OFFICIAL STATEMENT DATED MARCH 20, 2023

IN THE OPINION OF BOND COUNSEL TO THE DISTRICT (HEREINAFTER DEFINED), THE BONDS ARE VALID OBLIGATIONS OF THE DISTRICT AND UNDER THE STATUTES, REGULATIONS, PUBLISHED RULINGS, AND COURT DECISIONS EXISTING ON THE DATE OF SUCH OPINION, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAXATION SUBJECT TO THE MATTERS UNDER "TAX MATTERS" HEREIN, INCLUDING THE ALTERNATIVE MINIMUM TAX ON CERTAIN CORPORATIONS.

The Bonds are **not** 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

RATINGS: S&P Global Ratings (AGM Insured)........................ "AA"
Moody's Investors Service, Inc. (AGM Insured).. "A1"
Moody's Investors Service, Inc. (Underlying)..... "A3"
See "MUNICIPAL BOND INSURANCE" and "MUNICIPAL BOND RATINGS."

$6,715,000
BELMONT FRESH WATER SUPPLY DISTRICT NO. 1 OF DENTON COUNTY
(A Political Subdivision of the State of Texas located within Denton County)
UNLIMITED TAX UTILITY BONDS
SERIES 2023

Dated: April 1, 2023
Interest Accrues: Delivery Date | Due: March 1, as shown on inside cover page

The $6,715,000 Unlimited Tax Utility Bonds, Series 2023 (the "Bonds"), are obligations of Belmont Fresh Water Supply District No. 1 of Denton County (the "District") and are not obligations of the State of Texas; Denton County, Texas; the Town of Northlake, Texas; or any entity other than the District. Neither the full faith and credit nor the taxing power of the State of Texas; Denton County, Texas; the Town of Northlake, Texas; nor any entity other than the District is pledged to the payment of the principal of or interest on the Bonds.

The Bonds will be initially registered and delivered only to 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 Regions Bank, an Alabama banking corporation, Houston, Texas, or any successor paying agent/registrar (the "Paying Agent/Registrar") directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds. See "THE BONDS—Book-Entry-Only System."

Principal of the Bonds is payable to the registered owner(s) of the Bonds (the "Registered Owner(s)") at the principal payment office of the Paying Agent/Registrar upon surrender of the Bonds for payment at maturity or upon prior redemption. Interest on the Bonds accrues from the initial date of delivery (on or about April 20, 2023) (the "Delivery Date"), and is payable on September 1, 2023, and each March 1 and September 1 thereafter until maturity or prior redemption to the person in whose name the Bonds are registered as of the 15th day of the calendar month next preceding each interest payment date (the "Record Date"). The Bonds are issuable in principal denominations of $5,000 or any integral multiple thereof in fully-registered form only.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy (the "Policy") to be issued concurrently with the delivery of the Bonds by **ASSURED GUARANTY MUNICIPAL CORP. ("AGM").**

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

The Bonds are the sixth series of unlimited tax bonds issued by the District for the purpose of acquiring or constructing a water and sanitary sewer system to serve the District (the "Utility System"). At an election held on May 11, 2013, voters of the District authorized the District's issuance of $76,475,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System and $131,040,000 principal amount of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining roads, and improvements in aid thereof, serving the District (the "Road System"). The voters of the District have also authorized the District's issuance of $114,715,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued to acquire or construct the Utility System and $196,560,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued to acquire or construct the Road System. Following the issuance of the Bonds, $38,790,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System will remain authorized but unissued and $63,040,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System will remain authorized but unissued. See "THE BONDS—Issuance of Additional Debt" and "—Authority for Issuance."

The Bonds, when issued, will be payable from the proceeds of an annual ad valorem tax, without legal limit as to rate or amount, levied against all taxable property within the District. Investment in the Bonds is subject to special investment considerations as described herein. See "INVESTMENT CONSIDERATIONS."

The Bonds are offered when, as, and if issued by the District and are also offered subject, among other things, to the approval of the Attorney General of Texas and of the opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel to the District. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, Houston, Texas, Disclosure Counsel. Delivery of the Bonds through the facilities of DTC is expected on or about April 20, 2023.

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

$6,715,000 Unlimited Tax Utility Bonds, Series 2023

$4,315,000 Serial Bonds

Maturity March 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 080375 (b)	Maturity March 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 080375 (b)
2024	$160,000	5.250%	3.300%	PK8	2033 (c)	$240,000	3.250%	3.550%	PU6
2025	165,000	5.500%	3.250%	PL6	2034 (c)	250,000	3.250%	3.650%	PV4
2026	175,000	5.500%	3.200%	PM4	2035 (c)	260,000	3.500%	3.750%	PW2
2027	180,000	5.500%	3.150%	PN2	2036 (c)	275,000	4.000%	3.800%	PX0
2028	190,000	5.250%	3.150%	PP7	2037 (c)	285,000	4.000%	3.900%	PY8
2029 (c)	200,000	3.000%	3.250%	PQ5	2038 (c)	300,000	4.000%	4.000%	PZ5
2030 (c)	210,000	3.000%	3.300%	PR3	2039 (c)	310,000	4.000%	4.100%	QA9
2031 (c)	220,000	3.000%	3.350%	PS1	2040 (c)	325,000	4.000%	4.120%	QB7
2032 (c)	230,000	3.000%	3.450%	PT9	2041 (c)	340,000	4.000%	4.140%	QC5

$2,400,000 Term Bonds

$730,000 Term Bond Due March 1, 2043 (c)(d), Interest Rate: 4.000% (Price: $97.319) (a), CUSIP No. 080375 QE1 (b)
$800,000 Term Bond Due March 1, 2045 (c)(d), Interest Rate: 4.125% (Price: $98.227) (a), CUSIP No. 080375 QG6 (b)
$870,000 Term Bond Due March 1, 2047 (c)(d), Interest Rate: 4.125% (Price: $97.400) (a), CUSIP No. 080375 QJ0 (b)

(a) The initial reoffering yield has been provided by the Underwriter (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 subsequently be changed. 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 will be 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. None of the District, Financial Advisor (herein defined), or Underwriter shall be responsible for the selection or the correctness of the CUSIP number.

(c) The Bonds maturing on March 1, 2029, and thereafter, are subject to redemption prior to maturity at the option of the District, as a whole or from time to time in part, on March 1, 2028, 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 of the Bonds—*Optional Redemption*."

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

USE OF INFORMATION IN OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained 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 Underwriter.

This Official Statement is not to be used in connection with an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. All of the summaries of the statutes, orders, contracts, records, and engineering and other related reports set forth in the Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from the District, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027, upon payment of the costs for duplication thereof.

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "MUNICIPAL BOND INSURANCE" and "APPENDIX B—Specimen Municipal Bond Insurance Policy."

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 to the likelihood that they will be realized. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this "Official Statement" nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described herein since the date hereof. However, the District has agreed to keep this "Official Statement" current by amendment or sticker to reflect material changes in the affairs of the District, and to the extent that information actually comes to its attention, other matters described in the "Official Statement" until delivery of the Bonds to the Underwriter, and thereafter only as specified in "OFFICIAL STATEMENT—Updating the Official Statement."

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 offering document.

TABLE OF CONTENTS

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid resulting in the lowest net interest cost, which was tendered by SAMCO Capital Markets, Inc. (the "Underwriter") to purchase the Bonds at the interest rates shown on the inside cover page of this Official Statement at a price of 97.003917% of the par value thereof, resulting in a net effective interest rate of 4.171384%, as calculated pursuant to Chapter 1204, Texas Government Code, as amended.

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.

Information concerning reoffering yields or prices is the responsibility of the Underwriter. The prices and other terms with respect to the offering and sale of the Bonds may be changed from time to time by the Underwriter 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 UNDERWRITER 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 ("SEC") under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities laws of any other 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, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

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

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and international public finance (including infrastructure) and structured finance markets and asset management services. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and

"A1" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On October 21, 2022, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On July 8, 2022, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

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

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

Capitalization of AGM

At December 31, 2022:

- The policyholders' surplus of AGM was approximately $2,747 million.
- The contingency reserve of AGM was approximately $855 million.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $2,134 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AGM, and (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK") and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

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

Incorporation of Certain Documents by Reference

Portions of AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2022 filed with the Securities and Exchange Commission (the "SEC") on March 1, 2023 that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof.

All information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

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

Miscellaneous Matters

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

MUNICIPAL BOND RATINGS

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

The Bonds are expected to receive an insured rating of "A1" from Moody's solely in reliance upon the issuance and delivery of the Policy by AGM at the time of delivery of the Bonds. Moody's has assigned an underlying rating of "A3" with stable outlook 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. A security rating is not a recommendation to buy, sell, or hold securities. There is no assurance that the rating will continue for any given time or that it will not be revised downward or withdrawn entirely by Moody's, if, in its judgment, circumstances so warrant. Any such revision or withdrawal of such 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 Moody's and S&P.

[Remainder of Page Intentionally Left Blank]

OFFICIAL STATEMENT SUMMARY

The following is a summary of certain information contained herein and is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Official Statement.

THE BONDS

The Issuer .... Belmont Fresh Water Supply District No. 1 of Denton County (the "District"), a political subdivision of the State of Texas, is located in Denton County, Texas (the "County"). See "THE DISTRICT."

The Issue .... The District's $6,715,000 Unlimited Tax Utility Bonds, Series 2023 (the "Bonds"), are dated April 1, 2023, and mature on March 1 in the years and in the amounts as shown on the inside cover page hereof. Interest on the Bonds accrues from the initial date of delivery (on or about April 20, 2023) (the "Delivery Date"), at the rates shown on the inside cover hereof and is payable on September 1, 2023, and on each March 1 and September 1 thereafter until maturity or prior redemption. The Bonds are offered in fully-registered form in integral multiples of $5,000 of principal amount for any one maturity. See "THE BONDS—General."

Redemption of the Bonds.......... *Optional Redemption:* The Bonds maturing on and after March 1, 2029, are subject to redemption prior to maturity at the option of the District, in whole or in part, on March 1, 2028, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. See "THE BONDS—Redemption of the Bonds—*Optional Redemption*."

Mandatory Redemption: The Bonds maturing on March 1, 2023, through March 1, 2041, both inclusive, are serial bonds. The Bonds maturing on March 1 in the years 2043, 2045 and 2047 are term bonds which have mandatory redemption provisions set out herein under "THE BONDS—Redemption of the Bonds—*Mandatory Redemption.*"

Source of Payment .... Principal of and interest on the Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. The Bonds are obligations solely of the District and are not obligations of the State of Texas; the County; the Town of Northlake, Texas (the "Town"); or any entity other than the District. See "THE BONDS—Source of Payment."

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

Authority for Issuance .... The Bonds are issued pursuant to an order by the Texas Commission on Environmental Quality (the "TCEQ"); Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including Chapters 49 and 53, Texas Water Code, as amended; an order authorizing issuance of the Bonds (the "Bond Order") adopted by the Board of Supervisors of the District (the "Board"); and an election held within the District, as referenced below.

At an election held within the boundaries of the District on May 11, 2013, voters of the District authorized the District's issuance of $76,475,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing a water and sanitary sewer system to serve the District (the "Utility System") and $131,040,000 principal amount of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining roads, and improvements in aid thereof, serving the District (the "Road System"). The voters of the District also authorized the District's issuance of $114,715,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued to acquire or construct the Utility System and $196,560,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued to acquire or construct the Road System.

Following the issuance of the Bonds, $38,790,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System and $63,040,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System will remain authorized but unissued. See "THE BONDS—Authority for Issuance."

Use of Bond Proceeds .... Proceeds from the sale of the Bonds will be used to reimburse the Developer (defined herein) for the following: (i) construction costs associated with the water and sanitary sewer improvements serving Harvest, Phases 8–11; (ii) engineering and testing costs associated with item (i); (iii) remaining engineering costs associated with water and sanitary sewer improvements serving Harvest, Phases 1 and 3–5 and Harvest Meadows, Phases 1–5; and (iv) remaining storm water pollution prevention plan expenses related to Harvest, Phases 2–6 and Harvest Meadows, Phases 1–3 and 5. Additionally, proceeds from the sale of the Bonds will be used to finance water capital recovery fees, pay developer interest, and other miscellaneous costs related to the issuance of the Bonds. See "THE BONDS—Use and Distribution of Bond Proceeds."

