1, 2045 (Maturity)	$ 785,000

$2,580,000 Utility Term Bonds Maturing on September 1, 2048

Mandatory Redemption Date	Principal Amount
September 1, 2046	$ 820,000
September 1, 2047	$ 860,000
September 1, 2048 (Maturity)	$ 900,000

The Road Bonds maturing on September 1 in the years 2039, 2042, 2045 and 2048 are term bonds (the "Road Term Bonds," and together with the Utility 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 Road Bonds are in book-entry-only form) prior to maturity, at a price equal to the principal amount thereof, plus accrued interest to the Mandatory Redemption Date, and in the principal amount set forth in the following schedule:

$815,000 Road Term Bonds Maturing on September 1, 2039

Mandatory Redemption Date	Principal Amount
September 1, 2038	$ 400,000
September 1, 2039 (Maturity)	$ 415,000

$1,370,000 Road Term Bonds Maturing on September 1, 2042

Mandatory Redemption Date	Principal Amount
September 1, 2040	$ 435,000
September 1, 2041	$ 455,000
September 1, 2042 (Maturity)	$ 480,000

$1,575,000 Road Term Bonds Maturing on September 1, 2045

Mandatory Redemption Date	Principal Amount
September 1, 2043	$ 500,000
September 1, 2044	$ 525,000
September 1, 2045 (Maturity)	$ 550,000

$1,810,000 Road Term Bonds Maturing on September 1, 2048

Mandatory Redemption Date	Principal Amount
September 1, 2046	$ 575,000
September 1, 2047	$ 605,000
September 1, 2048 (Maturity)	$ 630,000

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 Orders. The principal amount of the Term Bonds to be mandatorily redeemed on such Mandatory Redemption Date, either has been purchased in the open market and delivered or tendered for cancellation by or on behalf of the District to the Paying Agent/Registrar or optionally redeemed and which, in either case, has not previously been made the basis for a reduction under this sentence.

Authority for Issuance

At an election held within the District on May 6, 2017, voters of the District authorized the issuance of $93,600,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, wastewater and drainage facilities to serve the District (the "Utility System"); $103,800,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing road improvements to serve the District (the "Road System"); $140,400,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Utility System; and $155,700,000 principal amount for the purpose of refunding bonds issued by the District for the Road System.

The Utility Bonds are issued pursuant to (i) Article XVI, Section 59 of the Texas Constitution, (ii) the general laws of the State of Texas, including particularly Chapters 49 and 53 of the Texas Water Code, as amended, (iii) the Utility Bond Order, (iv) an election held within the District on May 6, 2017, and (v) an approving order of the TCEQ.

The Road Bonds are issued pursuant to (i) Article III, Section 52 of the Texas Constitution, (ii) the general laws of the State of Texas, including particularly Chapters 49 and 53 of the Texas Water Code, as amended, (iii) the Road Bond Order, and (iv) an election held within the District on May 6, 2017.

Outstanding Bonds

The District has previously issued two (2) series of unlimited tax bonds for the purpose of acquiring or constructing the Utility System (the "Outstanding Utility Bonds") and two (2) series of unlimited tax bonds for the purpose of acquiring or constructing the Road System (the "Outstanding Road Bonds"). At the time of delivery of the Bonds, $10,290,000 principal amount of such previously issued debt for the Utility System and $14,375,000 principal amount of such previously issued debt for the Road System will remain outstanding (the Outstanding Utility Bonds and the Outstanding Road Bonds are collectively referred to as the "Outstanding Bonds").

Source of Payment

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

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

Short-Term Debt

The District issued its $8,875,000 Bond Anticipation Note, Series 2022 (the "BAN"), dated March 15, 2022. The District will use a portion of the proceeds from the sale of the Utility Bonds to redeem the BAN prior to maturity. The BAN accrues interest at a rate of 2.150% per year and matures on March 14, 2023. Proceeds from the BAN were used to finance portions of certain construction costs shown under "THE BONDS – Use and Distribution of Utility Bond Proceeds."

Issuance of Additional Debt

The District may issue additional bonds with the approval of the TCEQ (with respect to the bonds for the Utility System) necessary to provide improvements and facilities consistent with the purposes for which the District was created. The District's voters have authorized the issuance of $93,600,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System; $103,800,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System; $140,400,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Utility System; and $155,700,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Road System.

The Utility Bonds represent the third series of bonds issued by the District for the purpose of acquiring or constructing the Utility System and the Road Bonds represent the third series of bonds issued by the District for the purpose of acquiring or constructing the Road System. After issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: $69,660,000 for the purpose of acquiring or constructing the Utility System; $79,845,000 for the purpose of acquiring or constructing the Road System; $140,400,000 for the purpose of refunding bonds issued by the District for the Utility System, and $155,700,000 for the purpose of refunding bonds issued by the District for the Road System. The District may also issue any additional bonds as may hereafter be approved by both the Board of Directors and voters of the District as well as certain additional bonds, revenue bonds, special project bonds, and other obligations as described in the Bond Orders. The Bond Orders impose no limitation on the amount of additional parity bonds which may be issued by the District (if authorized by the District's voters and, in the case of bonds for the Utility System, approved by the TCEQ).

Based on present engineering cost estimates and development plans, in the opinion of the District's Engineer, the remaining $69,660,000 principal amount of authorized but unissued unlimited tax bonds for purpose of acquiring or constructing the Utility System will be sufficient to fully finance utility facilities to serve the remaining undeveloped but developable land within the District.

Based on present engineering cost estimates and development plans, in the opinion of the District's Engineer, the remaining $79,845,000 principal amount of authorized but unissued unlimited tax bonds for purpose of acquiring or constructing the Road System will be sufficient to fully finance road facilities to serve the remaining undeveloped but developable land within the District.

Following the issuance of the Bonds, the District will owe the Developers approximately $8,500,000 for expenditures to construct the Utility System and approximately $1,500,000 for expenditures to construct the Road System. Such expenditures are expected to increase as development continues within the District.

The District does not intend to issue additional unlimited tax bonds in the current calendar year.

No Arbitrage

The District will certify, on the date of delivery of the Bonds, that based upon all facts and estimates now known or reasonably expected to be in existence on the date the Bonds are delivered and paid for, the District reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds, or any portion of the Bonds, to be "arbitrage bonds" under the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations prescribed thereunder. Furthermore, all officers, employees, and agents of the District have been authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the District as of the date the Bonds are delivered and paid for. In particular, all or any officers of the District are authorized to certify to the facts and circumstances and reasonable expectations of the District on the date the Bonds are delivered and paid for regarding the amount and use of the proceeds of the Bonds. Moreover, the District covenants that it shall make such use of the proceeds of the Bonds, regulate investment of proceeds of the Bonds and take such other and further actions and follow such procedures, including, without limitation, calculating the yield on the Bonds, as may be required so that the Bonds shall not become "arbitrage bonds" under the Code and the regulations prescribed from time to time thereunder.

Annexation

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

The District lies wholly within the ETJ of the City of Crandall, Texas. Under current law, certain portions of the District may be annexed and dissolved by the City of Crandall only if (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed and (ii) if the registered voters in the area to be annexed do not own more than 50% of the land in the area, a petition has been signed by more than 50% of the land owners, consenting to annexation. If the District is annexed, the City of Crandall must assume the District's assets and obligations (including the Bonds) and abolish the District within ninety (90) days of the date of annexation. Annexation of territory by the City of Crandall is a policy-making matter within the discretion of the Mayor and City Council of the City of Crandall, and therefore, the District makes no representation that the City of Crandall will ever annex the District and assume its debt. Moreover, no representation is made concerning the ability of the City of Forney to make debt service payments should annexation occur. The Bond Orders provide for the termination of the pledge of taxes to the Bonds upon annexation and dissolution by a city.

Consolidation

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

Funds

The Utility Bond Order confirms the District's fund for debt service on the Utility Bonds and any additional unlimited tax bonds issued by the District for the Utility System (the "Utility System Debt Service Fund"). $238,875 of capitalized interest will be deposited from the proceeds from sale of the Utility Bonds into the Utility System Debt Service Fund. The Utility System Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the Utility Bonds, the Outstanding Utility Bonds and any additional unlimited tax bonds issued by the District for the Utility System, is to be kept separate from all other funds of the District, and is to be used for payment of debt service on the Outstanding Utility Bonds, the Utility Bonds, and any of the District's other duly authorized bonds issued for the Utility System payable in whole or in part from taxes. Amounts on deposit in the Utility System Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Outstanding Utility Bonds, the Utility Bonds, and any additional bonds for the Utility System payable in whole or in part from taxes, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due. Amounts on deposit in the Utility System Debt Service Fund may not be used to pay debt service on bonds issued by the District for the Road System, including the Road Bonds.

The Road Bond Order confirms the District's fund for debt service on the Road Bonds and any additional unlimited tax bonds issued by the District for the Road System (the "Road System Debt Service Fund" and together with the Utility System Debt Service Fund, the "Debt Service Fund"). Twelve (12) months of capitalized interest will be deposited from the proceeds from sale of the Road Bonds into the Road System Debt Service Fund. The Road System Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the Outstanding Road Bonds, the Road Bonds, and any additional unlimited tax bonds issued by the District for the Road System, is to be kept separate from all other funds of the District, and is to be used for payment of debt service on the Road Bonds and any of the District's other duly authorized bonds issued for the Road System payable in whole or in part from taxes. Amounts on deposit in the Road System Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Outstanding Road Bonds, the Road Bonds, and any additional bonds for the Road System payable in whole or in part from taxes, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due. Amounts on deposit in the Road System Debt Service Fund may not be used to pay debt service on bonds issued by the District for the Utility System, including the Utility Bonds.

Defeasance

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

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

Registered Owners' Remedies

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Orders, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Orders, the Registered Owners have the right to seek of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Orders. Except for mandamus, the Bond Orders do not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners.

Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Orders may not be reduced to a judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District.

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Use and Distribution of Utility Bond Proceeds

Proceeds from the sale of the Utility Bonds will be used by the District to redeem the BAN, the proceeds of which were used to reimburse the Developers for a portion of the improvements and related costs shown below. Additionally, proceeds from the sale of the Utility Bonds will be used to reimburse the Developers for a portion of the water and wastewater capacity payments, improvements and related costs that were not reimbursed by the BAN, to pay developer interest, BAN interest, to pay $238,875 of capitalized interest, and certain costs associated with the issuance of the Utility Bonds.

Construction Costs	District's Share
A. Developer Contribution Items	
1. Kingsborough Master Infrastructure – W, WW, & D	$ 1,031,380
2. Kingsborough Master Infrastructure – Grading	42,800
3. Wildcat Ranch Phase 1A – W, WW, & D	1,112,623
4. Wildcat Ranch Phase 1B – W, WW, & D	1,254,594
5. Wildcat Ranch Phase 2 – W, WW, & D	1,992,853
6. Highbridge Phase 1 – W, WW, & D	1,573,224
7. Highbridge Phase 2 – W, WW, & D	169,656
8. Engineering & Testing (Items 1-6)	1,931,545
Total Developer Contribution Items	$ 9,108,675
B. District Items	
1. Water & Wastewater Capacity Purchase	$ 717,935
2. Kingsborough Master Infrastructure – Off-site W & WW	295,351
3. Off-site Water Line Payment	159,995
4. Highbridge Phase 1 – Off-site Water Line	476,155
Total District Items	$ 1,649,436
TOTAL CONSTRUCTION COSTS	**$10,758,111**
Non-Construction Costs	
A. Legal Fees	$ 313,000
B. Fiscal Agent Fees	273,000
C. Interest Costs	
1. Capitalized Interest	238,875
2. Developer Interest	1,113,030
3. BAN Interest	123,498
D. Bond Discount	407,649
E. Bond Issuance Expenses	50,995
F. BAN Issuance Expense	200,739
G. Bond Engineering Report	71,625
H. TCEQ Bond Issuance Fee	34,125
I. Attorney General Fees	9,500
J. Contingency (a)	55,853
TOTAL NON-CONSTRUCTION COSTS	**$ 2,891,889**
TOTAL BOND ISSUE REQUIREMENT	**$13,650,000**

(a) Represents the sum of the difference between the estimated and actual BAN Interest and Bond Discount.

In the instance that approved estimated amounts exceed the actual costs, the difference comprises a surplus which may be expended for uses approved by the TCEQ, where required. 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. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

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Use and Distribution of Road Bond Proceeds

Proceeds from the sale of the Road Bonds will be used to reimburse the Developers for improvements and related engineering and land costs set out below. Additionally, a portion of the proceeds of the Road Bonds will be used to pay twelve (12) months of capitalized interest, developer interest, and certain costs associated with the issuance of the Road Bonds.

Construction Costs		District's Share
A.	Wildcat Ranch Phase 2 – Paving	$ 1,914,442
B.	Wildcat Ranch Phase 3 – Grading	341,129
C.	Wildcat Ranch Phase 3 – Paving	940,574
D.	Highbridge Phase 1 – Grading	299,210
E.	Highbridge Phase 2 – Grading	860,682
F.	Highbridge Phase 2 – Paving	775,985
G.	Highbridge Phase 3 – Grading	163,716
H.	Highbridge Phase 3 – Paving	369,957
I.	Engineering (Highbridge Phases 1 & 2)	716,035
J.	Testing (Highbridge Phases 1 & 2)	79,492
K.	Erosion Control (Highbridge Phases 1 & 2)	146,493
L.	Inspection Fees (Highbridge Phases 1, 2, 3, 4 & 5)	137,269
M.	ROW Acquisition (Highbridge Phases 1, 2, 3, 4 & 5)	709,166
	TOTAL CONSTRUCTION COSTS	**$ 7,454,150**
Non-Construction Costs		
A.	Legal Fees	$ 239,500
B.	Fiscal Agent Fees	191,600
C.	Interest Costs	
	1. Developer Interest	892,759
	2. Capitalized Interest (12 months)	457,738
D.	Bond Discount	281,446
E.	Attorney General Fee	9,500
F.	Bond Engineering Report Fee	17,500
G.	Bond Issuance Expense	29,853
H.	Contingency (a)	5,954
	TOTAL NON-CONSTRUCTION COSTS	**$ 2,125,850**
	TOTAL BOND ISSUE REQUIREMENT	**$ 9,580,000**

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

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

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THE DISTRICT

General

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

Description

The District is located in central Kaufman County, approximately 23 miles southeast of the City of Dallas and is located wholly within the extraterritorial jurisdiction of the City of Crandall. The District includes the residential subdivisions being marketed as Highbridge and Wildcat Ranch. The District contains approximately 785.974 acres.

Management of the District

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

Name	Position	Term Expires May
Brandon Beeson	President	2024
Holly Adkinson	Vice President	2026
Stephen Swann	Secretary	2026
Michael Huggins	Assistant Secretary	2024
Nathan Reck	Assistant Secretary	2026

Consultants

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

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

Bookkeeper – The District contracts with L&S District Services, LLC, for bookkeeping services.

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

Auditor – As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which annual audit is filed with the TCEQ. A copy of the District's audit prepared by McCall Gibson Swedlund Barfoot PLLC, for the fiscal year ended March 31, 2022, is included as "APPENDIX A" to this Official Statement.

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

Bond Counsel – The District employs Coats Rose, P.C., Dallas, Texas, as Bond Counsel in connection with the issuance of the Bonds. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fees are contingent on the sale and delivery of the Bonds. Coats Rose, P.C. also acts as general counsel for the District.

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

Financial Advisor – The District has engaged the firm of Robert W. Baird & Co. Incorporated as financial advisor to the District. Payment to the Financial Advisor by the District is contingent upon the issuance, sale and delivery of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

Investment Policy

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

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DEVELOPMENT OF THE DISTRICT

Status of Development within the District

As of September 1, 2022, of the approximately 785.974 acres of land located within the District, approximately 626.21 acres within the District have been developed with water distribution, sanitary sewer and storm drainage and road facilities to serve the single-family residential subdivisions of Wildcat Ranch, Phases 1A, 1B, 2, and 3 (1,150 lots) and Highbridge, Phases 1, 2, 3, 4 and 5 (745 lots). In addition, 96.40 acres of land located within the District are currently being developed as Wildcat Ranch, Phase 7 (218 lots), and Phase 9 (176 lots). As of September 1, 2022, the District was comprised of approximately 1,483 completed homes (1,424 occupied homes, 55 unoccupied homes, and 4 model homes); 207 homes under construction; and 205 vacant developed lots. The remaining acreage within the District is comprised of approximately 58.37 undeveloped but developable acres and 5.00 undevelopable acres.

The table below summarizes the status of development and land use within the District as of September 1, 2022.

			Homes		
	Approximate Acreage	Lots	Completed	Under Construction	Vacant Developed Lots
Wildcat Ranch, Phase 1A	128.04	190	190	–	–
Wildcat Ranch, Phase 1B	82.37	202	200	–	2
Wildcat Ranch, Phase 2	133.24	357	357	–	–
Wildcat Ranch, Phase 3	99.07	401	349	–	52
Highbridge, Phase 1	32.46	116	116	–	–
Highbridge, Phase 2	52.55	185	183	–	2
Highbridge, Phase 3 (a)	44.68	195	88	107	–
Highbridge, Phase 4	30.07	145	–	69	76
Highbridge, Phase 5	23.73	104	–	31	73
Totals (b)	626.21	1,895	1,483	207	205
Acres Under Development (b)	96.40				
Remaining Undeveloped but Developable Acres (b)	58.37				
Undevelopable Acres	5.00				
Total	785.97				

(a) 108 lots within Highbridge Phase 3 were developed as a single-family homes for rent. Such homes will be managed by Upward America (herein defined). See "DEVELOPERS – Principal Landowners."

(b) Includes platted open space lots for floodplain.

Homebuilders within the District

Homebuilding in the District began in 2019. The homebuilders within the District are Lennar, D.R. Horton-Texas LTD., and Beazer Homes. See "DEVELOPERS – Lot Sales Contracts." Home prices range from approximately $211,000 to $440,000 and range in size from approximately 1,000 to 3,800 square feet.

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PHOTOGRAPHS TAKEN IN THE DISTRICT

(September 2022)

PHOTOGRAPHS TAKEN IN THE DISTRICT

(September 2022)

DEVELOPERS

Role of the Developer

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

Principal Landowners

Texas 903

Texas 903 Partners, LP ("Texas 903"), a Texas limited partnership, owned approximately 154.73 acres of land within the District as of January 1, 2022. Texas 903 was formed for the purpose of acquiring and holding for investment and sale such land to SOCFM (as described below), which is under common control and ownership. Texas 903 is controlled by Patrick E. Sessions.

On January 26, 2022, Texas 903 sold approximately 49.98 acres to PMB Crandall Dev Co Ph 1, LLC ("PMB Crandall Dev Co"), a Texas limited liability company, approximately 58.32 acres to PMB Crandall Land 1, LP ("PMB Crandall Land 1"), a Texas limited partnership, and approximately 46.42 acres to PMB Crandall Land 2, LP ("PMB Crandall Land 1"), a Texas limited partnership. As of the date of this Official Statement, Texas 903 no longer owns any land within the District.

PMB Crandall Land 1 and PMB Crandall Land 2

PMB Crandall Land 1 and PMB Crandall Land 2 are affiliates of PMB and were created for the purpose of acquiring and holding land within the District to be developed by PMB and its related entities. PMB Crandall Land 2 purchased approximately 46.42 acres of land within the District, of which it has since sold such land to GSPMB Wildcat (hereinafter defined). PMB Crandall Land 1 purchased approximately 58.32 acres of land and continues to own such acres for future development.

Upward America

Upward America Central Property Owner LP ("Upward America"), a Delaware limited partnership, purchased approximately 108 homes from Lennar (defined herein) within Highbridge Phase 3 for the purpose of holding those properties as rental income properties. Upward America was created as a joint venture led by Centerbridge Partners LP and Lennar, through its subsidiary, LSFR, LLC is an investor in Upward America.

Developers

SOCFM

SOCFM Developer LLC ("SOCFM"), a Texas limited liability company, developed approximately 442.72 acres of land within the District as the master-planned community known as "Wildcat Ranch". SOCFM is managed by SOCFM Developer Manager, LLC of which Patrick E. Sessions is the manager. According to SOCFM, SOCFM's primary assets consist of its land in the District and receivables due from the District. Further, according to the SOCFM, it is currently operating at a net loss.

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

To date, SOCFM has developed Wildcat Ranch, Phase 1A on approximately 128.04 acres as 190 single-family lots, Wildcat Ranch, Phase 1B on approximately 82.37 acres as 202 single-family lots, Wildcat Ranch, Phase 2 on approximately 133.24 acres as 357 single-family lots, and Wildcat Ranch, Phase 3 on approximately 99.07 acres as 401 single-family lots.

PMB Crandall Dev Co

PMB Crandall Dev Co is an affiliate of PMB and was created for the purpose of developing land within the District. PMB Crandall Dev Co owns approximately 49.98 acres of land within the District on which it is currently developing 218 single-family lots as Wildcat Ranch, Phase 7.

GSPMB Wildcat

GSPMB Wildcat, LLC ("GSPMB Wildcat"), a Delaware limited liability company, was created as a partnership between Greystar BFR REIT, LLC and PMB for the purpose of developing land within the District. On July 22, 2022, GSPMB Wildcat purchased approximately 46.42 acres within the District on which it is currently developing 176 single-family lots as Wildcat Ranch, Phase 9. The development for GSPMB Wildcat is being managed by PMB BTR Developer 1, LLC, a Texas limited liability company, which is an affiliate of PMB.

Lennar

Lennar Homes of Texas Land and Construction LTD., a Texas Limited partnership ("Lennar") owned approximately 183.49 acres of land within the District. To date, Lennar sold approximately has developed approximately 32.46 acres (116 single-family lots) as Highbridge, Phase 1 and approximately 52.55 acres (185 single-family lots) as Highbridge, Phase 2. Lennar sold its remaining approximately 98.48 acres to AG Essential (hereinafter defined) for the purpose of developing single-family lots in Highbridge, Phases 3, 4 and 5 and has since repurchased such acres for homebuilding. As of September 1, 2022, Lennar owned approximately 4 completed homes, 207 homes under construction, and 151 vacant developed lots.

The General Partner of Lennar is U.S. Home LLC, a Delaware limited liability company that is wholly-owned by Lennar Corporation. Lennar Corporation is a publicly traded corporation whose stock is listed on the New York Stock Exchange. Audited financial statements for Lennar Corporation can be found online at http://phx.corporate-ir.net/phoenix.zhtml?c=65842&p=irol-irhome. Lennar Corporation is subject to the information requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports and other information with the United States Securities and Exchange Commission ("SEC"). Reports, proxy statements and other information filed by Lennar Corporation can be inspected at the office of the SEC at Judiciary Plaza, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such material can be obtained from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Copies of the above reports, proxy statements and other information may also be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005. The SEC maintains a website at http://www.sec.gov that contains reports, proxy information statements and other information regarding registrants that file electronically with the SEC.

AG Essential Housing Multi State 4, LLC

AG Essential Housing Multi State 4, LLC, a Delaware limited liability company ("AG Essential"), purchased approximately 98.48 acres from Lennar for the purpose of developing the single-family lots on such acreage. As of September 1, 2022, AG Essential has developed approximately 44.68 acres (195 single-family lots) as Highbridge, Phase 3, approximately 30.07 acres (145 single-family lots) as Highbridge, Phase 4, and approximately 23.73 acres (104 single-family lots) as Highbridge, Phase 5. As of September 1, 2022, AG Essential does not own any remaining undeveloped or developed land within the District.

Lennar, SOCFM, PMB Crandall Dev Co, and GSPMB Wildcat are collectively referred to herein as the "Developers." The Developers are not responsible for, liable for, or have any commitment for payment of the Bonds. The Developers do not have any legal commitment to the District or the owners of the Bonds to continue development of land within the District and the Developers may sell or otherwise dispose of property within the District, or any assets, at any time. Further, the financial condition of the Developers is subject to change at any time.

Development Financing

SOCFM entered into a loan for land acquisition with TREZ Capital on September 14, 2018. The loan matures on April 30, 2023, with an option to extend for one year, and is secured by a lien on all of the raw land within Wildcat Ranch and the reimbursement to be paid to SOCFM by the District. The original principal amount of the loan was $63,702,576 of which $5,487,017.31 remains outstanding as of September 1, 2022. According to SOCFM, it is in compliance with all material conditions on the loan.

Lot Sales Contracts

SOCFM has entered into lot sales contracts with Beazer Homes, DR Horton Homes, and Lennar for the lots developed as Wildcat Ranch Phases 3, 4, and 5. The lots under construction as Wildcat Ranch, Phases 3, 4, and 5 are under contract to be purchased by DR Horton, Beazer Homes, and Lennar. The contracts for the sale of lots between the SOCFM and the builders require that earnest money be deposited with a title company, typically 19% of the total price of the completed lots. The sales contracts establish certain required lot purchases quarterly, with the earnest money deposit being returned to the builders upon purchase of the last lots under each contract. The Developer's sole remedy for builders not purchasing lots in accordance with the contracts is cancellation of the contract and retention of the remaining earnest money on deposit.