Not Qualified Tax-Exempt Obligations .... The District has **not** designated the Bonds as "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS—Not Qualified Tax-Exempt Obligations for Financial Institutions."

Outstanding Bonds .... The District has previously issued five (5) series of unlimited tax bonds for the purpose of acquiring or constructing the Utility System, of which $26,895,000 principal amount remains outstanding as of March 1, 2023 (the "Outstanding Utility Bonds"). Additionally, the District has previously issued eight (8) series of unlimited tax bonds for the purpose of acquiring or constructing the Road System, of which $61,060,000 principal amount remains outstanding as of March 1, 2023 (the "Outstanding Road Bonds," and together with the Outstanding Utility Bonds, the "Outstanding Bonds"). See "THE BONDS—Outstanding Bonds."

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

Municipal Bond Ratings .... S&P (AGM insured): "AA." Moody's (AGM insured): "A1." Moody's (underlying): "A3" (stable outlook). See "MUNICIPAL BOND INSURANCE" and "MUNICIPAL BOND RATINGS."

Bond Counsel .... McCall, Parkhurst & Horton L.L.P., Dallas, Texas. See "THE DISTRICT—Management of the District," "LEGAL MATTERS—Legal Opinions," and "TAX MATTERS."

General Counsel .... Allen Boone Humphries Robinson LLP, Dallas, Texas.

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

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

Paying Agent/Registrar .... Regions Bank, an Alabama banking corporation, Houston Texas.

THE DISTRICT

Description	The District was created by an order of the Denton County Commissioner's Court on July 24, 2007, as a fresh water supply district pursuant to Article XVI, Section 59 and Article III, Section 52(b)(3) of the Texas Constitution and Chapter 53, Texas Water Code. On November 6, 2007, pursuant to an election within the District, the District was authorized to assume sanitary sewer and road district powers. The District is a conservation and reclamation district and political subdivision of the State of Texas and operates pursuant to Article XVI, Section 59 and Article III, Section 52 of the Constitution of the State of Texas, and Chapters 49 and 53, of the Texas Water Code. The District currently encompasses approximately 920.31 acres of land. See "THE DISTRICT."
Location	The District is located approximately 27 miles north of the central downtown business district of the City of Fort Worth, Texas, and approximately 12 miles south of the central downtown business district of the City of Denton, Texas; and lies partially within the extraterritorial jurisdiction of the Town. The District is located partially within Argyle Independent School District and partially within Northwest Independent School District. The District lies west of I-35W, north of FM 407, and south of Robson Ranch Road. Access to the District is provided by I-35W to FM 407 and north to Harvest Way and Cleveland-Gibbs Road. See "THE DISTRICT" and "LOCATION MAP."
Development within the District	To date, approximately 791.74 acres (2,798 single-family lots) within the District have been developed with water, sanitary sewer and road facilities serving the single-family subdivisions of Harvest, Phases 1–11 and Harvest Meadows, Phases 1–5. Additionally, approximately 47.06 acres (60 single-family lots) are currently under development as Harvest, Phases 14 and 15. As of January 1, 2023, there were approximately 2,177 completed single-family homes, approximately 181 new homes under construction, and approximately 440 vacant developed lots available for home construction within the District. In addition to single-family residential development, the District also consists of approximately 7.88 acres developed as a cell phone tower site, approximately 9.99 acres of commercial development comprised of a 7-Eleven gas station and a daycare (approximately 3 acres) and commercial reserves (approximately 6.99 acres) which currently includes a Pizza Hut restaurant, a Hotworkz gym and a nail salon, and approximately 49.90 acres of parks and recreational and institutional development comprised of a fire station, an elementary school, a middle school, an elevated storage tank and well sites, a historic farmhouse, an on-site community farm, and an amenity center that includes an event center and resort style pools. The remaining land within the District consists of approximately 13.73 acres of undevelopable land (drainage easements, floodplain, etc.). See "DEVELOPMENT WITHIN THE DISTRICT."
Harvest	The District is part of the 1,250-acre master-planned community of Harvest (including Harvest Meadows), which encompasses the District and Belmont Fresh Water Supply District No. 2 of Denton County ("FWSD 2"). To date, approximately 895.58 total acres (3,421 single-family lots) have been developed with water, sanitary

sewer and road facilities serving the master-planned community of Harvest and approximately 122.82 acres (560 single-family lots) are currently under development. As of January 1, 2023, there were 2,500 completed homes, 375 new homes under construction, and 515 vacant developed lots available for future home construction within the Harvest community. According to the Developer, there are approximately 3,980 single-family homes ultimately planned to be constructed within the Harvest community. The District makes no representation as to the likelihood of such planned development occurring within the District. See "HARVEST."

The Developer.. Belmont 407, LLC, a Delaware limited liability company ("Belmont 407" or the "Developer"), was formed for the purpose of acquiring and holding for investment and sale tracts of land, including lands in the District. Belmont 407 has determined the overall development plan for such land in the District and arranged for the construction of water, sanitary sewer and road facilities within the District either directly or through affiliate entities. The members of Belmont 407 include: H4 Belmont, L.P. ("HMM"), a Texas limited partnership, and Realty Capital Belmont, L.P. ("RCB"), a Texas limited partnership. HMM is the managing member of Belmont 407.

The Developer is managed by Hillwood Residential Services L.P., a Perot Company, a Dallas company owned by H. Ross Perot, Jr., having over 30 years of experience developing land in Texas. Hillwood Residential Services L.P. is an affiliate of Hillwood Development Company, LLC, which is a national real estate development company with development expertise and experience that encompasses diverse product types, including arena high-rise condominiums, offices, single-family residential communities, distribution centers, regional malls, mixed-use urban development, call centers, hotels, golf courses, airports, intermodal rail yards, corporate campuses, and major air facilities.

As of January 1, 2023, the Developer and its affiliate entities own approximately 47.06 acres and 248 vacant developed lots within the District. Of such lots currently owned by the Developer, 240 lots are under contract for purchase by homebuilders pursuant to a lot-sales contract. See "THE DEVELOPER" and "TAX DATA—Table 7—Principal Taxpayers."

Homebuilders within the District..................... Active homebuilders within the District include David Weekley Homes, Highland Homes, MHI Builders doing business as Coventry Homes, Drees Homes, Taylor Morrison and Toll Brothers. The homes being marketed in the District range in size from 2,000 square feet to 4,600 square feet and in price from approximately $450,000 to $1,000,000. See "HOMEBUILDERS WITHIN THE DISTRICT."

INVESTMENT CONSIDERATIONS

INVESTMENT IN THE BONDS IS 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 Taxable Assessed Valuation	$ 919,308,747	(a)
Estimated Valuation as of January 1, 2023	$1,004,200,000	(b)
Direct Debt:		
The Outstanding Bonds (as of March 1, 2023)	$ 87,955,000	
The Bonds	$ 6,715,000	
Total	$ 94,670,000	
Estimated Overlapping Debt	$ 81,313,424	(c)
Total Direct and Estimated Overlapping Debt	$ 175,983,424	(c)
Ratio of Direct Debt to:		
2022 Taxable Assessed Valuation	10.30 %	
Estimated Valuation as of January 1, 2023	9.42 %	
Ratio of Direct and Estimated Overlapping Debt to:		
2022 Taxable Assessed Valuation	19.14 %	
Estimated Valuation as of January 1, 2023	17.52 %	
Utility System Debt Service Fund Balance (as of March 20, 2023)	$ 361,929	(d)
Road System Debt Service Fund Balance (as of March 20, 2023)	$ 2,185,335	(d)
Utility System Capital Projects Fund Balance (as of March 20, 2023)	$ 383,708	
Road System Capital Projects Fund Balance (as of March 20, 2023)	$ 4,271,699	
General Operating Fund Balance (as of March 20, 2023)	$ 3,154,598	
2022 Tax Rate		
Utility System Debt Service	$ 0.265	(e)
Road System Debt Service	$ 0.435	(e)
Maintenance & Operation	$ 0.150	
Total	$ 0.850	
Average Annual Debt Service Requirement (2023–2042, high years)	$ 5,914,713	(f)
Maximum Annual Debt Service Requirement (2041)	$ 6,262,734	(f)
Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay Average Annual Requirement (2023–2042, high years) at 95% Tax Collections:		
Based Upon 2022 Taxable Assessed Valuation	$ 0.68	
Based Upon Estimated Valuation as of January 1, 2023	$ 0.62	
Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay Maximum Annual Requirement (2041) at 95% Tax Collections:		
Based Upon 2022 Taxable Assessed Valuation	$ 0.72	
Based Upon Estimated Valuation as of January 1, 2023	$ 0.66	
Number of Single-Family Homes	2,358	(g)

(a) Represents the taxable amount of assessed value of taxable property within the District as of January 1, 2022, as provided by the Appraisal District (hereinafter defined) upon certification of the 2022 appraisal roll plus approximately $8,727,835 of taxable value that remains under review of the Denton 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 value of all taxable property located within the District as of January 1, 2023, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2022, to January 1, 2023. No taxes will be levied against this amount. See "TAX DATA" and "TAXING PROCEDURES."

(c) See "DISTRICT FINANCIAL DATA—Estimated Overlapping Debt Statement."

(d) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the Utility System Debt Service Fund (hereinafter defined) or the Road System Debt Service Fund (hereinafter defined). Funds in the Utility System Debt Service Fund are not available to pay debt service on bonds issued by the District for the Road System and funds in the Road System Debt Service Fund are not available to pay debt service on bonds issued by the District for the Utility System, including the Bonds.

(e) The District is authorized to levy separate taxes to pay debt service for bonds issued for the Utility System and for bonds issued for the Road System, both of which are unlimited as to rate or amount.

(f) Requirement of debt service on the Outstanding Bonds and the Bonds. See "DISTRICT FINANCIAL DATA—Table 2—Debt Service Requirements."

(g) Approximate number of homes as of January 1, 2023 comprised of 2,177 completed homes and 181 new homes under construction.

OFFICIAL STATEMENT

BELMONT FRESH WATER SUPPLY DISTRICT NO. 1 OF DENTON COUNTY
(A Political Subdivision of the State of Texas located within Denton County)

$6,715,000
UNLIMITED TAX UTILITY BONDS
SERIES 2023

INTRODUCTION

This Official Statement provides certain information with respect to the issuance by Belmont Fresh Water Supply District No. 1 of Denton County (the "District") of its $6,715,000 Unlimited Tax Utility Bonds, Series 2023 (the "Bonds").

The Bonds are issued pursuant to an Order of the Texas Commission on Environmental Quality issued February 8, 2023; Article XVI, Section 59 of the Texas Constitution; the general laws of the State of Texas, particularly including Chapters 49 and 53, Texas Water Code, as amended; an order authorizing issuance of the Bonds (the "Bond Order") adopted by the Board of Supervisors of the District (the "Board"); and an election held within the boundaries of the District on May 11, 2013.

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

Included in this Official Statement are descriptions of the Bonds and certain information about the District and its finances. ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT. Copies of such documents may be obtained from the District's Bond Counsel (as defined herein), or during the offering period, from the District's Financial Advisor (as defined herein), upon payment of reasonable copying, mailing, and handling charges.

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 Order. A copy of the Bond Order may be obtained from the District upon request to McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel to the District. The Bond Order authorizes the issuance and sale of the Bonds and prescribes the terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the District.

The Bonds are dated April 1, 2023, and mature on March 1 in the years and in the amounts as shown on the inside cover page hereof. Interest on the Bonds accrues from the initial date of delivery (on or about April 20, 2023) (the "Delivery Date"), at the rates shown on the inside cover hereof and is payable on September 1, 2023, and on each March 1 and September 1 thereafter until maturity or prior redemption. Interest calculations are based upon a thirty (30) day month and a three hundred sixty (360) day year.

The Bonds will be issued only in fully-registered form in any integral multiples of $5,000 of principal 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 the initial paying agent/registrar, Regions Bank, an Alabama state banking corporation, Houston, Texas (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 "THE BONDS—Book-Entry-Only System."

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

The District cannot and does not give any assurance that (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 ("SEC"), 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 will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual

Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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).