According to the SOCFM, each of the builders is in compliance with their respective lot sale contracts. As of September 1, 2022, the total number of lots contracted and purchased by each builder is listed below:

Builder	Total Lots Contracted	Total Lots Purchased
Beazer Homes	196	196
DR Horton Homes	1,108	718
Lennar	236	236
Totals	1,540 (a)	1,150

(a) Includes phases within the District that are currently under construction.

The lots constructed as Highbridge Phases 1-5 were retained by Lennar to act as homebuilder on such lots.

THE SYSTEM

General

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

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

Description of the System

- Roads -

Construction of the roads within the boundaries of the District has been financed with funds advanced by the Developers. Roadways within the District are constructed of reinforced concrete with curbs on lime-stabilized subgrade. Roads vary in width, but are sized to accommodate the anticipated traffic demands of full build-out of the project. The District owns and maintains the roads constructed within the District.

- Wastewater Treatment and Conveyance System -

The District entered into a Retail Sewer Service Agreement (the "Sewer Agreement") with Kaufman County Municipal Utility District No. 12 ("KC12") dated January 24, 2018. Pursuant to an agreement between the City of Mesquite, Texas and KC12, the City of Mesquite provides wholesale wastewater treatment capacity to serve the ultimate development of KC12 and all other districts within the master planned community that includes the District. KC12 agrees to provide sufficient wastewater treatment capacity to serve the needs of the District and to operate and maintain the wastewater treatment facilities within the District. To date, the Developers, on behalf of the District, have paid capacity fees sufficient to provide for wastewater treatment capacity to serve up to 2,463 equivalent single-family connections within the District ("ESFC").

- Water Supply and Distribution -

The District entered into a Retail Water Service Agreement (the "Water Agreement") with KC12 dated January 24, 2018. Pursuant to an agreement between the City of Mesquite and KC12, the City of Mesquite provides wholesale treated water to supply the ultimate development of KC12 and all other districts within the master planned community that includes the District. Pursuant to the Water Agreement, KC12 provides sufficient water capacity to serve the ultimate needs of the District and operates and maintains the facilities within the District. To date, the Developers, on behalf of the District, have paid capacity fees sufficient to provide for water supply capacity to serve up to 2,463 ESFC within the District.

- Drainage -

The District primarily drains to the west and south into Buffalo Creek or tributaries of Buffalo Creek, which eventually outfall into the East Fork of the Trinity River.

Rainwater flows to curb and gutter streets to an underground storm sewer collection system to detention ponds or natural drainage ways before being released to a tributary of the East Fork of the Trinity River.

Approximately 300 acres of the District lies within the 100-year floodplain as defined by the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Maps. Areas to be developed within the floodplain will require a Letter of Map Revision ("LOMR").

Atlas 14

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

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Historical Operations of the System

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

	Fiscal Year Ended March 31		
	2022	2021	2020
Revenues			
Property Taxes	$ 342,557	$ 212,591	$ 28,832
Security Service	221,319	—	—
Garbage Service	64,696	—	—
Connection Fees	74,700	98,400	17,550
Investment and Miscellaneous	20	—	—
Total Revenues	$ 703,292	$ 310,991	$ 46,382
Expenditures			
Professional Fees	$ 96,750	$ 46,264	$ 54,400
Contracted Services	236,484	106,706	3,626
Utilities	26,111	18,439	5,110
Other	17,087	19,159	14,641
Total Expenditures	$ 376,432	$ 190,568	$ 77,777
Net Revenues (Deficit)	$ 326,860	$ 120,423	$ (31,395)
Developer Advances	$ —	$ 60,000	$ 16,000
Ending Fund Balance	$ 502,931	$ 176,071	$ (4,532)

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DISTRICT DEBT

2022 Assessed Valuation	$	256,902,363	(a)
Estimated Valuation as of September 1, 2022	$	399,151,000	(b)
Direct Debt			
The Outstanding Bonds	$	24,665,000	
The Utility Bonds	$	13,650,000	
The Road Bonds	$	9,580,000	
Total	$	47,895,000	
Estimated Overlapping Debt	$	29,480,261	(c)
Total Direct and Estimated Overlapping Debt	$	77,375,261	(c)
Direct Debt Ratios:			
As a Percentage of 2022 Assessed Valuation		18.64	%
As a Percentage of Estimated Valuation as of September 1, 2022		12.00	%
Direct and Estimated Overlapping Debt Ratios:			
As a Percentage of 2022 Assessed Valuation		30.12	%
As a Percentage of Estimated Valuation as of September 1, 2022		19.38	%
Utility System Debt Service Fund Balance (as of September 7, 2022)	$	185,653	(d)
Road System Debt Service Fund Balance (as of September 7, 2022)	$	305,722	(e)
Utility Capital Projects Fund (as of September 7, 2022)	$	456,410	
Road Capital Projects Fund (as of September 7, 2022)	$	78,396	
General Operating Fund Balance (as of September 7, 2022)	$	385,248	
2022 Tax Rate			
Utility Debt Service		$0.500	(f)
Road Debt Service		$0.400	(f)
Maintenance and Operations		$0.100	
Total		$1.000	
Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2023–2048)	$	2,868,415	(g)
Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2024)	$	3,013,586	(g)
Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2023–2048):			
Based on 2022 Assessed Valuation at 95% Tax Collections		$1.18	
Based on Estimated Valuation as of September 1, 2022, at 95% Tax Collections		$0.76	
Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2024):			
Based on 2022 Assessed Valuation at 95% Tax Collections		$1.24	
Based on Estimated Valuation as of September 1, 2022, at 95% Tax Collections		$0.80	
Single-Family Homes (including 207 homes under construction) as of September 1, 2022		1,690	(h)

(a) Represents the taxable assessed valuation as of January 1, 2022, of all taxable property in the District, as provided by the Appraisal District upon certification of its 2022 tax rolls. Such value includes $9,319,334 of taxable assessed value of the taxable properties that remain under review of the Appraisal Review Board. Such value represents the estimated minimum amount of taxable value that will ultimately be approved by the Appraisal Review Board upon which the District will levy its tax. See "TAX DATA" and "TAXING PROCEDURES."

(b) Provided by the Appraisal District for informational purposes only. This amount is an estimate of the taxable value of all taxable property located within the District as of September 1, 2022, and includes an estimate of additional taxable value resulting from the construction of taxable improvements from January 1, 2022, through September 1, 2022. No taxes will be levied on this estimated value. See "TAX DATA" and "TAXING PROCEDURES."

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

(d) $238,875 of capitalized interest will be deposited into the Utility System Debt Service Fund upon closing of the Utility Bonds. Neither Texas law nor the Utility Bond Order requires that the District maintain any particular sum in the Utility System Debt Service Fund. Funds in the Utility System Debt Service Fund are pledged only to pay the debt service on the Outstanding Utility Bonds, the Utility Bonds, and any other bonds issued for the purpose of acquiring or constructing the Utility System. Funds in the Utility System Debt Service Fund are not pledged to pay debt service on the Road Bonds, or any other bonds issued for the purpose of acquiring or constructing the Road System.

(e) Twelve (12) months of capitalized interest will be deposited into the Road System Debt Service Fund upon closing of the Road Bonds. Neither Texas law nor the Road Bond Order requires that the District maintain any particular sum in the Road System Debt Service Fund. Funds in the Road System Debt Service Fund are pledged only to pay the debt service on the Outstanding Road Bonds, the Road Bonds, and any other bonds issued for the purpose of acquiring or constructing the Road System. Funds in the Road System Debt Service Fund are not pledged to pay debt service on the Utility Bonds, or any other bonds issued for the purpose of acquiring or constructing the Utility System.

(f) The District is authorized to levy separate taxes for payment of debt service on bonds issued by the District for the Utility System and for payment of debt service on bonds issued for the Road System; both such taxes are unlimited as to rate or amount. See "TAX DATA."

(g) See "DISTRICT DEBT – Debt Service Requirement Schedule."

(h) As of September 1, 2022, the District includes 207 homes under construction. See "DEVELOPMENT OF THE DISTRICT – Status of Development within the District."

Debt Service Requirement Schedule

Utility System Debt Service Requirements

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

Calendar Year	Outstanding Utility Debt Service	The Utility Bonds Principal	The Utility Bonds Interest	The Utility Bonds Debt Service	Total Utility Debt Service
2023	$ 577,594	$ –	$ 539,711	$ 539,711	$ 1,117,305
2024	578,394	295,000	652,000	947,000	1,525,394
2025	578,069	310,000	632,825	942,825	1,520,894
2026	573,269	325,000	612,675	937,675	1,510,944
2027	573,269	340,000	591,550	931,550	1,504,819
2028	572,069	355,000	569,450	924,450	1,496,519
2029	566,469	375,000	546,375	921,375	1,487,844
2030	569,263	390,000	522,000	912,000	1,481,263
2031	571,638	410,000	498,600	908,600	1,480,238
2032	573,581	430,000	482,200	912,200	1,485,781
2033	575,081	450,000	465,000	915,000	1,490,081
2034	581,356	470,000	447,000	917,000	1,498,356
2035	581,513	495,000	428,200	923,200	1,504,713
2036	581,175	515,000	407,163	922,163	1,503,338
2037	585,313	540,000	385,275	925,275	1,510,588
2038	584,075	565,000	360,975	925,975	1,510,050
2039	587,288	595,000	335,550	930,550	1,517,838
2040	584,538	625,000	308,775	933,775	1,518,313
2041	581,513	650,000	280,650	930,650	1,512,163
2042	588,213	685,000	251,400	936,400	1,524,613
2043	584,038	715,000	220,575	935,575	1,519,613
2044	584,331	750,000	188,400	938,400	1,522,731
2045	584,184	785,000	154,650	939,650	1,523,834
2046	583,619	820,000	119,325	939,325	1,522,944
2047	297,613	860,000	81,400	941,400	1,239,013
2048	–	900,000	41,625	941,625	941,625
Total	$14,197,459	$13,650,000	$10,123,349	$23,773,349	$37,970,807

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Road System Debt Service Requirements

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

Calendar Year	Outstanding Road Debt Service	The Road Bonds Principal	The Road Bonds Interest	The Road Bonds Debt Service	Total Road Debt Service
2023	$ 825,730	$ –	$ 378,905	$ 378,905	$ 1,204,635
2024	820,455	210,000	457,738	667,738	1,488,193
2025	819,855	220,000	444,088	664,088	1,483,943
2026	813,705	230,000	429,788	659,788	1,473,493
2027	808,545	240,000	414,838	654,838	1,463,383
2028	802,825	250,000	399,238	649,238	1,452,063
2029	801,630	260,000	382,988	642,988	1,444,618
2030	799,750	275,000	366,088	641,088	1,440,838
2031	798,775	290,000	349,588	639,588	1,438,363
2032	806,675	300,000	337,988	637,988	1,444,663
2033	809,075	315,000	325,988	640,988	1,450,063
2034	806,125	330,000	313,388	643,388	1,449,513
2035	807,025	345,000	300,188	645,188	1,452,213
2036	807,550	365,000	285,525	650,525	1,458,075
2037	812,225	380,000	270,013	650,013	1,462,238
2038	811,363	400,000	252,913	652,913	1,464,275
2039	809,613	415,000	234,913	649,913	1,459,525
2040	812,175	435,000	216,238	651,238	1,463,413
2041	809,175	455,000	196,663	651,663	1,460,838
2042	805,769	480,000	176,188	656,188	1,461,956
2043	806,406	500,000	154,588	654,588	1,460,994
2044	811,469	525,000	132,088	657,088	1,468,556
2045	805,825	550,000	108,463	658,463	1,464,288
2046	804,763	575,000	83,713	658,713	1,463,475
2047	513,125	605,000	57,119	662,119	1,175,244
2048	–	630,000	29,138	659,138	659,138
Total	$19,929,626	$ 9,580,000	$ 7,098,361	$16,678,361	$36,607,987

Average Annual Debt Service Requirements on the
Outstanding Bonds and the Bonds (2023–2048)........$ 2,868,415

Maximum Annual Debt Service Requirements on the
Outstanding Bonds and the Bonds (2024)........$ 3,013,586

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Direct and Estimated Overlapping Debt Statement

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

Taxing Jurisdiction	Outstanding Debt August 31, 2022	Overlapping Percent	Overlapping Amount
Kaufman County	$ 183,213,357	1.49 %	$ 2,721,859
Crandall ISD	214,229,840	12.49 %	26,758,402
Total Estimated Overlapping Debt			$ 29,480,261
Direct Debt (a)			$ 47,895,000
Total Direct and Estimated Overlapping Debt (a)			$ 77,375,261

(a) Includes the Bonds.