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

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

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

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 DTC Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the book-entry system, and (ii) except as described above, notices that are to be given to registered owners under the Bond Order will be given only to DTC.

Registration and Transfer

The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. pursuant to the Book-Entry-Only System described herein. One fully-registered bond will be issued for each maturity of the Bonds and will be deposited with DTC. See "THE BONDS—Book-Entry-Only System." So long as any Bonds remain outstanding, the District will maintain at least one Paying Agent/Registrar in the State of Texas for the purpose of maintaining the Register on behalf of the District.

Outstanding Bonds

The District has previously issued five (5) series of unlimited tax bonds for the purpose of acquiring or constructing a water and sanitary sewer system to serve the District (the "Utility System"), of which \$26,895,000 principal amount remains outstanding as of March 1, 2023 (the "Outstanding Utility Bonds"). The District has also previously issued eight (8) series of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining roads, and improvements in aid thereof, serving the District (the "Road System"), of which \$61,060,000 principal amount remains outstanding as of March 1, 2023 (the "Outstanding Road Bonds," and together with the Outstanding Utility Bonds, the "Outstanding Bonds").

Replacement of Paying Agent/Registrar

Provision is made in the Bond Order for the replacement of the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District the new paying agent/registrar shall be required to accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any paying agent/registrar selected by the District shall be a bank, including a commercial bank, or trust company organized under a law of the State of Texas duly qualified to act as a paying agent/registrar for the Bonds.

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.

Authority for Issuance

The Bonds are issued pursuant to an order by the TCEQ; Article XVI, Section 59 of the Texas Constitution; the general laws of the State of Texas, including Chapters 49 and 43, Texas Water Code, as amended; the Bond Order; and an election held within the boundaries of the District on May 11, 2013.

The bonds authorized by the resident electors of the District, the amount of bonds issued and the remaining authorized but unissued bonds are as follows:

Election Date	Purpose	Amount Authorized	Amount Issued	Authorized But Unissued
May 11, 2013	Utility System	$ 76,475,000	$ 37,685,000 (a)	$ 38,790,000
May 11, 2013	Road System	131,040,000	68,000,000	63,040,000
May 11, 2013	Utility System Refunding	114,715,000	–	114,715,000
May 11, 2013	Road System Refunding	196,560,000	–	196,560,000

(a) Includes the Bonds.

Before the Bonds can be issued, the Attorney General of Texas must pass upon the legality of certain related matters. The Attorney General of Texas does not guarantee or pass upon the safety of the Bonds as an investment or upon the adequacy of the information contained in this Official Statement.

Source of Payment

The Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. In the Bond Order, the District covenants to levy a sufficient tax to pay the principal of and interest on the Bonds, with full allowance being made for delinquencies and costs of collection. See "TAXING PROCEDURES." The Bonds involve certain elements of risk, and all prospective purchasers are urged to examine carefully this Official Statement with respect to the investment security of the Bonds. See "INVESTMENT CONSIDERATIONS." The Bonds are obligations solely of the District and are not obligations of the State of Texas; Denton County, Texas (the "County"); the Town of Northlake, Texas (the "Town"); or any political subdivision or entity other than the District.

Funds

The Bond Order confirms the District's fund for debt service on the Outstanding Utility Bonds, the Bonds, and any additional unlimited tax bonds issued by the District for the Utility System (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 Outstanding Utility Bonds, the 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 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 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, and amounts on deposit in the fund for debt service on the Outstanding Road Bonds (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 Outstanding Utility Bonds and the Bonds.

Redemption of the Bonds

Optional Redemption: Bonds maturing on March 1, 2029, and thereafter, are subject to redemption prior to maturity at the option of the District, in whole or in part, on March 1, 2028, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon 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 fewer than all of the Bonds are redeemed at any time, the maturities of and amounts the Bonds to be redeemed shall be selected by the District. If fewer than all of the Bonds of a certain maturity and amount 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 method of random selection as the Paying Agent/Registrar deems fair and appropriate in integral multiples of $5,000 within any one maturity (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form). The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present such Bond to the Paying Agent/Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

Mandatory Redemption: The Bonds maturing on March 1 in the years 2043, 2045, and 2047 (the "Term Bonds") are also subject to mandatory sinking fund redemption by the District by lot or other customary method of random selection prior to scheduled maturity on March 1 in the years ("Mandatory Redemption Dates") and in the amounts set forth below at a redemption price of par plus accrued interest to the date of redemption.

$730,000 Term Bond Maturing on March 1, 2043

Mandatory Redemption Date	Principal Amount
March 1, 2042	$ 355,000
March 1, 2043 (Maturity)	$ 375,000

$800,000 Term Bond Maturing on March 1, 2045

Mandatory Redemption Date	Principal Amount
March 1, 2044	$ 390,000
March 1, 2045 (Maturity)	$ 410,000

$870,000 Term Bond Maturing on March 1, 2047

Mandatory Redemption Date	Principal Amount
March 1, 2046	$ 425,000
March 1, 2047 (Maturity)	$ 445,000

The principal amount of the Term Bonds required to be redeemed pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the direction of the District, by the principal amount of any Term Bonds of the stated maturity which, at least 50 days prior to a mandatory redemption date, (1) shall have been acquired by the District at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the District with monies in the Road System Debt Service Fund at a price not exceeding the principal amount of the Term Bonds plus accrued interest to the date of purchase thereof, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory sinking fund redemption requirement.

Notice of Redemption: At least 30 calendar days prior to the date fixed for any redemption of Bonds or portions thereof prior to maturity a written notice of such redemption shall be sent by the Registrar by United States mail, first-class postage prepaid, to the Registered Owner of each Bond to be redeemed at its address as it appeared on the Register on the 45th calendar day prior to such redemption date and to major securities depositories and bond information services. By the date fixed for any such redemption due provision shall be made with the Registrar for the payment of the required redemption price for the Bonds or portions for which such payment is made, all as provided above. The Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the Registered Owner to receive the redemption price from the Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed, a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any authorized denomination or denominations, and in aggregate principal amount equal to the unredeemed portion thereof, at the written request of the Registered Owner, will be issued to the Registered Owner upon the surrender thereof for cancellation, at the expense of the District, all as provided in the Bond Order.

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 partially within the ETJ of the Town, a home rule municipality. The District may not be annexed for full purposes by the Town except as may be specifically authorized by Chapter 43, Local Government Code, as amended. Any authorized annexation is subject to compliance by the Town with various requirements of Chapter 43, Local Government Code. Such requirements include the requirement that the Town hold an election in the District whereby the qualified voters of the District approve the proposed annexation. Further, if the voters in the area to be annexed do not own more than 50% of the land in the area, a petition signed by more than 50% of the landowners consenting to the annexation is also required. However, the described election and petition process does not apply during the term of a strategic partnership agreement between a municipality and a district specifying the procedures for full purpose annexation of all or a portion of the district. While the District is a party to a strategic partnership agreement with the Town, such agreement does not specify procedures for full purpose annexation of the District. If the District is annexed, the Town must assume the District's assets and obligations (e.g., the Bonds and the Outstanding Bonds) and abolish the District within ninety (90) days of the date of annexation. Annexation of territory by the Town is a policy-making matter within the discretion of the Mayor and Town Council of the Town, and therefore, the District makes no representation that the Town will ever annex the District and assume its debt. Moreover, no representation is made concerning the ability of the Town to make debt service payments should the annexation occur.

A Third Amended and Restated Development Agreement, effective September 27, 2012, was executed by and among the Town, the Developer (hereinafter defined), Realty Capital Argyle 114, Ltd. (another developer of property within Belmont Fresh Water Supply District No. 2 of Denton County ("FWSD 2")), and the District. Such agreement, as amended since its effective date, is herein referred to as the "Current Development Agreement." Among other terms, the Current Development Agreement grants the District immunity from full-purpose annexation by the Town for the 15-year initial term of the Current Development Agreement (unless extended by mutual agreement of the parties); provided, however, that such immunity may be lifted prior to the expiration of the 15-year term in the event that the following conditions are satisfied: (i) 90% of water, sanitary sewer, and road infrastructure necessary to serve the District at full development has been completed; and (ii) the District has issued bonds, or the Town has provided funds, to reimburse the appropriate developers for all of the costs of such infrastructure. See "THE DISTRICT—Current Development Agreement."

Issuance of Additional Debt

The District intends to issue additional bonds from its voted authorization. The Bonds are the sixth series of bonds to be issued out of an aggregate $76,475,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of acquiring or constructing the Utility System. Voters of the District have also authorized the District's issuance of an aggregate $114,715,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued for the acquisition and construction of the Utility System; $131,040,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System; and $196,560,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the acquisition and construction of the Road System.

After issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: $38,790,000 for acquiring or constructing the Utility System; $114,715,000 for the refunding of bonds issued for the Utility System; $63,040,000 for acquiring or constructing the Road System; and $196,560,000 for the refunding of bonds issued for the Road System.

All bonds issued by the District must be approved by the Attorney General of Texas. Bonds issued to finance the acquisition and construction of the Utility System must also be approved by the TCEQ.

In the Bond Order, the District reserves the right to issue the remaining authorized but unissued bonds plus such additional bonds as may hereafter be authorized by voters in the District. In addition, the District has the right to issue obligations, other than bonds, including tax anticipation notes and bond anticipation notes, and to borrow money for any valid public purpose.

The Bond Order imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount of bonds ultimately issued by the District. Except with respect to the issuance of bonds for road purposes, the District does not employ any formula with regard to assessed valuations or tax collections or otherwise to limit the amount of bonds which may be issued. The total amount of bonds and other obligations of the District issued for road purposes may not exceed one-fourth of the certified assessed valuation of the real property in the District. The issuance of additional obligations may increase the District's tax rate and adversely affect the security for and the investment quality and value of the Bonds.

Remedies in the Event of Default

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Order, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Order, 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 Order. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of defaults 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 Order 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 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 be further 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 and creditors of political subdivisions, such as the District.

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.

Defeasance

The Bond Order provides for the defeasance of the Bonds when the payment of the principal of the Bonds, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agent, in trust (1) money sufficient to make such payment or (2) Defeasance Securities (hereinafter defined), maturing as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the Paying Agent/Registrar for the Bonds. The Bond Order provides that "Defeasance Securities" means (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 of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the Board adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provides for funding of an escrow to defease the 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 Board adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provides for funding of an escrow to defease the Bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The District has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the District moneys in excess of the amount required for such defeasance.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid and thereafter the District will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such defeased bonds, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the defeasance securities. Provided, however, the District has reserved the option, to be exercised at the time of the defeasance of the Bonds, to call for redemption, at an earlier date, those Bonds which have been defeased to their maturity date, if the District: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

Use and Distribution of Bond Proceeds

Proceeds from the sale of the Bonds will be used to reimburse the Developer (defined herein) for the following: (i) construction costs associated with the water and sanitary sewer improvements serving Harvest, Phases 7–11; (ii) engineering and testing costs associated with item (i); (iii) remaining engineering costs associated with water and sanitary sewer improvements serving Harvest, Phases 1 and 3–5 and Harvest Meadows, Phases 1–5; and (iv) remaining storm water pollution prevention plan expenses related to Harvest, Phases 2–6 and Harvest Meadows, Phases 1–3 and 5. Additionally, proceeds from the sale of the Bonds will be used to finance water capital recovery fees, pay developer interest and other miscellaneous costs related to the issuance of the Bonds.

Construction Costs	**Amount**
A. Developer Contribution Items	
1. Harvest, Phase 7 – Water & Wastewater	$ 822,879
2. Harvest, Phase 8A – Water & Wastewater	467,857
3. Harvest, Phase 8B – Water & Wastewater	560,738
4. Harvest, Phases 9 & 10 – Water & Wastewater	1,029,313
5. Harvest, Phase 11 – Water & Wastewater	823,044
6. Engineering and Testing (Approx. 12.2% of Items 1-5)	451,342
7. Engineering Costs on Previously Approved Projects (a)	511,526
8. SWPPP Expenses on Previously Approved Projects (b)	280,288
Total Developer Items	$ 4,946,986
B. District Items	
1. Water Capital Recovery Fees	$ 702,780
Total District Items	$ 702,780
Total Construction Costs	$ 5,649,766
Less Surplus Funds	$ (75,073)
Net Total Construction Costs	$ 5,574,693
Non-Construction Costs	
A. Legal Fees (2.6%)	$ 172,875
B. Financial Advisor Fees (2.0%)	134,300
C. Developer Interest	509,544
D. Bond Discount	201,187
E. Bond Issuance Expenses	44,348
F. Bond Application Report	54,288
G. Attorney General Fee (0.1% of BIR w/ max $9,500)	6,715
H. TCEQ Fee (0.25% of BIR)	16,788
I. Contingency (c)	263
Total Non-Construction Costs	$ 1,140,307
Total Bond Issue Requirement	$ 6,715,000

(a) Such costs are related to Harvest, Phases 1 and 3–5 and Harvest Meadows, Phases 1–5.
(b) Such costs are related to Harvest, Phases 2–6 and Harvest Meadows, Phases 1–3 and 5.
(c) Represents the difference between the estimated and actual amount of discount on the Bonds.

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. 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.

DISTRICT FINANCIAL DATA
(UNAUDITED)

Table 1—General

The following tables and calculations relate to the Bonds. The District and various other political subdivisions of government which overlap all or a portion of the District are empowered to incur debt to be raised by taxation against all or a portion of the property within the District.

2022 Taxable Assessed Valuation	$ 919,308,747	(a)
Estimated Valuation as of January 1, 2023	$ 1,004,200,000	(b)
Direct Debt:		
The Outstanding Bonds (as of March 1, 2023)	$ 87,955,000	
The Bonds	$ 6,715,000	
Total	$ 94,670,000	
Estimated Overlapping Debt	$ 81,313,424	(c)
Total Direct and Estimated Overlapping Debt	$ 175,983,424	(c)
Ratio of Direct Debt to:		
2022 Taxable Assessed Valuation	10.30	%
Estimated Valuation as of January 1, 2023	9.42	%
Ratio of Direct and Estimated Overlapping Debt to:		
2022 Taxable Assessed Valuation	19.14	%
Estimated Valuation as of January 1, 2023	17.52	%
Utility System Debt Service Fund Balance (as of March 20, 2023)	$ 361,929	(d)
Road System Debt Service Fund Balance (as of March 20, 2023)	$ 2,185,335	(d)
Utility System Capital Projects Fund Balance (as of March 20, 2023)	$ 383,708	
Road System Capital Projects Fund Balance (as of March 20, 2023)	$ 4,271,699	
General Operating Fund Balance (as of March 20, 2023)	$ 3,154,598	
2022 Tax Rate		
Utility System Debt Service	$ 0.265	(e)
Road System Debt Service	$ 0.435	(e)
Maintenance & Operation	$ 0.150	
Total	$ 0.850	
Average Annual Debt Service Requirement (2023–2042, high years)	$ 5,914,713	(f)
Maximum Annual Debt Service Requirement (2041)	$ 6,262,734	(f)

(a) Represents the taxable amount of assessed value of taxable property within the District as of January 1, 2022, as provided by the Appraisal District (hereinafter defined) upon certification of the 2022 appraisal roll plus approximately $8,727,835 of taxable value that remains 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 value of all taxable property located within the District as of January 1, 2023, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2022, to January 1, 2023. No taxes will be levied against this amount. See "TAX DATA" and "TAXING PROCEDURES."

(c) See "DISTRICT FINANCIAL DATA—Estimated Overlapping Debt Statement."

(d) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the Utility System Debt Service Fund or the Road System Debt Service Fund. Funds in the Utility System Debt Service Fund are not available to pay debt service on bonds issued by the District for the Road System and funds in the Road System Debt Service Fund are not available to pay debt service on bonds issued by the District for the Utility System, including the Bonds.

(e) The District is authorized to levy separate taxes to pay debt service for bonds issued for the Utility System and for bonds issued for the Road System, both of which are unlimited as to rate or amount.

(f) Requirement of debt service on the Outstanding Bonds and the Bonds. See "DISTRICT FINANCIAL DATA—Table 2—Debt Service Requirements."

Estimated Overlapping Debt Statement

The following table indicates the indebtedness, defined as outstanding bonds payable from ad valorem taxes, of governmental entities overlapping the District and the estimated percentages and amounts of such indebtedness attributable to property within the District. This information is based upon data secured from the individual jurisdictions and/or *Texas Municipal Reports* prepared by the Municipal Advisory Council of Texas. Such figures do not indicate the tax burden levied by the applicable taxing jurisdictions for operation and maintenance or for other purposes.

Taxing Jurisdiction	Outstanding Debt February 28, 2023	Overlapping Percent	Overlapping Amount
Denton County	$ 559,930,000	0.62%	$ 3,487,678
Argyle Independent School District	324,967,774	15.20%	49,394,393
Northwest Independent School District	1,499,494,040	1.90%	28,431,353
Total Estimated Overlapping Debt			$ 81,313,424
Direct Debt (a)			$ 94,670,000
Total Direct and Estimated Overlapping Debt (a)			$175,983,424

(a) Includes the Outstanding Bonds and the Bonds.

Debt Ratios

Ratio of Direct Debt (a) to:	
2022 Taxable Assessed Valuation	10.30 %
Estimated Valuation as of January 1, 2023	9.42 %
Ratio of Direct and Estimated Overlapping Debt (a) to:	
2022 Taxable Assessed Valuation	19.14 %
Estimated Valuation as of January 1, 2023	17.52 %

(a) Includes the Outstanding Bonds and the Bonds.

[Remainder of Page Intentionally Left Blank]

Table 2—Debt Service Requirements

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

Calendar	Outstanding	Plus: The Bonds			Total
Year	Debt Service (a)	Principal	Interest	Debt Service	Debt Service
2023	$ 1,354,788	$ -	$ 97,991	$ 97,991	$ 1,452,778
2024	5,744,306	160,000	265,088	425,088	6,169,394
2025	5,749,456	165,000	256,350	421,350	6,170,806
2026	5,741,881	175,000	247,000	422,000	6,163,881
2027	5,737,969	180,000	237,238	417,238	6,155,206
2028	5,749,025	190,000	227,300	417,300	6,166,325
2029	5,745,606	200,000	219,313	419,313	6,164,919
2030	5,746,634	210,000	213,163	423,163	6,169,797
2031	5,755,844	220,000	206,713	426,713	6,182,556
2032	5,768,838	230,000	199,963	429,963	6,198,800
2033	5,770,913	240,000	192,613	432,613	6,203,525
2034	5,781,441	250,000	184,650	434,650	6,216,091
2035	5,784,800	260,000	176,038	436,038	6,220,838
2036	5,793,728	275,000	165,988	440,988	6,234,716
2037	5,794,775	285,000	154,788	439,788	6,234,563
2038	5,799,303	300,000	143,088	443,088	6,242,391
2039	5,810,784	310,000	130,888	440,888	6,251,672
2040	5,815,084	325,000	118,188	443,188	6,258,272
2041	5,817,847	340,000	104,888	444,888	6,262,734
2042	4,729,003	355,000	90,988	445,988	5,174,991
2043	3,829,556	375,000	76,388	451,388	4,280,944
2044	2,874,022	390,000	60,844	450,844	3,324,866
2045	1,804,556	410,000	44,344	454,344	2,258,900
2046	1,631,691	425,000	27,122	452,122	2,083,813
2047	963,063	445,000	9,178	454,178	1,417,241
Total (b)	$ 121,094,913	$ 6,715,000	$ 3,850,103	$ 10,565,103	$ 131,660,016

Average Annual Debt Service Requirement (2023–2042, high years) .... $5,914,713 (c)
Maximum Annual Debt Service Requirement (2041) .... $6,262,734 (c)

(a) Outstanding Debt Service as of March 1, 2023.
(b) Totals may not sum due to rounding.
(c) Requirement of debt service on the Outstanding Bonds and the Bonds.

TAXING PROCEDURES

Property Tax Code and County-Wide Appraisal District

Title I of the Texas Property Tax Code (the "Property Tax Code") establishes for each county in Texas a single appraisal district with responsibility for recording and appraising property for all taxing units within the county and a single appraisal review board with responsibility for reviewing and equalizing the values established by the appraisal district. The appraisal of property within the District is the responsibility of the Denton Central Appraisal District (the "Appraisal District"). 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.

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

Except for certain exemptions provided by Texas law, all real and tangible personal property and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District; however, no effort is expected to be made by the Appraisal District to include on the tax roll tangible or intangible personal property not devoted to commercial or industrial use. Principal categories of exempt property include: 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; farm products owned by the producer; certain property owned by charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; solar and wind powered energy devices; inventory and warehouse goods in transit; and most individually-owned automobiles and travel trailers. In addition, the District, either by action of its Board or through a process of petition and referendum initiated by its residents, may grant exemptions for residential homesteads of persons 65 years or older and certain disabled persons, to the extent deemed advisable by the Board. For the 2022 tax year, the District granted a $30,000 exemption to persons 65 years of age or older and to certain other disabled persons. See "TAX DATA—Exemptions and Special Valuations."

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

The Board may also exempt up to 20% of the market value of residential homesteads from ad valorem taxation. Such exemption would be in addition to any other applicable exemptions provided by law. However, if ad valorem taxes have previously been pledged for the payment of debt and the cessation of the levy would impair the obligation of the contract by which the debt was created, then the Board may continue to levy and collect taxes against the exemption value of the homesteads until the debt is discharged. To date, the Board has not voted to exempt any percentage of the market value of residential homesteads from ad valorem taxation, but no representation can be made that the Board will not determine to grant such exemption in the future.

A "Freeport Exemption" applies to goods, wares, merchandise, other tangible personal property and ores, other than oil, natural gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining 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 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 certain tangible personal property, as defined by the Property Tax Code, acquired in or imported into Texas for storage purposes and which is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. The exemption excludes oil, natural gas, petroleum products, aircraft and certain special inventory including dealer's motor vehicles, dealer's vessel and outboard motor vehicle, dealer's heavy equipment and retail manufactured housing inventory, The exemption applies to covered property if it 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. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. However, taxing units who took official action as allowed by prior law before October 1, 2011, to tax goods-in-transit property, and who pledged such taxes for the payment of debt, may continue to impose taxes against the goods-in-transit property until the debt is discharged without further action, if cessation of the imposition would impair the obligations of the contract by which the debt was created. The District has taken no official action to allow taxation of such goods-in-transit personal property.

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

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year, except for certain categories of land designated for agricultural use, open space, or timberland as described below. See "—Agricultural, Open Space, Timberland and Inventory Deferment." Assessments under the Property Tax Code are to be based upon one hundred percent (100%) of market value. The appraised value of residential homestead property may be limited to the lesser of the market value of the property, or the sum of the appraised value of the property for the last year in which it was appraised, plus ten percent (10%) of such appraised value multiplied by the number of years since the last appraisal, plus the market value of all new improvements on the property. Once an appraisal roll is prepared and approved by the Appraisal Review Board, it is used by the District in establishing its tax rate.

The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraised values. The plan must provide for appraisal of all real property by the appraisal district at least once every three (3) years. It is not known what frequency of reappraisal will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis.

The District, however, at its expense has the right to obtain from the Appraisal District a current estimate of appraised values within the District or an estimate of any new property or improvements within the District. While such current estimate of appraised values may serve to indicate the rate and extent of growth of taxable values within the District, it cannot be used for establishing a tax rate within the District until such time as the Appraisal District chooses formally to include such values on its appraisal roll.

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

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the District, may appeal orders of the Appraisal Review Board by filing a petition for review in district court within forty-five (45) days after notice is received that a final order has been entered. 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 comply with the Property Tax Code. The District may challenge the level of appraisal of a certain category of property, the exclusion of property from the appraisal rolls or the grant, in whole or in part, of an exemption. The District may not, however, protest a valuation of any individual property.

The Property Tax Code establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals that are higher than renditions and appraisals of property not previously on an appraisal roll.

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) to five (5) years prior to the loss of the designation for agricultural, timberland or open space land. See “TAX DATA—Exemptions and Special Valuations.”

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 taxpayers 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.