Debt Ratios

Direct Debt Ratios (a):		
As a Percentage of 2022 Assessed Valuation	18.64	%
As a Percentage of Estimated Valuation as of September 1, 2022	12.00	%
Direct and Estimated Overlapping Debt Ratios (a):		
As a Percentage of 2022 Assessed Valuation	30.12	%
As a Percentage of Estimated Valuation as of September 1, 2022	19.38	%

(a) Includes the Bonds.

TAXING PROCEDURES

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

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in sufficient amount to pay the principal of and interest on the Bonds, the Outstanding Bonds, and any additional bonds payable from taxes which the District may hereafter issue, and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Orders to levy such a tax from year to year as described more fully above under "THE BONDS - Source of Payment." Under Texas law, the Board may also levy and collect annual ad valorem taxes for the operation and maintenance of the District and for the payment of certain contractual obligations. The District levied a total tax of $1.00 per $100 of assessed valuation for the 2022 tax year composed of a maintenance and operations tax rate of $0.10, a Utility Debt Service tax rate of $0.50, and a Road Debt Service tax rate of $0.40. See "TAX DATA- Tax Rate Limitation."

Property Tax Code and County-Wide Appraisal District

The Texas Tax Code (the "Property Tax Code"), specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized herein. The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing the values established by the Appraisal District. The Kaufman Central Appraisal District (the "Appraisal District") has the responsibility of appraising property for all taxing units within Kaufman Central, including the District. Such appraisal values will be subject to review and change by the Kaufman Appraisal Review Board (the "Appraisal Review Board"). The appraisal roll, as approved by the Appraisal Review Board, will be used by the District in establishing its tax rolls and tax rate.

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

Although the District has the responsibility for establishing tax rates and levying and collecting its taxes each year, under the Property Tax Code, the District does not establish appraisal standards or determine the frequency of revaluation or reappraisal. The appraisal district is governed by a board of directors elected by the governing bodies of the county and all cities, towns, school districts and, if entitled to vote, the conservation and reclamation districts that participate in the appraisal district. The Property Tax Code requires each appraisal district to implement a plan for periodic reappraisal of property to update appraised values. Such plan must provide for reappraisal of all real property in the appraisal district at least once every three years. It is not known what frequency of future reappraisals will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis.

Property Subject to Taxation by the District

General: Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually-owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons, to the extent deemed advisable by the Board of Directors of the District. The District may be required to offer such exemptions if a majority of voters approve same at an election. The District would be required to call an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. The District has not adopted disabled or over 65 exemptions.

Furthermore, the District must grant exemptions to disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces, if requested, but only to the maximum extent of between $5,000 and $12,000 depending upon the disability rating of the veteran claiming the exemption. A veteran who receives a disability rating of 100% is entitled to an exemption of full value of the veteran’s residential homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse, and surviving spouses of a deceased veteran who had received a disability rating of 100% are entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran’s disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse’s residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

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

Freeport Goods Exemption and “Goods-in-Transit”: A “Freeport Exemption” applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days.

Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2011 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption includes tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Reappraisal of Property after Disaster

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

Valuation of Property for Taxation

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

Tax Abatement

Kaufman County may designate all or part of the area within the District as a reinvestment zone. Thereafter, the District, at the option and discretion of the District, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdiction. None of the area within the District has been designated as a Reinvestment Zone to date, and the District has not approved any such tax abatement agreements.

Agricultural, Open Space, Timberland and Inventory Deferment

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

Notice and Hearing Procedures

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

District and Taxpayer Remedies

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

Rollback of Operation and Maintenance Tax Rate

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

Special Taxing Units

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

Developed Districts

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

Developing Districts

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

The District

A determination as to the District's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board of Directors on an annual basis. For the 2022 tax year, the Board has made a determination that the District is a Developing District. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

Levy and Collection of Taxes

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

Taxes are due September 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the District. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency of taxes under certain circumstances. The owner of a residential homestead property who is (i) a person at least sixty-five (65) years of age or older, (ii) under a disability for purpose of payment of disability insurance benefits under the Federal Old Age Survivors and Disability Insurance Act, or (iii) qualifies as a disabled veteran under Texas Law is also entitled by law to pay current taxes on a residential homestead in installments or to defer the payment of taxes without penalty during the time of ownership. Additionally, a person who is delinquent on taxes for a residential homestead is entitled to an agreement with the District to pay such taxes in equal installments over a period of between 12 and 36 months (as determined by the District) when such person has not entered into another installment agreement with respect to delinquent taxes within the District in the preceding 24 months.

District's Rights in the Event of Tax Delinquencies

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

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property within two (2) years for residential and agricultural property and six (6) months for commercial property and all other types of property after the purchasers deed at the foreclosure sale is filed in the county records.

TAX DATA

General

Taxable property within the District is subject to the assessment, levy and collection by the District of an annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds (and any future tax-supported bonds which may be issued from time to time as authorized). Taxes are levied by the District each year against the District's assessed valuation as of January 1 of that year. Taxes become due October 1 of such year, or when billed, and generally become delinquent after January 31 of the following year. The Board covenants in the Bond Orders to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds. The actual rate of such tax will be determined from year to year as a function of the District's tax base, its debt service requirements and available funds. In addition, the District has the power and authority to assess, levy and collect ad valorem taxes, in an unlimited amount, for operation and maintenance purposes. For the 2022 tax year, such rate is composed of a maintenance tax rate of $0.10 per $100 of assessed valuation, a Utility Debt Service tax rate of $0.50 per $100 of assessed valuation, and a Road Debt Service tax rate of $0.40 per $100 of assessed valuation.

Tax Rate Limitation

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

Debt Service Taxes

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

Maintenance Taxes

The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements if such maintenance tax is authorized by vote of the District's electors. The Board is authorized by the District's voters to levy such maintenance tax in an amount not to exceed $1.00 per $100 of assessed valuation. Such tax, when levied, is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds, the Outstanding Bonds, and any parity bonds which may be issued in the future. In 2022, the District levied a total tax rate of $1.00 per $100 of assessed valuation. Such rate is composed of a maintenance tax rate of $0.10 per $100 of assessed valuation, a Utility Debt Service tax rate of $0.50 per $100 of assessed valuation, and a Road Debt Service tax rate of $0.40 per $100 of assessed valuation. See "Tax Rate Distribution" below.

Tax Exemption

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

Additional Penalties

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

Historical Tax Collections

The following table illustrates the collection history of the District for the 2019-2021 tax years:

Tax Year	Certified Assessed Valuation	Tax Rate/ $100	Adjusted Levy	Collections Current Year	Period Ending 9/30	Collections as of August 31, 2022
2019	$ 2,988,210	$1.000	$ 29,882	96.49%	2020	98.94%
2020	$ 21,822,194	$1.000	$ 218,222	99.73%	2021	100.00%
2021	$107,528,790	$1.000	$1,091,128	99.74%	2022	99.74%

Tax Rate Distribution

The following table sets out the components of the District's tax levy for each of the 2019–2022 tax years.

	2022	2021	2020	2019
Utility Debt Service	$ 0.500	$ 0.290	$ 0.000	$ 0.000
Road Debt Service	0.400	0.405	0.000	0.000
Maintenance	0.100	0.305	1.000	1.000
Total	$ 1.000	$ 1.000	$ 1.000	$ 1.000

Analysis of Tax Base

The following represents the types of property comprising the District assessed taxable value for the 2018 - 2022 tax years.

Type of Property	2022 Assessed Valuation (a)	2021 Assessed Valuation	2020 Assessed Valuation	2019 Assessed Valuation	2018 Assessed Valuation
Land	$ 94,561,129	$ 46,930,936	$ 18,607,570	$ 4,617,610	$ 4,566,670
Improvements	170,303,801	65,279,121	5,765,970	17,230	11,360
Personal Property	32,750	30,750	0	0	0
Less Exemptions	(7,995,317)	(4,712,017)	(1,506,350)	(1,646,630)	(3,748,450)
Total	$256,902,363	$107,528,790	$ 22,867,190	$ 2,988,210	$ 829,580

(a) Includes $9,319,334 of uncertified value that is under review of the Appraisal Review Board as of the original certification of the 2022 tax rolls by the Appraisal District.

Principal Taxpayers

The following represents the principal taxpayers, type of property, and their assessed values as of January 1, 2022:

Taxpayer	Type of Property	Assessed Valuation 2022 Tax Roll	Percentage of 2022 Tax Roll
DR Horton Texas LTD (a)	Land & Improvements	$ 13,774,928	5.36%
AG Essential Housing Multi (b)	Land	12,691,500	4.94%
Lennar Homes of Texas Land & Construction LTD (a)(b)	Land & Improvements	11,534,512	4.49%
Upward America Central Property Owner LP (b)	Land & Improvements	7,665,136	2.98%
Beazer Homes Texas LP (a)	Land & Improvements	3,767,939	1.47%
Homeowner	Land & Improvements	683,005	0.27%
SOCFM Developer LLC (b)	Land	610,300	0.24%
Lennar Homes of Texas Land & Construction LTD (a)(b)	Land & Improvements	476,989	0.19%
Homeowner	Land & Improvements	330,175	0.13%
Homeowner	Land & Improvements	325,341	0.13%
Total		$ 51,859,825	20.19%

(a) See "DEVELOPMENT OF THE DISTRICT – Homebuilders within the District."
(b) See "DEVELOPERS - Principal Landowners" and "INVESTMENT CONSIDERATIONS – Factors Affecting Taxable Values and Tax Payments."

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of assessed taxable valuation that would be required to meet certain debt service requirements on the Bonds and the Outstanding Bonds if no growth in the District's tax base occurs beyond the 2022 Assessed Valuation ($256,902,363), or the Estimated Valuation as of September 1, 2022 ($399,151,000). The calculations assume collection of 95% of taxes levied, the sale of the Bonds but not the sale of any additional bonds by the District.

Average Annual Debt Service Requirement (2023–2048) $2,868,415
Debt Service Tax Rate of $1.18 on the 2022 Assessed Taxable Valuation produces $2,879,875
Debt Service Tax Rate of $0.76 on the Estimated Valuation as of September 1, 2022, produces .. $2,881,870

Maximum Annual Debt Service Requirement (2024) $3,013,586
Debt Service Tax Rate of $1.24 on the 2022 Assessed Taxable Valuation produces $3,026,310
Debt Service Tax Rate of $0.80 on the Estimated Valuation as of September 1, 2022, produces .. $3,033,548

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Estimated Overlapping Taxes

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

Set forth below is an estimation of all 2022 taxes per $100 of assessed valuation levied by such jurisdictions. No recognition is given to local assessments for civic association dues, emergency medical service contributions, fire department contributions or any other charges made by entities other than political subdivisions. No prediction can be made of the tax rates that will be levied in future years by the respective taxing jurisdictions.

Taxing Jurisdiction	2022 Tax Rate/ Per $100 of A.V.
The District	$ 1.000000
Kaufman County	0.345850
Kaufman County Road and Bridge	0.070412
Crandall ISD	1.354600
Kaufman County Emergency Service District No. 7	0.074300
Trinity Valley Community College	0.115490
Estimated Total Tax Rate	$ 2.960652

INVESTMENT CONSIDERATIONS

General

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

Factors Affecting Taxable Values and Tax Payments

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

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

Dependence on Principal Taxpayers and the Developers: The top ten principal taxpayers represent $51,859,825 or approximately 20.19% of the 2022 Assessed Valuation, which represents ownership as of January 1, 2022. Lennar Homes of Texas Land and Construction, LTD., a Texas limited partnership ("Lennar"), represents $11,534,512 or 4.49% of such value. If Lennar or other principal taxpayers were to default in the payment of taxes in an amount which exceeds the District's debt service fund surplus, the ability of the District to make timely payment of debt service on the Bonds would be dependent on its ability to enforce and liquidate its tax lien, which is a time-consuming process, or to sell tax anticipation notes. Failure to recover or borrow funds in a timely fashion could result in an excessive District tax rate, hindering growth and leading to further defaults in the payment of taxes. The District is not required by law or the Bond Orders to maintain any specified amount of surplus in its debt service funds. See "TAX DATA – Principal Taxpayers" and "TAXING PROCEDURES – Levy and Collection of Taxes."