Rollback of Operation and Maintenance Tax Rate

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

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

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

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

<u>The District</u>: A determination as to a district’s status as a Special Taxing Unit, Developed District or Developing District will be made by the Board on an annual basis. The District was designated as a Developing District for the 2022 tax year. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes, unless it elects to transfer the collection functions to another governmental entity. By September 1 of each year, or as soon thereafter as practicable, the rate of taxation is set by the Board based upon the valuation of property within the District as of the preceding January 1 and the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations.

Taxes are due on receipt of the tax bill and become delinquent after January 31 of the following year or on the first day of the calendar month next following the expiration of twenty-one (21) days after mailing of the tax bills, whichever occurs later. A delinquent tax incurs an initial penalty of six percent (6%) of the amount to the tax and accrues an additional penalty of one percent (1%) per month up to July 1, at which time the total penalty becomes twelve percent (12%). In addition, delinquent taxes accrue interest at one percent (1%) per month. If the tax is not paid by July 1, an additional penalty of up to twenty percent (20%) of the total amount of taxes, penalties and interest then due may, under certain circumstances, be imposed by the District. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payments, partial payments of taxes and the postponement of the delinquency date of taxes under certain circumstances. The owner of a residential homestead property who is (i) a person sixty-five (65) years of age or older, (ii) under a disability for the 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 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 the delinquent taxes within the preceding twenty-four (24) months.

Collection of Delinquent Taxes

Taxes levied by the District are a personal obligation of the owner of the property on January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to the 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 tax liens of all other such taxing units. A tax lien on real property has priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien. In the event a taxpayer fails to make timely payment of taxes due the District, the District may file suit to foreclose its lien securing payment of the tax, to enforce personal liability for the tax, or both, subject to certain restrictions. Whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. In the absence of such federal law, the District's tax lien takes priority over a tax lien of the United States. The ability of the District to collect delinquent taxes by foreclosure may be adversely affected by the amount of taxes owed to other taxing units, the foreclosure sale price attributable to market conditions, the taxpayer's right to redeem the property within six (6) months of foreclosure (2 years in the case of residential or agricultural property), or by bankruptcy proceedings which restrain the collection of a taxpayer's debts or modify such debts. The Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA") contains certain provisions which affect the time for protesting property valuations, the fixing of tax liens and the collection of penalties and interest on delinquent taxes on real property owned by the Federal Deposit Insurance Corporation ("FDIC") when the FDIC is acting as the conservator or receiver of an insolvent financial institution.

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 the Outstanding 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 Order 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 its 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, the District levied a total tax rate of $0.850 per $100 assessed taxable value, being composed of the following: $0.265 per $100 of assessed taxable value for debt service on the Outstanding Utility Bonds; $0.435 per $100 of assessed taxable value for debt service on the Outstanding Road Bonds; and $0.150 per $100 assessed taxable value for maintenance and operations. See "—Table 8—Tax Rate Calculations" below.

Table 3—Tax Rate Limitation

Utility System Debt Service: .... Unlimited (no legal limit as to rate or amount).
Road System Debt Service: .... Unlimited (no legal limit as to rate or amount).
Maintenance and Operations: .... Unlimited (no legal limit as to rate or amount).

Table 4—Historical Tax Collections

The following table illustrates the collection history of the District for the 2017–2022 tax years:

Tax Year	Taxable Assessed Value	Tax Rate (a)	Adjusted Tax Levy	Collections Current Year	Current Year Ending 9/30	Collections 12/31/2022
2017	$239,320,943	$1.000	$2,393,729	99.75%	2018	100.00%
2018	378,066,495	0.980	3,705,052	99.64	2019	100.00
2019	496,660,505	0.950	4,718,275	99.64	2020	99.87
2020	570,819,877	0.920	5,251,543	99.57	2021	99.86
2021	704,165,245	0.900	6,337,487	98.98	2022	99.78
2022	919,308,747	0.850	7,814,124	(b)	2023	(b)

(a) The District's total tax rate per $100 of assessed taxable value. See "—Table 5—Tax Rate Distribution" below.
(b) In process of collection.

Table 5—Tax Rate Distribution

Tax Year	2022	2021	2020	2019	2018	2017
Utility Debt Service	$0.265	$0.270	$0.285	$0.300	$0.360	$0.360
Road Debt Service	0.435	0.435	0.465	0.450	0.365	0.340
Maintenance	0.150	0.195	0.170	0.200	0.255	0.300
Total	$0.850	$0.900	$0.920	$0.950	$0.980	$1.000

Table 6—Analysis of Tax Base

The following table illustrates the District's total taxable assessed value for the last five years by types of property:

Type of Property	2022 Assessed Valuation (a)	2021 Assessed Valuation	2020 Assessed Valuation	2019 Assessed Valuation	2018 Assessed Valuation
Land	$252,271,112	$185,039,523	$157,527,155	$143,439,396	$132,147,047
Improvements	768,316,471	545,089,931	438,467,925	367,142,743	256,043,038
Personal Property	2,587,259	1,919,617	1,244,402	1,850,827	1,222,638
Exemptions	(103,866,095)(b)	(27,883,826)	(26,419,605)	(15,772,461)	(11,346,228)
Total	$919,308,747	$704,165,245	$570,819,877	$496,660,505	$378,066,495

(a) Includes $8,727,835 that is under review of the Appraisal Review Board as of the original certification of the 2022 tax rolls by the Appraisal District.
(b) The increase in exemptions shown for 2022 is largely due to homestead caps that limit the amount of taxable value increase that can be realized in a single year to 10% on a year over basis. The amount of value that was subject to the cap was $65,715,295. Such value is expected to be realized as taxable value by the District in subsequent tax years so long as the appraised values remain at or above the 2022 appraised values. See "TAXING PROCEDURES."

Exemptions and Special Valuations

To date, the District has not granted a general residential homestead exemption, however, for the 2022 tax year, the District granted a $30,000 exemption to persons 65 years of age or older and to certain disabled persons. According to the Appraisal District, no land within the District was designated for agricultural use, inventory, open space or timberland as of January 1, 2022.

Table 7—Principal Taxpayers

The following represents the principal taxpayers, type of property, and their assessed values as of the Appraisal District's original certification of the 2022 tax rolls:

Taxpayer	Type of Property	Assessed Valuation 2022 Tax Roll	Percent of 2022 Tax Roll
Highland Homes Dallas LLC (a)	Land & Improvements	$ 10,135,274	1.10%
Harvest Phases 7–8, LLC (b)	Land & Improvements	7,072,175	0.77%
Toll Southwest LLC (a)	Land & Improvements	6,478,108	0.70%
MNW Investments LLC	Land & Improvements	3,068,008	0.33%
SN DFW LLC	Land & Improvements	2,724,887	0.30%
DFH Coventry LLC (a)	Land & Improvements	2,519,973	0.27%
Harvest Meadows Phase 5 LLC (b)	Land & Improvements	2,375,090	0.26%
Westmark Northlake LLC (a)	Land & Improvements	2,100,000	0.23%
Homeowner	Land & Improvements	1,413,759	0.15%
DNT Enterprise #1 Ltd.	Land & Improvements	1,357,570	0.15%
Total		$ 39,244,844	4.27%

(a) See "HOMEBUILDERS WITHIN THE DISTRICT" herein.
(b) Entities related to the Developer. See "THE DEVELOPER" herein.

Table 8—Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of taxable assessed valuation that would be required to meet certain debt service requirements on the Outstanding Bonds and the Bonds if no growth in the District occurs beyond the 2022 Taxable Assessed Valuation ($919,308,747) or the Estimated Valuation as of January 1, 2023 ($1,004,200,000). The following further assumes collection of 95% of taxes levied and the sale of no additional bonds:

Average Annual Debt Service Requirement (2023–2042, high years)	$ 5,914,713
Combined Tax Rate of $0.68 on the 2022 Taxable Assessed Valuation produces	$ 5,938,735
Combined Tax Rate of $0.62 on the Estimated Valuation as of January 1, 2023 produces	$ 5,914,738
Maximum Annual Debt Service Requirement (2041)	$ 6,262,734
Combined Tax Rate of $0.72 on the 2022 Taxable Assessed Valuation produces	$ 6,288,072
Combined Tax Rate of $0.66 on the Estimated Valuation as of January 1, 2023 produces	$ 6,296,334

Table 9—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 FINANCIAL DATA—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 a compilation of all 2022 taxes levied by such jurisdictions per $100 of assessed valuation. Such levies do not include local assessments for community associations, fire department contributions, charges for solid waste disposal, or any other dues or charges made by entities other than political subdivisions.

Taxing Jurisdiction	District Property within Argyle ISD	District Property within Northwest ISD
The District	$0.850000	$0.850000
Denton County	0.217543	0.217543
Argyle Independent School District	1.397600	---
Northwest Independent School District	---	1.274600
Denton County Emergency Services District No. 1	0.093330	0.093330
Total Tax Rate	$ 2.558473	$2.435473

THE DISTRICT

General

The District is a conservation and reclamation district and political subdivision of the State of Texas and operates pursuant to Article XVI, Section 59 and Article III, Section 52 of the Constitution of the State of Texas, and Chapters 49 and 53, Texas Water Code.

The District was created by an Order of the Denton County Commissioner's Court on July 24, 2007, as a fresh water supply district. The creation of the District was confirmed in an election held within the District on November 6, 2007. Pursuant to an additional election held on November 6, 2007, within the District, the District was authorized to assume sanitary sewer and road district powers.

Accordingly, the District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; and the construction, operation and maintenance of macadamized, graveled or paved roads and turnpikes and improvements in aid thereof. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District is also empowered to establish, operate, and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts, subject to the approval of the TCEQ and the voters of the District. Additionally, the District may, subject to certain limitations, utilize certain District revenues to develop parks and recreational facilities.

Other than with respect to the construction and financing of roads and improvements in aid thereof, the TCEQ exercises continuing supervisory jurisdiction over the District. Construction of the District's water and sanitary sewer system is subject to the regulatory jurisdiction of additional governmental agencies.

Location of the District

The District currently contains approximately 920.31 acres and is located approximately 27 miles north of the central downtown business district of the City of Fort Worth, Texas, approximately 12 miles south of the City of Denton, Texas, and lies partially within the extraterritorial jurisdiction of the Town. The District is located partially within Argyle Independent School District and partially within Northwest Independent School District. The District lies west of I-35W, north of FM 407, and south of Robson Ranch Road. Access to the District is provided by I-35W to FM 407 and north to Harvest Way and Cleveland-Gibbs Road.

Management of the District

The District is governed by a board, consisting of five (5) supervisors, which has control over and management supervision of all affairs of the District. All of the present members of the Board are registered voters of the District. Supervisors are elected in even-numbered years for four-year staggered terms. The present members and officers of the Board are listed below:

Name	Position	Term Expires May
Kendall Johnson	President	2026
Travis Cooper	Vice President	2024
Jeff Riggs	Secretary	2026
Jay Sobie	Supervisor	2024
Patricia Willhite	Assistant Secretary/Treasurer	2026

The District does not employ a general manager or other full-time employees but contracts for certain necessary services as described below:

Tax Assessor/Collector: The District's Tax Assessor/Collector is Michelle French, the County's Tax Assessor/Collector.

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

Auditor: The District's financial statements for the fiscal year ended January 31, 2022, were audited by McCall Gibson Swedlund Barfoot, PLLC, a copy of which is included as "APPENDIX A."

Engineer: The consulting engineer retained by the District in connection with the design and construction of the District's facilities serving all phases of the District other than Harvest Phases 14 and 15, is Quiddity Engineering LLC. ("Quiddity"). The consulting engineer retained in connection with the design and construction of the District's facilities serving Harvest Phases 14 and 15, as well as providing general engineering management services, is Peloton Land Solutions (the "Engineer").

Bond Engineer: The District has retained Jones-Heroy & Associates, Inc. ("JHA") in connection with the preparation and processing of utility bond and other applications with the TCEQ, as well as the compilation of information and documentation relating to expenses to be reimbursed and preparation of a summary of costs for each issuance of District road bonds. The fees to be paid JHA for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually sold and delivered and, therefore, such fees are contingent on the sale and delivery of the Bonds.

Bond Counsel: The District has engaged McCall, Parkhurst & Horton L.L.P., 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.

Disclosure Counsel: The District has engaged Orrick, Herrington & Sutcliffe LLP, Houston, 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.