Operating Funds: The District's only source of operating revenue is funds from maintenance tax revenue. The District does not collect water and wastewater revenues from its residents. Maintenance of positive general fund balance will depend upon continued development and increased amounts of maintenance tax revenue. If funds from this source is not forthcoming, the District would have to increase its maintenance tax rate.

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 2022 Assessed Valuation of property located within the District is $256,902,363, and the Estimated Valuation as of September 1, 2022, is $399,151,000. See "TAX DATA."

After issuance of the Bonds, the maximum annual debt service requirement on the Outstanding Bonds and the Bonds is $3,013,586 (2024) and the average annual debt service requirement on the Outstanding Bonds and the Bonds is $2,868,415 (2023–2048). Assuming no decrease to the 2022 Assessed Valuation, tax rates of $1.24 and $1.18 per $100 of assessed valuation at 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively.

Assuming no decrease from the Estimated Valuation as of September 1, 2022, tax rates of $0.80 and $0.76 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.

Competitive Nature of Residential Housing Market

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

Tax Collection Limitations

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

Registered Owners' Remedies

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Orders, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Orders, the registered owners of the Bonds (the "Registered Owner(s)") have the right to seek of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Orders. Except for mandamus, the Bond Orders do not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners.

Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Orders may not be reduced to a judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District.

Bankruptcy Limitation to Registered Owners' Rights

Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Section 901-946, if the District: (1) is authorized to file for federal bankruptcy protection by Texas law; (2) is insolvent or unable to meet its debts as they mature; (3) desired to effect a plan to adjust such debts; and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Under Texas law, the District must also obtain the approval of the TCEQ prior to filing bankruptcy. Such law requires that the TCEQ investigate the financial conditions of the District and authorize the District to proceed only if the District has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

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

If the District decides in the future to proceed voluntarily under the federal Bankruptcy Code, the District could develop and file a plan for the adjustment of its debts. If such a plan was confirmed by the bankruptcy court, it could, among other things, affect the Beneficial Owners by reducing or eliminating the interest rate or the principal amount, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of such Beneficial Owners' claims against the District.

The District may not be placed into bankruptcy involuntarily.

Marketability

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

Future Debt

At an election held within the District on May 6, 2017, voters of the District authorized the District's issuance of: $93,600,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System; $103,800,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System; $140,400,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Utility System; and $155,700,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Road System.

The Utility Bonds represent the third series of bonds issued by the District for the purpose of acquiring or constructing the Utility System and the Road Bonds represent the third series of bonds issued by the District for the purpose of acquiring or constructing the Road System. After issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: $69,660,000 for the purpose of acquiring or constructing the Utility System; $79,845,000 for the purpose of acquiring or constructing the Road System; $140,400,000 for the purpose of refunding bonds issued by the District for the Utility System; and $155,700,000 for the purpose of refunding bonds issued by the District for the Road System. The District may also issue any additional bonds as may hereafter be approved by both the Board and voters of the District as well as certain additional bonds, revenue bonds, special project bonds, and other obligations as described in the Bond Orders. See "THE BONDS – Issuance of Additional Debt."

The District's issuance of the remaining $69,660,000 unlimited tax bonds authorized for the Utility System shall be subject to approval by the TCEQ.

Following the issuance of the Bonds, the District will owe the Developers approximately $8,500,000 for expenditures to construct the Utility System and approximately $1,500,000 for expenditures to construct the Road System. Such expenditures are expected to increase as development continues within the District. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt-to-property-valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

The District does not intend to issue additional unlimited tax bonds in the current calendar year.

Continuing Compliance with Certain Covenants

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

Approval of the Bonds

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

Environmental Regulations

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

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

Sanctions against a municipal utility 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 Dallas-Fort Worth ("DFW") area. Under the Clean Air Act ("CAA") Amendments of 1990, a nine (9)-county DFW area ("1997 DFW Area")—Collin, Dallas, Denton, Ellis, Johnson, Kaufman, Parker, Rockwall, and Tarrant Counties—has been designated an attainment area under the one-hour (124 parts per billion ("ppb")) and eight (8)-hour (84 ppb) standards promulgated by the EPA in 1997 (the "1997 Ozone Standards").

However, a ten (10)-county DFW area ("2008 DFW Area") – Collin, Dallas, Denton, Ellis, Johnson, Kaufman, Parker, Rockwall, Tarrant, and Wise Counties – has been designated a "moderate" nonattainment area under the eight (8)-hour ozone standard of 75 ppb promulgated by the EPA in 2008 (the "2008 Ozone Standard"), with an attainment deadline of July 20, 2018. If the EPA ultimately determines that the 2008 DFW Area has failed to meet the attainment deadline based on the relevant data, the area is subject to reclassification to a nonattainment classification that provides for more stringent controls on emissions from the industrial sector. In addition, the EPA may impose a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects if it finds that an area fails to demonstrate progress in reducing ozone levels.

Further, a nine (9)-county DFW area ("2015 DFW Area") – Collin, Dallas, Denton, Ellis, Johnson, Kaufman, Parker, Tarrant, and Wise Counties has been designated a "marginal" nonattainment are under the eight (8)-hour ozone standard of 75 ppb promulgated by the EPA in 2015 (the "2015 Ozone Standard"), with an attainment deadline of August 3, 2021.

In order to demonstrate progress toward attainment of the EPA's ozone standards, the TCEQ has established a state implementation plan ("SIP") for the 2008 and 2015 DFW Areas setting emission control requirements, some of which regulate the inspection and use of automobiles. These types of measures could impact how people travel, what distances people are willing to travel, where people choose to live and work, and what jobs are available in the area. These SIP requirements can negatively impact business due to the additional permitting/regulatory constraints that accompany this designation and because of the community stigma associated with a nonattainment designation. It is possible that additional controls will be necessary to allow the 2008 and 2015 DFW Areas to reach attainment with the ozone standards by the EPA's attainment deadlines. These additional controls could have a negative impact on the area's economic growth and development.

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

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

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

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 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 of Proposed Rulemaking to put back into place the pre-2015 definition of "waters of the United States" and on December 7, 2021, the proposed rule was published in the Federal Register, with the public comment period ending on February 7, 2022. 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.

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.

Potential Impact of Natural Disaster

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

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

Changes in Tax Legislation

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

Bond Insurance Risk Factors

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

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

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

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

The obligations of the Bond Insurer are contractual obligations and in an event of default by the Bond Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies. Neither the District nor the Initial Purchaser have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment. See "MUNICIPAL BOND INSURANCE" and "RATINGS" herein for further information provided by the Bond Insurer and the Insurance Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer.

LEGAL MATTERS

Legal Opinions

Issuance of the Bonds is subject to the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and binding obligations of the District payable from an annual ad valorem tax levied without limit as to rate or amount upon all taxable property within the District. Issuance of the Bonds is also subject to the legal opinion of Bond Counsel that, based upon examination of the transcript of the proceedings incident to authorization and issuance of the Bonds, the Bonds are valid and legally binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity, and are payable from annual ad valorem taxes, which are not limited by applicable law in rate or amount, levied against all property within the District which is not exempt from taxation by or under applicable law. The legal opinion will further state that the interest on the

Bonds is excludable from gross income for federal income tax purposes under existing statutes, regulations, published rulings and court decisions as described below under "TAX MATTERS." The legal opinion of Bond Counsel will be printed on the Bonds, if certificated Bonds are issued. Such opinions will express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds. Certain legal matters will be passed upon for the District by McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Disclosure Counsel.

Legal Review

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

No-Litigation Certificate

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

No Material Adverse Change

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

TAX MATTERS

Tax Exemption

On the date of initial delivery of the Bonds, Coats Rose, P.C., Dallas, Texas, Bond Counsel, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof, except that such interest is taken into account in determining the annual adjusted financial statement of income of applicable corporations (as defined in section 59(k) of the Internal Revenue Code of 1986 (the "Code")) for the purpose of determining the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022, and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds.

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

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

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

A ruling was not sought from the Internal Revenue Service by the District with respect to the Bonds or the property financed or refinanced with proceeds of the Bonds. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the District as the taxpayer and the Registered Owners may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount

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

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

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

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

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

Collateral Federal Income Tax Consequences

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

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

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

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

Not Qualified Tax-Exempt Obligations for Financial Institutions

The District did not designate the Bonds as "qualified tax-exempt obligations" for financial institutions.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Orders, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe these agreements 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, as well as timely notice of specified events, to the Municipal Securities Rulemaking Board or any successor to its function as a repository (the "MSRB"), through its Electronic Municipal Market Access ("EMMA") system.

Annual Reports

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

The information to be updated with respect to the District includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement included under the headings "DISTRICT DEBT" (except under the subheading "Direct and Estimated Overlapping Debt Statement"), "TAX DATA," and in "APPENDIX A" (Financial Statements of the District). The District will update and provide this information to the MSRB within six months after the end of each of its fiscal years ending in or after 2023. 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 it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six month period, and audited financial statements when the audit report becomes available.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12.

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

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other events affecting the tax-exempt status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of SEC Rule 15c2-12; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person within the meaning of the Rule, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person within the meaning of the Rule, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person within the meaning of the Rule, any of which reflect financial difficulties. The terms "material" and "financial obligation" when used in this paragraph shall have the meanings ascribed to them under federal securities laws. Neither the Bonds nor the Bond Orders make any provision for debt service reserves or liquidity enhancement. The term "financial obligation" when used in this paragraph shall have the meaning ascribed to it under federal securities laws including meaning a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term "financial obligation" does not include municipal securities for which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule. In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from EMMA

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

Limitations and Amendments

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

The District may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or operations of the District, but only if (1) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with the SEC Rule 15c2-12, taking into account any amendments or interpretations of SEC Rule 15c2-12 to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any qualified professional unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided. The District may also amend or repeal its continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the SEC Rule 15c2-12 or a court of final jurisdiction enters judgment that such provisions of such SEC Rule 15c2-12 are invalid, and the District also may amend its continuing disclosure agreement in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

Compliance with Prior Undertaking

The District has been in material compliance with its prior continuing disclosure agreements made in accordance with SEC Rule 15c2-12. The District entered into its first continuing disclosure agreement in 2020.

OFFICIAL STATEMENT

General

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

The District's audited financial statements for the year ended March 31, 2022, were prepared by McCall Gibson Swedlund Barfoot PLLC, and have been included herein as "APPENDIX A." McCall Gibson Swedlund Barfoot PLLC, has consented to the publication of such financial statements in this Preliminary Official Statement.

Experts

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

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

Certification as to Official Statement

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

Updating of Official Statement

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

CONCLUDING STATEMENT

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

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

/s/ Brandon Beeson
President, Board of Directors
Kaufman County Fresh Water Supply District No. 4A

ATTEST:

/s/ Stephen Swann
Secretary, Board of Directors
Kaufman County Fresh Water Supply District No. 4A

APPENDIX A

FINANCIAL STATEMENTS OF THE DISTRICT

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4A

KAUFMAN COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

MARCH 31, 2022

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4A

KAUFMAN COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

MARCH 31, 2022

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McCALL GIBSON SWEDLUND BARFOOT PLLC
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Kaufman County Fresh Water
Supply District No. 4A
Kaufman County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Kaufman County Fresh Water Supply District No. 4A (the "District") as of and for the year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of March 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District’s ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Board of Directors
Kaufman County Fresh Water Supply District No. 4A

Supplementary Information

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

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

July 6, 2022

Management's discussion and analysis of the financial performance of Kaufman County Fresh Water Supply District No. 4A (the "District") provides an overview of the District's financial activities for the fiscal year ended March 31, 2022. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

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

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets by $5,953,480 as of March 31, 2022. The following is a comparative analysis of government-wide changes in the Statement of Net Position as of March 31, 2022, and March 31, 2021.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2022	2021	Change Positive (Negative)
Current Assets	$ 1,964,797	$ 984,548	$ 980,249
Capital and Intangible Assets (Net of Accumulated Depreciation/Amortization)	42,690,381	18,379,861	24,310,520
Total Assets	$ 44,655,178	$ 19,364,409	$ 25,290,769
Due to Developer	$ 16,821,727	$ 8,098,712	$ (8,723,015)
BAN/Bonds Payable	33,694,164	14,138,601	(19,555,563)
Other Liabilities	92,767	207,344	114,577
Total Liabilities	$ 50,608,658	$ 22,444,657	$ (28,164,001)
Net Position:			
Net Investment in Capital Assets	$ (6,851,947)	$ (3,124,248)	$ (3,727,699)
Restricted	821,099	293,613	527,486
Unrestricted	77,368	(249,613)	326,981
Total Net Position	$ (5,953,480)	$ (3,080,248)	$ (2,873,232)

The following table provides a summary of the District's operations for the years ended March 31, 2022, and March 31, 2021.