General Counsel: The District has engaged Allen Boone Humphries Robinson LLP, Dallas, Texas, as "General Counsel" to the District. General Counsel also provides certain legal services in connection with the issuance of the Bonds in conjunction with Bond Counsel. A portion of the fees of General Counsel relating to the issuance of the Bonds is contingent upon 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.

[Remainder of Page Intentionally Left Blank]

Historical Operations of the District

The following sets forth in condensed form the historical results of the District's operating fund activity for the fiscal years ending January 31 for the years 2018 through 2023. Such summary has been prepared by the Financial Advisor for inclusion herein. The figures for years 2018 through 2022 were obtained from the District's audited financial statements for fiscal year ended January 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. The figures for fiscal year ended January 31, 2023 are unaudited and were obtained from the District's bookkeeper.

	Unaudited	For the Fiscal Year Ended January 31				
	2023 (a)	**2022**	**2021**	**2020**	**2019**	**2018**
Revenues:						
Property Taxes	$ 1,389,564	$1,344,394	$ 934,364	$1,018,809	$ 959,054	$ 752,507
Permit Fees	557,910	985,800	517,400	647,200	834,600	766,600
Franchise Fees	327,200	232,865	200,707	185,930	122,498	90,138
Investment & Miscellaneous Revenues	58,572	2,487	11,620	54,648	52,102	31,949
Total Revenues	$ 2,333,247	$2,565,546	$1,664,091	$ 1,906,587	$1,968,254	$1,641,194
Expenditures:						
Professional Fees	$ 521,929	$ 243,675	$ 250,032	$ 218,374	$ 200,960	$ 148,333
Contracted Services (b)	192,341	281,486	246,122	216,196	189,306	111,936
Repairs and Maintenance	63,342	127,272	70,290	31,143	70,784	24,315
Inspection Services	142,799	291,298	168,690	222,200	331,851	294,780
Other	112,114	136,777	79,381	63,106	35,894	49,331
Capital Outlay (c)	2,120,965	279,116	862,044	1,235,016	1,358,647	–
Total Expenditures	$ 3,153,489	$1,359,624	$1,676,559	$ 1,986,035	$2,187,442	$ 628,695
Excess (Deficiency) of Revenues	$ (820,243)	$1,205,922	$ (12,468)	$ (79,448)	$(219,188)	$1,012,499
Other Financing Sources						
Transfers In (Out)	$ –	$ –	$ –	$ –	$ –	$ 50,000
Developer Advances	–	–	–	–	–	–
Total Other Financing Sources	$ –	$ –	$ –	$ –	$ –	$ 50,000
Net Change In Fund Balance	$ (820,243)	$1,205,292	$ (12,468)	$ (79,448)	$(219,188)	$1,062,499
Beginning Fund Balance	$ 3,800,778	$2,594,856	$ 2,607,324	$2,686,772	$2,905,960	$1,843,461
Ending Fund Balance	$ 2,980,535	$3,800,778	$ 2,594,856	$2,607,324	$2,686,772	$2,905,960

(a) Unaudited; as of January 31, 2023.

(b) Includes amounts paid to the Town for law enforcement protection services beginning in FY 2019. See "—Law Enforcement Agreement" below.

(c) The District has opted to use surplus operating funds to finance certain Road System and Utility System facilities in each year beginning in FY 2019.

Current Development Agreement

On November 9, 2006, a Development Agreement (the "Original Development Agreement") was entered into between Realty Capital Belmont, Ltd. and the Town. On August 6, 2007, the District entered into a Joinder Agreement, by which it confirmed and adopted the terms and conditions of the Original Development Agreement and became a party to the Original Development Agreement. On May 29, 2008, an Amended and Restated Development Agreement was entered into among the original parties and the District; and on August 26, 2010, the Second Amended and Restated Development Agreement was entered into among the original parties and the District. Effective September 27, 2012, the District, Belmont 407, LLC, Realty Capital Argyle 114, Ltd, and the Town entered into the Current Development Agreement. The Current Development Agreement was amended on October 16, 2012, July 25, 2013, December 10, 2015, and August 25, 2017.

The Current Development Agreement establishes permitted land uses and development densities for the area within the District; establishes platting process and applicable building codes and inspection and permitting procedures; provides immunity from full-purpose annexation by the Town through September 2027, until certain conditions are met; establishes conditions for limited-purpose annexation; provides for the conditions for Town consent to creation of the District, addition of land to the District, and issuance of bonds by the District; recognizes the Town as the exclusive retail water and sewer service provider; establishes road and utility infrastructure to be constructed by the District for the area within its boundaries; allocates water and wastewater capacities to the District; provides for the District's phased conveyance to the Town of the water and sewer infrastructure constructed by the District; provides for the Town's delivery of water supply and wastewater treatment collection and treatment service to the area within the District, including central water production and supply facilities; provides for the reimbursement by the Town to District developers for funds advanced for construction of the Trinity River Authority sewer interceptor line serving the area within the District; and provides a process for the provision of police, fire and emergency services to the area within the District.

The Town will be the sole provider of retail water and wastewater service to residential and commercial customers in the District at the same rates as provided to other customers within the Town. The initial term of the Current Development Agreement is 15 years ending in September 2027, which may be extended for additional five-year terms, not to exceed 25 years.

Strategic Partnership Agreement

Effective December 12, 2016, the District entered into a Strategic Partnership Agreement with the Town (the "SP Agreement"). Pursuant to the SP Agreement, the Town annexed a 10.463-acre tract of land within the District, defined as the Limited Purpose Property, for the limited purposes of imposing a sales and use tax on all eligible commercial activities within the Limited Purpose Property at the rate allowed by the tax code. Further, while the Town will retain all sales and use tax proceeds collected under the SP Agreement, the Town has agreed to use a portion thereof for the purposes of promoting economic development and stimulating business and commercial activity within the Limited Purpose Property and, to the extent permitted by law, within the District. The SP Agreement did not specify procedures for full purpose annexation of all or portions of the District.

Law Enforcement Agreement

Effective October 1, 2017, the District entered into an Amended and Restated Interlocal Cooperation Agreement for Law Enforcement Services with the Town. Under said agreement, the Town agrees to provide law enforcement protection and services for the District. By June 30 of each year, the Town is to prepare and submit to the District a calculation of the Town's estimated costs to provide police services on a per unit basis (the "Annual Unit Cost") for the following year. Beginning January 1 of the following year, the District will make quarterly payments based upon (i) the number of completed residential units as of the first day of the quarter; (ii) multiplied by the Annual Unit Cost then in effect, (iii) with the product divided by four (4). The quarterly payments due the initial year of the Agreement shall equal no less than $100,000. The initial term of the Agreement is three (3) years; and the Agreement will be automatically renewed for additional consecutive three (3) year terms, unless otherwise terminated. The Annual Unit Cost currently in effect equals $150.

DEVELOPMENT WITHIN THE DISTRICT

To date, approximately 791.74 acres (2,798 single-family lots) within the District have been developed with water, sanitary sewer and road facilities serving the single-family subdivisions of Harvest, Phases 1–11 and Harvest Meadows, Phases 1–5. Additionally, approximately 47.06 acres (60 single-family lots) are currently under development as Harvest, Phases 14 and 15. As of January 1, 2023, there were approximately 2,177 completed single-family homes, approximately 181 new homes under construction, and approximately 440 vacant developed lots available for home construction within the District.

In addition to single-family residential development, the District also consists of approximately 7.88 acres developed as a cell phone tower site, approximately 9.99 acres of commercial development comprised of a 7-Eleven gas station and a daycare (approximately 3 acres) and commercial reserves (approximately 6.99 acres) which currently includes a Pizza Hut restaurant, a Hotworkz gym and a nail salon, and approximately 49.90 acres of parks and recreational and institutional development comprised of a fire station, an elementary school, a middle school, an elevated storage tank and well sites, a historic farmhouse, an on-site community farm, and an amenity center that includes an event center and resort style pools. The remaining land within the District consists of approximately 13.73 acres of undevelopable land (drainage easements, floodplain, etc.).

The table below summarizes the development within the District as of January 1, 2023:

	Platted Acreage (a)(b)	Section Lots	Homes Completed	Homes Under Construction	Vacant Lots
Harvest, Phase 1	128.83	330	321	1	8
Harvest, Phase 2	71.52	238	226	3	9
Harvest, Phase 3	106.12	398	395	–0–	3
Harvest, Phase 4	49.70	148	145	–0–	3
Harvest, Phase 5	12.22	47	44	3	–0–
Harvest, Phase 6	35.97	128	121	4	3
Harvest, Phase 7	25.07	92	3	60	29
Harvest, Phase 8	37.83	172	11	42	119
Harvest, Phase 9	28.78	44	–0–	–0–	44
Harvest, Phase 10	20.95	63	–0–	8	55
Harvest, Phase 11	27.92	144	–0–	13	131
Harvest Meadows, Phase 1	49.35	210	202	5	3
Harvest Meadows, Phase 2	38.47	154	151	3	–0–
Harvest Meadows, Phase 3	81.08	312	308	4	–0–
Harvest Meadows, Phase 4	21.13	98	97	1	–0–
Harvest Meadows, Phase 5	56.80	220	153	34	33
Total Residential Developed	791.74	2,798	2,177	181	440
Residential Construction (a)	47.06				
Commercial Acreage (c)	9.99				
Cell Tower	7.88				
Institutional Acreage	49.90				
Undevelopable	13.73				
Total District Acreage	920.31				

(a) The platted acreage includes land for residential lots, open spaces, and streets within each section.
(b) Totals may not sum due to rounding.
(c) Comprised of 7-Eleven gas station, daycare and commercial reserves.

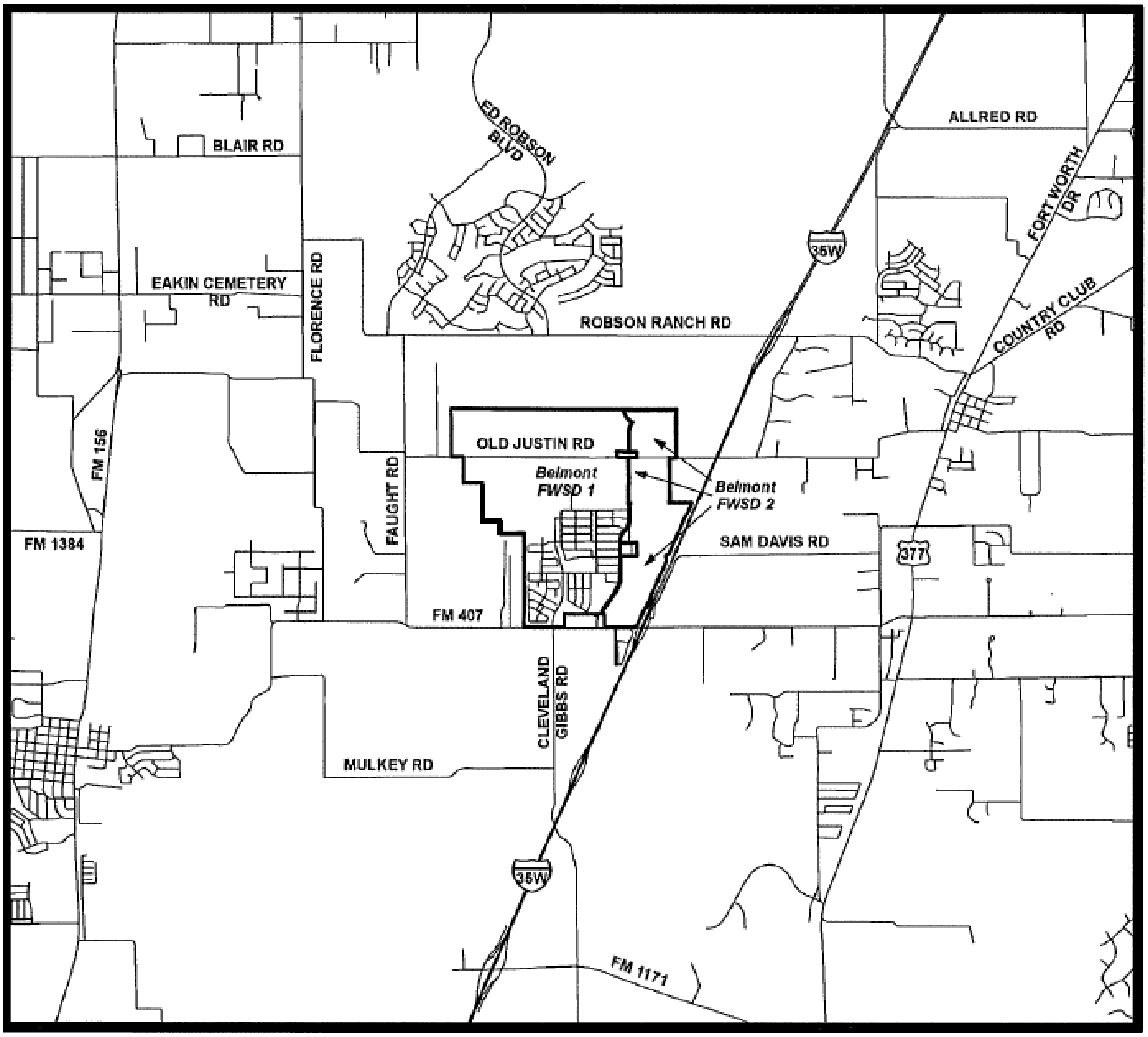
PHOTOGRAPHS TAKEN WITHIN THE DISTRICT

(September 2022)

PHOTOGRAPHS TAKEN WITHIN THE DISTRICT

(September 2022)

LOCATION MAP



HARVEST

The District is part of the 1,250-acre master-planned community of Harvest (including Harvest Meadows), which encompasses the District and Belmont Fresh Water Supply District No. 2 of Denton County ("FWSD 2"). To date, approximately 895.58 total acres (3,421 single-family lots) have been developed with water, sanitary sewer and road facilities serving the master-planned community of Harvest and approximately 122.82 acres (560 single-family lots) are currently under development. As of January 1, 2023, there were 2,500 completed homes, 375 new homes under construction, and 515 vacant developed lots available for future home construction within the Harvest community. According to the Developer, there are approximately 3,980 single-family homes ultimately planned to be constructed within the Harvest community. The District makes no representation as to the likelihood of such planned development occurring within the District.

THE DEVELOPER

The Role of a Developer

In general, the activities of a landowner or developer in a district such as the District include designing the project, defining a marketing program and setting building schedules; securing necessary governmental approvals and permits for development; arranging for the construction of roads and the installation of utilities; and selling or leasing improved tracts or commercial reserves to other developers or third parties. A developer is under no obligation to a district to undertake development activities according to any particular plan or schedule. Furthermore, there is no restriction on a developer's right to sell any or all of the land which the developer owns within a district. In addition, the developer is ordinarily the major taxpayer within the district during the early stages of development. The relative success or failure of a developer to perform in the above-described capacities may affect the ability of a district to collect sufficient taxes to pay debt service and retire bonds.

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

None of the Developer, or its affiliate entities, is obligated to pay principal of or interest on the Bonds. Furthermore, none of the Developer or its affiliate entities have a binding commitment to the District to carry out any plan of development, and the furnishing of information relating to the proposed development by the Developer or its affiliate entities should not be interpreted as such a commitment. Prospective purchasers are encouraged to inspect the District in order to acquaint themselves with the nature of development that has occurred or is occurring within the District's boundaries.

The Developer

Belmont 407, LLC, a Delaware limited liability company ("Belmont 407" or the "Developer"), was formed for the purpose of acquiring and holding for investment and sale tracts of land, including lands in the District. Belmont 407 has determined the overall development plan for such land in the District and arranged for the construction of water, sanitary sewer and road facilities within the District either directly or through affiliate entities. The members of Belmont 407 include: H4 Belmont, L.P. ("HMM"), a Texas limited partnership, and Realty Capital Belmont, L.P. ("RCB"), a Texas limited partnership. HMM is the managing member of Belmont 407.

The Developer is managed by Hillwood Residential Services L.P., a Perot Company, a Dallas company owned by H. Ross Perot, Jr., having over 30 years of experience developing land in Texas. Hillwood Residential Services L.P. is an affiliate of Hillwood Development Company, LLC, which is a national real estate development company with development expertise and experience that encompasses diverse product types, including arena high-rise condominiums, offices, single-family residential communities, distribution centers, regional malls, mixed-use urban development, call centers, hotels, golf courses, airports, intermodal rail yards, corporate campuses, and major air facilities.

As of January 1, 2023, the Developer and its affiliate entities own approximately 47.06 acres and 248 vacant developed lots within the District. Of such lots currently owned by the Developer, 240 lots are under contract for purchase by homebuilders pursuant to a lot-sales contract. See "—Lot-Sales Contracts" below.

Principal Landowners

In August, 2021, the Developer sold approximately 78.62 acres of land within the District to Toll Brothers and Taylor Morrison, on which Toll Brothers and Taylor Morrison have developed Harvest, Phase 11 and are currently developing Harvest, Phases 14 and 15. Toll Brothers and Taylor Morrison are publicly traded companies on the New York Stock Exchange and are national homebuilders. Both Toll Brothers and Taylor Morrison are actively developing lots and building homes in Dallas, Fort Worth, San Antonio, Austin, and Houston.

Development Financing

The Developer financed the development of Harvest with a line of credit from Texas Capital Bank in the amount of $20,000,000 with an interest rate of SOFR + 3.00%. Such line of credit matures on July 31, 2024, and is secured by the land and the reimbursements the Developer expects to receive from bond proceeds from the bond sales of the District. As of January 1, 2023, the balance on such line of credit was $7,362,516. According to the Developer, it is in compliance with all material terms of such loan.

Lot-Sales Contracts

The Developer, through its subsidiary entities, has entered into lot sales contracts with each of David Weekley Homes, Drees Homes, Highland Homes, MHI Builders doing business as Coventry Homes, and DR Horton Homes. The contracts for the sale of lots between the Developer and the builders require that earnest money be deposited with a title company, typically 10% of the total price of the completed lots. The sales contracts establish certain required lot purchases quarterly, with the earnest money deposit being returned to the builders upon purchase of the last lots under each contract. The Developer's sole remedy for builders not purchasing lots in accordance with the contracts is cancellation of the contract and retention of the remaining earnest money on deposit, currently, approximately $4,564,544.

According to the Developer, each of the builders is in compliance with their respective lot sale contracts. As of January 1, 2023, the total number of lots contracted and purchased by each builder is listed below:

Builder	Lots Contracted	Lots Purchased
David Weekley Homes	536	454
Highland Homes	1,028	949
Coventry Homes	398	361
Drees Homes	46	5
DR Horton Homes	632	632
Toll Brothers	2	2
Taylor Morrison	2	1
Total	2,644	2,404

HOMEBUILDERS WITHIN THE DISTRICT

Homebuilders currently building homes within the District include David Weekley Homes, Highland Homes, MHI Builders doing business as Coventry Homes, Drees Homes, Taylor Morrison, and Toll Brothers. The homes being marketed in the District range in size from 2,000 square feet to 4,600 square feet and in price from approximately $450,000 to $1,000,000.

THE ROAD SYSTEM

The District's Road System has been funded with proceeds of the Outstanding Road Bonds and will be funded with proceeds of future bonds issued by the District. See "INVESTMENT CONSIDERATIONS—Future Debt" and "THE BONDS—Issuance of Additional Debt." Construction of the District's roads is subject to certain regulations by the Town and the County. The roads in the District are constructed with reinforced concrete pavement with curbs on cement or lime stabilized subgrade. Remaining streets provide local interior service within the District. The Road System also includes streetlights. Public utilities such as water, wastewater and storm drainage are typically located within street right of ways. Unlike the Utility System, the Road System is owned and maintained by the District.

Joint Road Contracts

On November 1, 2014, the District entered into a joint road construction contract with FWSD 2. This contract was amended on January 20, 2016, and January 17, 2018. Under the terms of the contract, the districts will acquire and construct Harvest Way and related drainage improvements in phases by segments. Each district agrees to pay its proportionate share of acquisition, construction, operation, and maintenance costs of the joint road facilities. Each district will own its proportionate share of each segment of the joint road facilities that are constructed. The term of this agreement is 50 years.

On January 20, 2016, the District and FWSD 2 entered into a Contract for Joint Drainage Improvements in Aid of Roads. This contract was amended on January 18, 2017. The contract provides for both districts to share in the costs and expenses related to the construction, ownership, operation, and maintenance of certain drainage improvements as part of the respective road system that will serve each district, based on the relative benefit received. The term of this agreement is 50 years.

THE UTILITY SYSTEM

Regulation

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

Description of the Utility System

Water Supply: The area within the District lies wholly within the water certificate of convenience and necessity (CCN) number 12915 held by the Town. The Town is the provider of retail water service to the users within the District. Pursuant to the Current Development Agreement, the Town has agreed to provide water service to 3,000 single-family equivalent connections ("ESFC(s)"), unless a larger number is agreed to in writing by the parties. Subject to obtaining wholesale water from the UTRWD (as defined below), the Town has agreed to provide water service for full development within the District in phases as land within the District is developed. Upon completion of a phase of water distribution facilities by or on behalf of the District, the District conveys such facilities to the Town. Such conveyance is made in consideration of various agreements made by the Town in such development agreement, including the agreement to allocate and reserve capacity in such facilities for use by and benefit of the area within the District and assumption of all operation and maintenance responsibilities for such facilities after the expiration of the maintenance bond. The source of water is treated surface water delivered to a Point of Delivery ("POD") through an 18" waterline approximately 5,200 feet west of Interstate 35W on FM 407 (located outside of the District). The Town obtains treated surface water from the Upper Trinity Regional Water District ("UTRWD"). In accordance with the Current Development Agreement with the Town, the District constructed a Water Plant near the POD to serve the area within the District. The Water Plant is owned and operated by the Town. According to representatives of the Town, the Town has sufficient capacity to serve the approximate 2,858 total lots in the District that, currently, are either developed or under construction. Pursuant to the Current Development Agreement, the Town has agreed to design, construct, and maintain future expansions to the Water Plant, an elevated storage tank, and non-internal lines (collectively, Central Water Facilities) necessary to provide water service to serve at least 3,000 connections within the District area. Such expansions will be funded, in part, by the Town out of payments by the District of a Capital Recovery Fee of $1,105 per ESFC. The amount of the Capital Recovery Fee was determined by the Town's engineer, and represents a per unit cost that is reasonable and will approximate the estimated actual cost of providing the Central Water Facilities. Such Capital Recovery Fees will be paid for each ESFC over 1,127 connections within the District. The Town bills the District for the Capital Recovery Fees on a quarterly basis. The Town has constructed an elevated storage tank that serves multiple developments within the Town's northern pressure plane, including the full buildout currently planned within Harvest.

Wastewater Treatment: The area within the District lies wholly within the wastewater CCN number 20866 held by the Town. The Town is the provider of retail wastewater service to the users within the District. Pursuant to the Current Development Agreement the Town has acknowledged that the area within the District will ultimately require sanitary sewer service for 3,000 connections and agreed to supply the area with wastewater capacity if such capacity is present and available from TRA (as defined below). Further, the Town has agreed to use reasonable efforts to insure that such capacity is available in amounts sufficient to serve the area within the District. Upon completion of a phase of wastewater distribution facilities by or on behalf of the District, the District conveys such facilities to the Town. Such conveyance is made in consideration of various agreements made by the Town in the Current Development Agreement, including the agreement to allocate and reserve capacity in such facilities for use by and benefit of the area within the District and assumption of all operation and maintenance responsibilities for such facilities after the expiration of the maintenance bond. The Town has entered into a four-party agreement with the Trinity River Authority ("TRA") to participate in the Denton Creek Wastewater Transportation System. On behalf of the District, the Developer funded 1.864 million gallons per day ("MGD") of peak flow capacity in the system capable of serving approximately 1,858 connections. Pursuant to the Current Development Agreement, the Town has assigned additional 0.657 MGD peak flow of capacity in the system funded by the predecessor to the Developer to serve the area within the District. The total capacity of the system allocated to the District is sufficient to serve the full development of the District.

INVESTMENT CONSIDERATIONS

General

The Bonds are obligations of the District and are not obligations of the State of Texas; the County; the Town; or any political subdivision other than the District. The Bonds are secured by the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon on all taxable property located within the District. See "THE BONDS—Source of Payment." 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 representation 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.