	Summary of Changes in the Statement of Activities		
	2022	2021	Change Positive (Negative)
Revenues:			
Property Taxes	$ 1,105,341	$ 219,549	$ 885,792
Service Revenues	360,715	98,400	262,315
Other Revenues	2,621	162	2,459
Total Revenues	$ 1,468,677	$ 318,111	$ 1,150,566
Total Expenses	4,341,909	2,142,963	(2,198,946)
Change in Net Position	$ (2,873,232)	$ (1,824,852)	$ (1,048,380)
Net Position, Beginning of Year	(3,080,248)	(1,255,396)	(1,824,852)
Net Position, End of Year	$ (5,953,480)	$ (3,080,248)	$ (2,873,232)

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of March 31, 2022, were a deficit of $6,971,935, a decrease of $3,338,486 from the prior year.

The General Fund fund balance increased by $326,860, primarily due to property tax revenues and service revenues exceeding professional and administrative costs during the year.

The District's Debt Service Fund fund balance increased by $544,295, primarily due to the structure of the District's debt requirements and Series 2021 Utility Bonds and Series 2021 Road Bonds capitalized interest deposited in the current fiscal year.

The Capital Projects Fund had a deficit fund balance of $8,335,129 as of March 31, 2022. The District issued its Series 2021 Road Bonds, Series 2021 Utility Bonds and Series 2022 Bond Anticipation Note in the current fiscal year (see Notes 11 and 12).

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board adopted an unappropriated budget for the General Fund for the current fiscal year. The budget was amended during the year to reflect an increase in anticipated tax revenues. Actual revenues were $407,650 more than budgeted revenues and actual expenditures were $176,925 more than budgeted expenditures which resulted in a positive variance of $230,725. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets as of March 31, 2022, total $18,677,125 (net of accumulated depreciation) and include land, roads and storm drainage infrastructure.

Capital Assets At Year-End

	2022	2021	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 1,150,918	$ -0-	$ 1,150,918
Capital Assets Subject to Depreciation:			
Storm Drainage	6,369,623	2,002,484	4,367,139
Roads	11,838,316	4,747,700	7,090,616
Less Accumulated Depreciation	(681,732)	(196,169)	(485,563)
Total Net Capital Assets	$ 18,677,125	$ 6,554,015	$ 12,123,110

INTANGIBLE ASSETS

Intangible assets include certain infrastructure constructed by the District with funds provided by developers for the purposes of providing water service and wastewater service to District residents. These assets are conveyed to other entities for ownership and maintenance and are recorded as an intangible assets and amortized over the term of the applicable service contract on the District's financial statements. The District has recognized intangible assets for the cost of the utilities conveyed which have a March 31, 2022, balance (net of accumulated amortization) of $24,013,256.

LONG-TERM DEBT

As of March 31, 2022, the District had total bond debt payable of $24,665,000. The changes in the debt position of the District during the year ended March 31, 2022, are summarized as follows:

Bond Debt Payable, April 1, 2021	$ 9,745,000
Add: Bond Sales	14,920,000
Bond Debt Payable, March 31, 2022	$ 24,665,000

The District's Series 2021 Utility Bonds and Series 2021 Road Bonds carry insured ratings of "AA" by virtue of bond insurance issued by Assured Guaranty Municipal Corporation. The ratings are as of March 31, 2022 and are subject to change.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Kaufman County Fresh Water Supply District No. 4A, c/o Coats Rose, P.C., 14755 Preston Road, Suite 600, Dallas, TX 75254.

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4A
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
MARCH 31, 2022

	General Fund	Debt Service Fund
ASSETS		
Cash	$ 532,896	$ 609,047
Investments		245,000
Property Taxes Receivable	8,129	17,780
Accrued Interest Receivable		74
Due from Other Funds		6,142
Land		
Capital Assets (Net of Accumulated Depreciation)		
Intangible Assets (Net of Accumulated Amortization)		
TOTAL ASSETS	$ 541,025	$ 878,043
LIABILITIES		
Accounts Payable	$ 23,823	$
Accrued Interest Payable		
Due to Developers		
Due to Other Funds	6,142	
Bond Anticipation Note Payable		
Long-Term Liabilities:		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	$ 29,965	$ -0-
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$ 8,129	$ 17,780
FUND BALANCES		
Restricted for Authorized Construction	$	$
Restricted for Debt Service		860,263
Unrestricted	502,931	
TOTAL FUND BALANCES (DEFICIT)	$ 502,931	$ 860,263
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 541,025	$ 878,043
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 551,871	$ 1,693,814	$	$ 1,693,814
	245,000		245,000
	25,909		25,909
	74		74
	6,142	(6,142)	
		1,150,918	1,150,918
		17,526,207	17,526,207
		24,013,256	24,013,256
$ 551,871	$ 1,970,939	$ 42,684,239	$ 44,655,178
$ 12,000	$ 35,823	$	$ 35,823
		56,944	56,944
		16,821,727	16,821,727
	6,142	(6,142)	
8,875,000	8,875,000		8,875,000
		24,819,164	24,819,164
$ 8,887,000	$ 8,916,965	$ 41,691,693	$ 50,608,658
$ -0-	$ 25,909	$ (25,909)	$ -0-
$ (8,335,129)	$ (8,335,129)	$ 8,335,129	$
	860,263	(860,263)	
	502,931	(502,931)	
$ (8,335,129)	$ (6,971,935)	$ 6,971,935	$ - 0 -
$ 551,871	$ 1,970,939		
		$ (6,851,947)	$ (6,851,947)
		821,099	821,099
		77,368	77,368
		$ (5,953,480)	$ (5,953,480)

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

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4A
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
MARCH 31, 2022

Total Fund Balances - Governmental Funds		$ (6,971,935)
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets and intangible assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		42,690,381
Deferred inflows of resources related to property taxes receivable for the 2021 and prior tax levies became part of recognized revenue in the governmental activities of the District.		25,909
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:		
Due to Developers	$ (16,821,727)	
Accrued Interest Payable	(56,944)	
Bonds Payable	(24,819,164)	(41,697,835)
Total Net Position - Governmental Activities		$ (5,953,480)

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

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KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4A
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2022

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	$ 342,557	$ 744,883
Security Service	221,319	
Garbage Service	64,696	
Connection Fees	74,700	
Investment and Miscellaneous Revenues	20	2,564
TOTAL REVENUES	$ 703,292	$ 747,447
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	$ 96,750	$ 145
Contracted Services	236,484	6,682
Utilities	26,111	
Depreciation and Amortization		
Other	17,087	708
Developer Interest		
Developer Reimbursements		
Debt Service:		
BAN and Bond Issuance Costs		
BAN and Bond Interest		403,152
TOTAL EXPENDITURES/EXPENSES	$ 376,432	$ 410,687
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	$ 326,860	$ 336,760
OTHER FINANCING SOURCES (USES)		
Proceeds From Issuance of Long-Term Debt	$	$ 207,535
Bond Discount		
Bond Premium		
TOTAL OTHER FINANCING SOURCES (USES)	$ -0-	$ 207,535
NET CHANGES IN FUND BALANCES	$ 326,860	$ 544,295
CHANGE IN NET POSITION		
FUND BALANCES (DEFICIT)/NET POSITION - APRIL 1, 2021	176,071	315,968
FUND BALANCES (DEFICIT)/NET POSITION - MARCH 31, 2022	$ 502,931	$ 860,263

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$ 1,087,440	$ 17,901	$ 1,105,341
	221,319		221,319
	64,696		64,696
	74,700		74,700
37	2,621		2,621
$ 37	$ 1,450,776	$ 17,901	$ 1,468,677
$	$ 96,895	$	$ 96,895
	243,166		243,166
	26,111		26,111
		1,139,437	1,139,437
16,211	34,006		34,006
682,877	682,877		682,877
16,726,942	16,726,942	(16,726,942)	
1,642,345	1,642,345		1,642,345
41,005	444,157	32,915	477,072
$ 19,109,380	$ 19,896,499	$ (15,554,590)	$ 4,341,909
$ (19,109,343)	$ (18,445,723)	$ 15,572,491	$ (2,873,232)
$ 14,712,465	$ 14,920,000	$ (14,920,000)	$
(183,677)	(183,677)	183,677	
370,914	370,914	(370,914)	
$ 14,899,702	$ 15,107,237	$ (15,107,237)	$ -0-
$ (4,209,641)	$ (3,338,486)	$ 3,338,486	$
		(2,873,232)	(2,873,232)
(4,125,488)	(3,633,449)	553,201	(3,080,248)
$ (8,335,129)	$ (6,971,935)	$ 1,018,455	$ (5,953,480)

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

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4A
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2022

Net Change in Fund Balances - Governmental Funds	$ (3,338,486)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	17,901
In the Statement of Activities, depreciation expense and amortization expense is recorded on capital assets and intangible assets, respectively.	(1,139,437)
Governmental funds report capital outlay as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.	16,726,942
Governmental funds report bond premiums and bond discounts as other financing sources and uses in the year paid. However, in the Statement of Net Position, bond discounts are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.	(187,237)
Accrued interest on long-term debt is recorded as an expense in the Statement of Activities.	(32,915)
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.	(14,920,000)
Change in Net Position - Governmental Activities	$ (2,873,232)

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

NOTE 1. CREATION OF DISTRICT

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

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

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

General Fund – To account for maintenance tax revenues, service revenues, professional fees and administrative expenditures.

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

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

Basis of Accounting

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

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of year-end, the General Fund owed the Debt Service Fund $6,142 for debt tax collections.

Capital Assets

Capital assets, which include the road and drainage infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. Assets are capitalized, including infrastructure assets, if they have an original cost greater than $5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation over periods ranging from 10 to 45 years.

Intangible Assets

Intangible assets include certain infrastructure constructed by the District with funds provided by developers for the purposes of providing water service and wastewater service to District residents. These assets are conveyed to other entities for ownership and maintenance and are recorded as an intangible assets and amortized over the term of the applicable service contract on the District's financial statements.

Budgeting

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

Pensions

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

Measurement Focus

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District does not have any nonspendable fund balances.

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

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

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

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

	Series 2020 Utility	Series 2020 Road	Series 2021 Utility	Series 2021 Road
Amounts Outstanding – March 31, 2022	$ 4,785,000	$ 4,960,000	$ 5,505,000	$ 9,415,000
Interest Rates	2.00% - 3.10%	2.00% - 3.125%	2.00% - 4.50%	2.00% - 4.50%
Maturity Dates – Serially Beginning /Ending	September 1, 2023/2046	September 1, 2023/2046	September 1, 2023/2047	September 1, 2023/2047
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2025*	September 1, 2025*	September 1, 2026*	September 1, 2026*

* Or any date thereafter at a price of par plus unpaid accrued interest to the date fixed for redemption. For the Series 2020 utility bonds, the bonds maturing on September 1, 2042 and 2046 are term bonds and are subject to mandatory redemption beginning September 1, 2039 and 2043, respectively. For the Series 2020 road bonds, the bonds maturing on September 1, 2035, 2038, 2042, and 2046, are term bonds and are subject to mandatory redemption beginning September 1, 2034, 2036, 2039 and 2043, respectively. For the Series 2021 utility bonds, the bonds maturing on September 1, 2037, 2039, 2041, 2044 and 2047, are term bonds and are subject to mandatory redemption beginning September 1, 2036, 2038, 2040, 2042 and 2045, respectively. For the Series 2021 road bonds, the bonds maturing on September 1, 2037, 2039, 2041, 2044 and 2047, are term bonds and are subject to mandatory redemption beginning September 1, 2036, 2038, 2040, 2042 and 2045, respectively.

Bonds authorized but unissued include: $83,310,000 for the purchase or construction of water and wastewater facilities; $89,425,000 for the purchase or construction of roads; $140,400,000 for refunding water and wastewater facilities bonds; and $155,700,000 for refunding road bonds.

Transactions regarding bonds payable for the year ended March 31, 2022, is as follows:

	April 1, 2021	Additions	Retirements	March 31, 2022
Bonds Payable	$ 9,745,000	$ 14,920,000	$	$ 24,665,000
Unamortized Discounts	(31,399)	(183,678)	(4,072)	(211,005)
Unamortized Premiums		370,914	5,745	365,169
Bonds Payable, Net	$ 9,713,601	$ 15,107,236	$ 1,673	$ 24,819,164

Amount Due Within One Year	$ -0-
Amount Due After One Year	24,819,164
Bonds Payable, Net	$ 24,819,164

NOTE 3. LONG-TERM DEBT (Continued)

As of March 31, 2022, the debt service requirements on the outstanding bonds were as follows:

Fiscal Year	Principal	Interest	Total
2023	$	$ 556,169	$ 556,169
2024	720,000	671,087	1,391,087
2025	740,000	645,887	1,385,887
2026	765,000	619,948	1,384,948
2027	780,000	594,393	1,374,393
2028-2032	4,210,000	2,595,951	6,805,951
2033-2037	4,825,000	2,045,293	6,870,293
2038-2042	5,525,000	1,377,998	6,902,998
2043-2047	6,310,000	559,497	6,869,497
2048	790,000	10,368	800,368
	$ 24,665,000	$ 9,676,591	$ 34,341,591

The bonds of the District are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount. During the year ended March 31, 2022, the District levied an ad valorem debt service tax rate of $0.695 per $100 of assessed valuation, which resulted in a tax levy of $760,069 on the adjusted taxable valuation of $109,508,859 for the 2021 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

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

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds be rebated to the federal government, within the meaning of Section 148(f) of the Internal Revenue Code. The bond orders state that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data with respect to the District to certain information repositories. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

Series 2021 Utility Bond proceeds of $75,219 and Series 2021 Road Bond proceeds of $132,316 were deposited into the Debt Service Fund and restricted for the payment of bond interest.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was $1,938,814 and the bank balance was $2,247,887. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at March 31, 2022, as listed below:

	Cash	Certificate of Deposit	Total
GENERAL FUND	$ 532,896	$	$ 532,896
DEBT SERVICE FUND	609,047	245,000	854,047
CAPITAL PROJECTS FUND	551,871		551,871
TOTAL DEPOSITS	$ 1,693,814	$ 245,000	$ 1,938,814

Investments

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

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments

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

As of March 31, 2022, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
DEBT SERVICE FUND		
Certificate of Deposit	$ 245,000	$ 245,000

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District manages credit risk by investing in certificates of deposit fully covered by FDIC insurance or secured by collateral held in the District's name. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages interest rate risk by investing in certificates of deposit with maturities of less than one year.

NOTE 6. CAPITAL ASSETS AND INTANGIBLE ASSETS

Certain infrastructure constructed by the District with funds provided by developers for the purposes of providing water service and wastewater service to District residents is conveyed to other entities for ownership and maintenance. These costs are recorded as an intangible asset and amortized over the term of the applicable service contract. Intangible asset activity for the fiscal year ending March 31, 2022, is as follows:

	April 1, 2021	Increases	Decreases	March 31, 2022
Intangible Assets Subject to Amortization				
Water and Sewer Infrastructure	$ 12,391,403	$ 12,841,284	$ - 0 -	$ 25,232,687
Less Accumulated Amortization				
Water and Sewer Infrastructure	$ 565,557	$ 653,874	$ - 0 -	$ 1,219,431
Total Amortizable Intangible Assets, Net of Accumulated Amortization	$ 11,825,846	$ 12,187,410	$ - 0 -	$ 24,013,256

NOTE 6. CAPITAL ASSETS AND INTANGIBLE ASSETS (Continued)

Capital asset activity for the fiscal year ending March 31, 2022, is as follows:

	April 1, 2021	Increases	Decreases	March 31, 2022
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ - 0 -	$ 1,150,918	$ - 0 -	$ 1,150,918
Capital Assets Subject to Depreciation				
Storm Drainage	$ 2,002,484	$ 4,367,139	$	$ 6,369,623
Roads	4,747,700	7,090,616		11,838,316
Total Capital Assets Subject to Depreciation	$ 6,750,184	$ 11,457,755	$ - 0 -	$ 18,207,939
Less Accumulated Depreciation				
Storm Drainage	$ 64,361	$ 139,889	$	$ 204,250
Roads	131,808	345,674		477,482
Total Accumulated Depreciation	$ 196,169	$ 485,563	$ - 0 -	$ 681,732
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 6,554,015	$ 10,972,192	$ - 0 -	$ 17,526,207
Total Capital Assets, Net of Accumulated Depreciation	$ 6,554,015	$ 12,123,110	$ - 0 -	$ 18,677,125

NOTE 7. MAINTENANCE TAX

On May 4, 2019, the voters of the District approved the levy and collection of a maintenance tax in an amount not to exceed $1.00 per $100 of assessed valuation of taxable property within the District. Maintenance tax revenues may be used to pay any legally authorized expenditures of the District. During the current fiscal year, the District levied an ad valorem maintenance tax rate of $0.305 per $100 of assessed valuation, which resulted in a tax levy of $333,555 on the adjusted taxable valuation of $109,362,473 for the 2021 tax year.

NOTE 8. WATER AND WASTEWATER SERVICE AGREEMENTS

The District executed retail water and retail sewer service agreements with Kaufman County Municipal Utility District No. 12 ("District No. 12") dated January 24, 2018. Pursuant to agreements between the City of Mesquite, Texas and District No. 12, the City of Mesquite provides wholesale treated water and wholesale wastewater treatment capacity to serve the development needs of District No. 12. District No. 12 agrees to provide sufficient water capacity and wastewater treatment capacity to serve the needs of the District. District No. 12 operates and maintains the water and wastewater treatment facilities within the District.

NOTE 9. UNREIMBURSED DEVELOPER COSTS

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

Due to Developers, beginning of year	$	8,098,712
Current year additions		25,525,547
Current year reimbursements		(16,802,532)
Due to Developers, end of year	$	16,821,727

NOTE 10. RISK MANAGEMENT

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

NOTE 11. BOND ANTICIPATION NOTE AND DEFICIT FUND BALANCE

On March 15, 2022, the District closed on the sale of its $8,875,000 Series 2022 Bond Anticipation Note (BAN). The District used proceeds of the BAN to reimburse the developers for a portion of: water, wastewater and drainage related to Kingsborough Master Infrastructure, Wildcat Ranch, Phases 1A, 1B and 2, and Highbridge, Phases 1 and 2; water and wastewater capacity purchases; offsite water line; engineering; and BAN issuance costs.

Governmental accounting requires the liability for the BAN payable to be recorded in the Capital Projects Fund and the uses of the BAN proceeds as current expenditures of the Capital Projects Fund since the District did not issue bonds to pay off the BAN prior to the report date. The District anticipates the Capital Projects Fund deficit fund balance will be alleviated when the BAN is retired using proceeds from a future bond sale.

NOTE 12. BOND SALES

On November 4, 2021, the District closed on the sale of its $5,505,000 Series 2021 Unlimited Tax Utility Bonds. Proceeds from the sale of the bonds were used to retire the Series 2021 BAN as well as reimburse the Developer for a portion of water and wastewater capacity payments, Kingsborough lift station, and the water, wastewater and drainage related to the Kingsborough Master Infrastructure. In addition, bond proceeds were used to pay developer interest, BAN interest, capitalized interest and other costs related to the issuance of the bonds.

On November 4, 2021, the District closed on the sale of its $9,415,000 Series 2021 Unlimited Tax Road Bonds. Proceeds from the sale of the bonds were used to reimburse the Developers for construction and engineering related to grading and paving for: Kingsborough M1/1A/1B; portions of Highbridge, Phases 1 and 2; FM 148; Wildcat, Phases 1B and 2; and FM 741 and CR 260. In addition, bond proceeds were used to pay developer interest, right of way fees, inspection fees, capitalized interest and other costs related to the issuance of the bonds.

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4A

REQUIRED SUPPLEMENTARY INFORMATION

MARCH 31, 2022

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4A
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2022

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes	$ 187,800	$ 258,142	$ 342,557	$ 84,415
Security Service			221,319	221,319
Garbage Service			64,696	64,696
Connection Fees	37,500	37,500	74,700	37,200
Investment and Miscellaneous Revenues			20	20
TOTAL REVENUES	$ 225,300	$ 295,642	$ 703,292	$ 407,650
EXPENDITURES				
Service Operations:				
Professional Fees	$ 64,000	$ 64,000	$ 96,750	$ (32,750)
Contracted Services	99,200	99,200	236,484	(137,284)
Other	36,307	36,307	43,198	(6,891)
TOTAL EXPENDITURES	$ 199,507	$ 199,507	$ 376,432	$ (176,925)
NET CHANGE IN FUND BALANCE	$ 25,793	$ 96,135	$ 326,860	$ 230,725
FUND BALANCE - APRIL 1, 2021	176,071	176,071	176,071	
FUND BALANCE - MARCH 31, 2022	$ 201,864	$ 272,206	$ 502,931	$ 230,725

See accompanying independent auditor's report.

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KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4A

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

MARCH 31, 2022

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4A
SERVICES AND RATES
FOR THE YEAR ENDED MARCH 31, 2022

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

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

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

2. RETAIL SERVICE PROVIDERS – NOT APPLICABLE

3. TOTAL WATER CONSUMPTION – NOT APPLICABLE

4. STANDBY FEES – NOT APPLICABLE

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes __X__ No ____

County in which District is located:

Kaufman County, Texas

Is the District located within a city?

Entirely ____ Partly ____ Not at all __X__

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

Entirely __X__ Partly ____ Not at all ____

ETJ in which District is located:

City of Crandall, Texas

Are Board Members appointed by an office outside the District?

Yes ____ No __X__

See accompanying independent auditor's report.

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4A
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2022

PROFESSIONAL FEES:		
Auditing	$	13,000
Engineering		38,573
Legal		45,177
TOTAL PROFESSIONAL FEES	$	96,750
CONTRACTED SERVICES:		
Bookkeeping	$	13,149
Solid Waste Disposal		87,568
Security		135,767
TOTAL CONTRACTED SERVICES	$	236,484
UTILITIES	$	26,111
ADMINISTRATIVE EXPENDITURES:		
Director Fees, Including Payroll Taxes	$	8,397
Insurance		3,019
Other		5,671
TOTAL ADMINISTRATIVE EXPENDITURES	$	17,087
TOTAL EXPENDITURES	$	376,432

See accompanying independent auditor's report.

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4A
INVESTMENTS
MARCH 31, 2022

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
DEBT SERVICE FUND					
Certificate of Deposit	XXXX4784	0.30%	08/22/22	$ 245,000	$ 74

See accompanying independent auditor's report.

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4A

TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MARCH 31, 2022

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
APRIL 1, 2021	$ 8,008		$	
Adjustments to Beginning Balance	9,123	$ 17,131		$ -0-
Original 2021 Tax Levy	$ 327,963		$ 747,325	
Adjustment to 2021 Tax Levy	5,592	333,555	12,744	760,069
TOTAL TO BE ACCOUNTED FOR		$ 350,686		$ 760,069
TAX COLLECTIONS:				
Prior Years	$ 16,804		$	
Current Year	325,753	342,557	742,289	742,289
TAXES RECEIVABLE - MARCH 31, 2022		$ 8,129		$ 17,780
TAXES RECEIVABLE BY YEAR:				
2021		$ 7,802		$ 17,780
2020		10		
2019		317		
TOTAL		$ 8,129		$ 17,780

See accompanying independent auditor’s report.

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4A
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MARCH 31, 2022

	2021	2020	2019
PROPERTY VALUATIONS:			
Land	$ 48,213,776	$ 18,607,570	$ 4,617,610
Improvements	65,829,964	4,720,974	17,230
Personal Property	30,750		
Exemptions	(4,712,017)	(1,506,350)	(1,646,630)
TOTAL PROPERTY VALUATIONS	$ 109,362,473	$ 21,822,194	$ 2,988,210
TAX RATES PER $100 VALUATION:			
Debt Service	$ 0.6950	$ 0.00	$ 0.00
Maintenance	0.3050	1.00	1.00
TOTAL TAX RATES PER $100 VALUATION	$ 1.00	$ 1.00	$ 1.00
ADJUSTED TAX LEVY*	$ 1,093,624	$ 218,222	$ 29,882
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	97.66 %	99.99 %	98.93 %

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

Maintenance Tax – Maximum tax rate of $1.00 per $100 assessed valuation approved by voters on May 4, 2019.

See accompanying independent auditor's report.

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4A
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2022

	S E R I E S - 2 0 2 0 U T I L I T Y		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2023	$	$	$
2024	140,000	125,756	265,756
2025	145,000	122,906	267,906
2026	150,000	119,956	269,956
2027	150,000	116,956	266,956
2028	155,000	113,906	268,906
2029	160,000	110,756	270,756
2030	165,000	107,403	272,403
2031	170,000	103,738	273,738
2032	175,000	99,747	274,747
2033	180,000	95,418	275,418
2034	185,000	90,856	275,856
2035	195,000	85,985	280,985
2036	200,000	80,675	280,675
2037	205,000	75,107	280,107
2038	210,000	69,400	279,400
2039	215,000	63,556	278,556
2040	225,000	57,225	282,225
2041	230,000	50,400	280,400
2042	235,000	43,425	278,425
2043	245,000	36,225	281,225
2044	250,000	28,675	278,675
2045	260,000	20,770	280,770
2046	265,000	12,633	277,633
2047	275,000	4,263	279,263
2048			
	$ 4,785,000	$ 1,835,737	$ 6,620,737

See accompanying independent auditor's report.

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4A
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2022

	S E R I E S - 2 0 2 0 R O A D		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2023	$	$ 141,099	$ 141,099
2024	145,000	139,649	284,649
2025	150,000	136,699	286,699
2026	155,000	133,649	288,649
2027	160,000	130,419	290,419
2028	160,000	126,979	286,979
2029	165,000	123,322	288,322
2030	170,000	119,385	289,385
2031	175,000	115,157	290,157
2032	180,000	110,268	290,268
2033	190,000	104,718	294,718
2034	195,000	98,943	293,943
2035	200,000	93,018	293,018
2036	205,000	86,943	291,943
2037	210,000	80,718	290,718
2038	220,000	74,268	294,268
2039	225,000	67,593	292,593
2040	230,000	60,625	290,625
2041	240,000	53,282	293,282
2042	245,000	45,704	290,704
2043	250,000	37,969	287,969
2044	260,000	30,000	290,000
2045	270,000	21,719	291,719
2046	275,000	13,203	288,203
2047	285,000	4,453	289,453
2048			
	$ 4,960,000	$ 2,149,782	$ 7,109,782

See accompanying independent auditor’s report.

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4A
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2022

	SERIES-2021 UTILITY		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2023	$	$ 150,438	$ 150,438
2024	160,000	147,238	307,238
2025	165,000	140,326	305,326
2026	170,000	133,212	303,212
2027	175,000	126,312	301,312
2028	180,000	118,762	298,762
2029	185,000	111,012	296,012
2030	185,000	105,462	290,462
2031	190,000	101,712	291,712
2032	195,000	97,862	292,862
2033	200,000	93,912	293,912
2034	205,000	89,862	294,862
2035	210,000	85,450	295,450
2036	215,000	80,669	295,669
2037	220,000	75,638	295,638
2038	230,000	70,294	300,294
2039	235,000	64,625	299,625
2040	240,000	58,688	298,688
2041	245,000	52,625	297,625
2042	250,000	46,437	296,437
2043	260,000	39,900	299,900
2044	265,000	33,010	298,010
2045	270,000	25,988	295,988
2046	280,000	18,769	298,769
2047	285,000	11,353	296,353
2048	290,000	3,806	293,806
	$ 5,505,000	$ 2,083,362	$ 7,588,362

See accompanying independent auditor’s report.

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4A
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2022

	SERIES - 2021 ROAD		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2023	$	$ 264,632	$ 264,632
2024	275,000	258,444	533,444
2025	280,000	245,956	525,956
2026	290,000	233,131	523,131
2027	295,000	220,706	515,706
2028	305,000	208,706	513,706
2029	310,000	196,406	506,406
2030	320,000	183,806	503,806
2031	330,000	174,106	504,106
2032	335,000	167,456	502,456
2033	345,000	160,656	505,656
2034	355,000	153,656	508,656
2035	360,000	146,056	506,056
2036	370,000	137,844	507,844
2037	380,000	129,169	509,169
2038	390,000	120,025	510,025
2039	400,000	110,394	510,394
2040	410,000	100,269	510,269
2041	420,000	89,894	509,894
2042	430,000	79,269	509,269
2043	440,000	68,119	508,119
2044	450,000	56,438	506,438
2045	465,000	44,429	509,429
2046	475,000	32,091	507,091
2047	485,000	19,490	504,490
2048	500,000	6,562	506,562
	$ 9,415,000	$ 3,607,710	$ 13,022,710

See accompanying independent auditor's report.

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KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4A
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2022

	ANNUAL REQUIREMENTS FOR ALL SERIES		
Due During Fiscal Years Ending March 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2023	$	$ 556,169	$ 556,169
2024	720,000	671,087	1,391,087
2025	740,000	645,887	1,385,887
2026	765,000	619,948	1,384,948
2027	780,000	594,393	1,374,393
2028	800,000	568,353	1,368,353
2029	820,000	541,496	1,361,496
2030	840,000	516,056	1,356,056
2031	865,000	494,713	1,359,713
2032	885,000	475,333	1,360,333
2033	915,000	454,704	1,369,704
2034	940,000	433,317	1,373,317
2035	965,000	410,509	1,375,509
2036	990,000	386,131	1,376,131
2037	1,015,000	360,632	1,375,632
2038	1,050,000	333,987	1,383,987
2039	1,075,000	306,168	1,381,168
2040	1,105,000	276,807	1,381,807
2041	1,135,000	246,201	1,381,201
2042	1,160,000	214,835	1,374,835
2043	1,195,000	182,213	1,377,213
2044	1,225,000	148,123	1,373,123
2045	1,265,000	112,906	1,377,906
2046	1,295,000	76,696	1,371,696
2047	1,330,000	39,559	1,369,559
2048	790,000	10,368	800,368
	$ 24,665,000	$ 9,676,591	$ 34,341,591

See accompanying independent auditor’s report.

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4A
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED MARCH 31, 2022

Description	Original Bonds Issued	Bonds Outstanding April 1, 2021
Kaufman County Fresh Water Supply District No. 4A Unlimited Tax Utility Bonds - Series 2020	$ 4,785,000	$ 4,785,000
Kaufman County Fresh Water Supply District No. 4A Unlimited Tax Road Bonds - Series 2020	4,960,000	4,960,000
Kaufman County Fresh Water Supply District No. 4A Unlimited Tax Utility Bonds - Series 2021	5,505,000	
Kaufman County Fresh Water Supply District No. 4A Unlimited Tax Road Bonds - Series 2021	9,415,000	
TOTAL	$ 24,665,000	$ 9,745,000

Bond Authority:	Water, Sewer and Drainage Refunding Bonds	Road Refunding Bonds	Water, Sewer Drainage Bonds	Road Bonds
Amount Authorized by Voters	$ 140,400,000	$ 155,700,000	$ 93,600,000	$ 103,800,000
Amount Issued			10,290,000	14,375,000
Remaining to be Issued	$ 140,400,000	$ 155,700,000	$ 83,310,000	$ 89,425,000

Debt Service Fund cash and investment balances as of March 31, 2022:	$ 854,047
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 1,320,830

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

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements			
Bonds Sold	Principal	Interest	Bonds Outstanding March 31, 2022	Paying Agent
$	$	$ 127,156	$ 4,785,000	BOKF, NA Dallas, TX
		141,099	4,960,000	BOKF, NA Dallas, TX
5,505,000		48,892	5,505,000	BOKF, NA Dallas, TX
9,415,000		86,005	9,415,000	BOKF, NA Dallas, TX
$ 14,920,000	$ - 0 -	$ 403,152	$ 24,665,000	

See accompanying independent auditor's report.

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4A
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - THREE YEARS

	Amounts		
	2022	2021	2020
REVENUES			
Property Taxes	$ 342,557	$ 212,591	$ 28,832
Security Service	221,319		
Garbage Service	64,696		
Connection Fees	74,700	98,400	17,550
Investment and Miscellaneous Revenues	20		
TOTAL REVENUES	$ 703,292	$ 310,991	$ 46,382
EXPENDITURES			
Professional Fees	$ 96,750	$ 46,264	$ 54,400
Contracted Services	236,484	106,706	3,626
Utilities	26,111	18,439	5,110
Other	17,087	19,159	14,641
TOTAL EXPENDITURES	$ 376,432	$ 190,568	$ 77,777
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 326,860	$ 120,423	$ (31,395)
OTHER FINANCING SOURCES (USES)			
Developer Advances	$ - 0 -	60,000	16,000
NET CHANGE IN FUND BALANCE	$ 326,860	$ 180,423	$ (15,395)
BEGINNING FUND BALANCE (DEFICIT)	176,071	(4,352)	11,043
ENDING FUND BALANCE (DEFICIT)	$ 502,931	$ 176,071	$ (4,352)

See accompanying independent auditor’s report.

Percentage of Total Revenues					
2022		2021		2020	
48.7	%	68.4	%	62.2	%
31.5					
9.2					
10.6		31.6		37.8	
100.0	%	100.0	%	100.0	%
13.8	%	14.9	%	117.3	%
33.6		34.3		7.8	
3.7		5.9		11.0	
2.4		6.2		31.6	
53.5	%	61.3	%	167.7	%
46.5	%	38.7	%	(67.7)	%

See accompanying independent auditor's report.

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4A
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - THREE YEARS

	Amounts		
	2022	2021	2020
REVENUES			
Property Taxes	$ 744,883	$	
Investment and Miscellaneous Revenues	2,564	124	
TOTAL REVENUES	$ 747,447	$ 124	N/A
EXPENDITURES			
Tax Collection and Other Costs	$ 6,965	$ 100	
Debt Service Interest and Fees	403,722	86,438	
TOTAL EXPENDITURES	$ 410,687	$ 86,538	N/A
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 336,760	$ (86,414)	N/A
OTHER FINANCING SOURCES (USES)			
Proceeds From Issuance of Long-term Debt	$ 207,535	$ 402,382	N/A
NET CHANGE IN FUND BALANCE	$ 544,295	$ 315,968	N/A
BEGINNING FUND BALANCE	315,968		
ENDING FUND BALANCE	$ 860,263	$ 315,968	N/A
TOTAL ACTIVE RETAIL WATER CONNECTIONS	N/A	N/A	N/A
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	N/A	N/A	N/A

See accompanying independent auditor’s report.

Percentage of Total Revenues					
2022		2021		2020	
99.7	%		%		
0.3		100.0			
100.0	%	100.0	%	N/A	
0.9	%	80.6	%		
54.0		69,708.1			
54.9	%	69,788.7	%	N/A	
45.1	%	(69,688.7)	%	N/A	

See accompanying independent auditor's report.

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4A
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MARCH 31, 2022

District Mailing Address	-	Kaufman County Fresh Water Supply District No. 4A c/o Coats Rose, P.C. 14755 Preston Road, Suite 600 Dallas, TX 75254
District Telephone Number	-	(972) 982-8455

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended March 31, 2022	Expense Reimbursements for the year ended March 31, 2022	Title
Debra Meers	05/18 05/22 (Elected)	$ 1,350	$ 73	President
Brandon Beeson	05/20 05/24 (Elected)	$ 1,650	$ -0-	Vice President
Stephen Swann	05/18 05/22 (Elected)	$ 1,800	$ 46	Secretary
Michael Huggins	05/20 05/24 (Elected)	$ 1,500	$ 83	Assistant Secretary
Holly Adkinson	05/18 05/22 (Elected)	$ 1,500	$ 66	Assistant Secretary

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

Submission date of most recent District Registration Form: May 11, 2022

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

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 4A
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MARCH 31, 2022

Consultants:	Date Hired	Fees for the year ended March 31, 2022	Title
Coats Rose, P.C.	03/19/15	$ 45,177	General Counsel
		$ 491,023	Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	01/08/20	$ 13,000	Auditor
		$ 38,750	Bond Related
L & S District Services, LLC	04/28/16	$ 15,249	Bookkeeper/
Debra Loggins		$ -0-	Investment Officer
LJA Engineering	01/30/19	$ 38,573	Engineer
Jones-Heroy		$ 54,293	Bond Engineer
Robert W. Baird	03/19/18	$ 390,126	Financial Advisor

See accompanying independent auditor's report.

APPENDIX B

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

BAM

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER] Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _________

Risk Premium: $_________
Member Surplus Contribution: $_________
Total Insurance Payment: $_________

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, 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 first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such 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 BAM. 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 BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

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 (as defined herein) 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 BAM 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 made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or 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, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

To the fullest extent permitted by applicable law, BAM 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 BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM 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, 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. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ____
Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)