Infectious Disease Outbreak (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 the State of Texas because of the effects of COVID-19. Subsequently, in response to a rise in COVID-19 infections in the State of 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.

Since such time, COVID-19 negatively affected commerce, travel and businesses locally and globally, and negatively affected economic growth worldwide and within the State. Following the widespread release and distribution of various COVID-19 vaccines in 2021 and a decrease in active COVID-19 cases generally in the United States, state governments (including the State) have started to lift business and social limitations associated with COVID-19. Beginning in March 2021, the Governor issued various executive orders, which, among other things, rescinded and superseded prior executive orders and provide that there are currently no COVID-19 related operating limits for any business or other establishment. 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.

With the easing or removal of COVID-19 associated governmental restrictions, economic activity has increased. However, there are no assurances that such increased economic activity will continue or continue at the same rate, especially if there are future outbreaks of COVID-19. 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.

Economic Factors Affecting Taxable Values and Tax Payment

The rate of development within the District is directly related to the vitality of the single-family housing market in the Dallas-Fort Worth and Denton metropolitan areas. New single-family residential construction can be significantly affected by factors such as interest rates, construction costs, and consumer demand. Decreased levels of single-family residential construction would restrict the growth of property values in the District. The District cannot predict the pace or magnitude of any future development in the District. See "DEVELOPMENT WITHIN THE DISTRICT."

Dependence on Major Taxpayers and the Developer: The ten principal taxpayers represent $39,244,844 or 4.27% of the 2022 Certified Taxable Assessed Valuation, which represents ownership as of January 1, 2022. If these 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 Order to maintain any specified amount of surplus in its debt service funds. See "—Tax Collections and Foreclosure Remedies" below, "TAX DATA—Table 7—Principal Taxpayers," and "TAXING PROCEDURES—Levy and Collection of Taxes."

Developer and Principal Landowner's Obligations to the District: There is no commitment by or legal requirement of the Developer, or any other landowner, to the District to proceed at any particular rate or according to any specified plan with the development of land in the District, or of any home builder to proceed at any particular pace with the construction of homes in the District. Moreover, there is no restriction on any land owner's right to sell its land. Therefore, the District can make no representation about the profitability 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 WITHIN THE DISTRICT," "THE DEVELOPER," and "HOMEBUILDERS WITHIN THE DISTRICT."

Competition: The demand for and construction of taxable improvements in the District could be affected by competition from other developments near the District. In addition to competition for new single-family home sales from other developments, there are numerous previously-owned single-family homes in more established commercial centers and neighborhoods closer to Fort Worth and Denton that are for sale. Such existing developments could represent additional competition for new development proposed to be constructed within the District. The competitive position of the Developer or the principal landowners in the sale of land, and the sale or leasing of residences is affected by most of the factors discussed in this section. Such a competitive position is directly related to the growth and maintenance of taxable values in the District and tax revenues to be received by the District. The District can give no assurance that building and marketing programs in the District by the Developer will be implemented or, if implemented, will be successful.

Location and Access: The District is located in an outlying area of the Denton metropolitan area, approximately 27 miles north from the central business district of the City of Fort Worth and approximately 12 miles south of the City of Denton. Many of the single-family developments with which the District competes are in a more developed state and have lower overlapping taxes. As a result, particularly during times of increased competition, the Developer within the District may be at a competitive disadvantage to the developers in other single-family projects located closer to major urban centers or in a more developed state. See "THE DISTRICT" and "DEVELOPMENT WITHIN THE DISTRICT."

Maximum Impact on District Tax Rate: Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners to pay their taxes. The 2022 Certified Taxable Assessed Valuation of property within the District is $919,308,747, and the Estimated Valuation as of January 1, 2023 is $1,004,200,000. See "DISTRICT FINANCIAL DATA." After issuance of the Bonds, the maximum annual debt service requirement of the Bonds and the Outstanding Bonds will be $6,262,734 (2041) and the average annual debt service requirement of the Bonds and the Outstanding Bonds will be $5,914,713 (2023–2042, high years). See "DISTRICT FINANCIAL DATA—Table 2—Debt Service Requirements." Assuming no increase to or decrease from the 2022 Certified

Taxable Assessed Valuation, tax rates of $0.72 and $0.68 per $100 of assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively. Assuming no increase to or decrease from the Estimated Valuation as of January 1, 2023, tax rates of $0.66 and $0.62 per $100 of assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively.

For the 2022 tax year, the District levied a total tax rate of $0.850 per $100 assessed taxable value composed of the following: $0.265 per $100 of assessed taxable value for debt service on the Outstanding Utility Bonds; $0.435 per $100 of assessed taxable value for debt service on the Outstanding Road Bonds; and $0.150 per $100 assessed taxable value for maintenance and operations.

Tax Collections and Foreclosure Remedies

The District's ability to make debt service payments may be adversely affected by difficulties in collecting ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by judicial foreclosure.

The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time consuming and expensive collection procedures; (b) a bankruptcy court's stay of tax collection proceedings against a taxpayer; or (c) market conditions affecting the marketability of taxable property within the District and limiting the proceeds from a foreclosure sale of such property. See "TAXING PROCEDURES—Collection of Delinquent Taxes."

Moreover, the proceeds of any sale of property within the District available to pay debt service on the Bonds may be limited by the existence of other tax liens on the property (see "TAX DATA—Table 9—Estimated Overlapping Taxes"), by the current aggregate tax rate being levied against the property, and by other factors (including the taxpayers' right to redeem property after foreclosure). Finally, a bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes assessed against such taxpayer. In addition to the automatic stay against the collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid.

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.

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.

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 Order, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Order, 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 Order. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of defaults 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 Order 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 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 be further 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 and creditors of political subdivisions, such as the District.

Future Debt

After issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: $38,790,000 for acquiring or constructing the Utility System; $114,715,000 for the refunding of bonds issued for the Utility System; $63,040,000 for acquiring or constructing the Road System; and $196,560,000 for the refunding of bonds issued for the Road System.

Bonds issued to finance the acquisition and construction of the Utility System must also be approved by the TCEQ, such as the Bonds.

The District reserves in the Bond Order the right to issue the remaining authorized but unissued bonds plus such additional bonds as may hereafter be authorized by voters in the District. In addition, the District has the right to issue obligations, other than the Bonds, including tax anticipation notes and bond anticipation notes, and to borrow money for any valid public purpose. The issuance of additional obligations may increase the District's tax rate and adversely affect the security for and the investment quality and value of the Bonds.

Based on present engineering cost estimates and on development plans, in the opinion of the District's Engineer, following the issuance of the Bonds, the remaining $38,790,000 principal amount of authorized but unissued unlimited tax bonds for the Utility System will be sufficient to fully finance such facilities to serve the remaining undeveloped but developable land within the District.

Based on present engineering cost estimates and on development plans, in the opinion of the District's Engineer, the remaining $63,040,000 principal amount of authorized but unissued unlimited tax bonds for the Road System will be sufficient to fully finance such facilities to serve the remaining undeveloped but developable land within the District.

Following the issuance of the Bonds, the District will still owe the Developer approximately $5,420,000 for reimbursable expenditures advanced to develop land, including Utility System and Road System improvements, within the District on behalf of the District. See "THE UTILITY SYSTEM," "THE ROAD SYSTEM," and "DEVELOPMENT WITHIN THE DISTRICT."

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 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 District and surrounding area. Under the Clean Air Act ("CAA") Amendments of 1990, the Dallas-Fort Worth area ("DFW Area")—Collin, Dallas, Denton, Ellis, Johnson, Kaufman, Parker, Tarrant, and Wise Counties, and Rockwall County for the purposes of the 2008 Ozone Standards only—has been designated a nonattainment area under three separate federal ozone standards: the one-hour (124 parts per billion ("ppb")) and eight-hour (84 ppb) standards promulgated by the EPA in 1997 (the "1997 Ozone Standards"); the tighter, eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 (the "2008 Ozone Standard"), and the EPA's most-recent promulgation of an even lower, 70 ppb eight-hour ozone standard in 2015 (the "2015 Ozone Standard"). While Texas has been able to demonstrate steady progress and improvements in air quality in the DFW Area, the DFW Area remains subject to CAA nonattainment requirements.

The DFW Area is currently designated as a serious ozone nonattainment area under the 1997 Ozone Standards. On June 24, 2019, the EPA proposed approval of redesignation of the DFW to "attainment" for the 1997 Ozone Standards, which would terminate the serious nonattainment area "anti-backsliding" requirements and leave the DFW Area subject only to the nonattainment area requirements under the 2008 Ozone Standard and the 2015 Ozone Standard.

On October 7, 2022, the EPA published final notice reclassifying the DFW Area from "serious" to "severe" under the 2008 Ozone Standard, effective November 7, 2022. As the DFW Area is now designated a "severe" nonattainment area, it must meet the attainment date of July 20, 2027 with an attainment year of 2026. The "severe" nonattainment classification 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.

On October 7, 2022, the EPA published final notice reclassifying the DFW Area from "marginal" to "moderate" under the 2015 Ozone Standard, effective November 7, 2022. The attainment deadline for the DFW Area under the 2015 Ozone Standard is August 3, 2024, with an attainment year of 2023.

In order to demonstrate progress toward attainment of the EPA's ozone standards, the TCEQ has established a state implementation plan ("SIP") for the DFW Area setting emission control requirements, some of which regulate the inspection and use of automobiles. These types of measures could impact how people travel, what distances people are willing to travel, where people choose to live and work, and what jobs are available in the DFW 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 DFW Area to reach attainment with the ozone standards by the EPA's attainment deadlines. These additional controls could have a negative impact on the DFW Area's economic growth and development. As a result of the DFW Area's reclassification, the TCEQ must submit revisions of the SIP to the EPA no later than January 1, 2023, addressing the "moderate" nonattainment classification and by May 2024 addressing the "severe" nonattainment classification.

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 ninety (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 nonstormwater discharges into surface water in the state. It has a 5-year permit term and is then subject to renewal. Moreover, the Clean Water Act ("CWA") and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district's ability to obtain and maintain compliance with TPDES permits.

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 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; (k) waste treatment systems; and (l) all other waters or features not included in the definition of "waters of the United States." 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 Proposed Rulemaking to put back into place the pre-2015 definition of "waters of the United States." Due to existing and possible future litigation, 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.

Marketability of the Bonds

The District has no understanding with the Underwriter (as defined on page 3 hereof) 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 may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional issuers, since such bonds are more generally bought, sold and traded in the secondary market.

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of Registered Owners may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Texas law requires a district, such as the District, to obtain the approval of the TCEQ as a condition to seeking relief under the Federal Bankruptcy Code.

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

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

A district, such as the District, may not be forced into bankruptcy involuntary.

Continuing Compliance with Certain Covenants

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

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.

Future and Proposed Legislation

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability, or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives, or litigation. The disclosures and opinions expressed herein are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and no opinion is expressed as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Changes in Tax Legislation

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

Bond Insurance Risk Factors

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

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

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

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

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

Neither the District or Underwriter 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" herein for further information provided by the bond insurer and the Policy, which includes further instructions for obtaining current financial information concerning the bond insurer.

2023 Legislative Session

The 88th Texas Legislature commenced on January 10, 2023. The Legislature meets in regular session in odd-numbered years, for 140 days. When the Legislature is not in session, the Governor of Texas may call one or more special sessions, at the Governor's discretion, each lasting no more than 30 days, and for which the

Governor sets the agenda. During a special session, the Legislature may enact laws that materially change current law as it relates to the District.

During the 88th Texas Legislative Session, the Legislature may consider legislation affecting ad valorem taxation procedures. The District can make no representations or predictions regarding the scope of legislation that may be considered during the 88th Legislative Session or the potential impact of such legislation at this time.

TAX MATTERS

Opinion

On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel to the District, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the 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 may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (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.

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

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

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

State, Local and Foreign Taxes

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

Information Reporting and Backup Withholding

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

Not Qualified Tax-Exempt Obligations for Financial Institutions

The District has **not** designated the Bonds as "qualified tax-exempt obligations" for financial institutions.

LEGAL MATTERS

Legal Opinions

The District will furnish to the Underwriter a transcript of certain certified proceedings incident to the issuance and authorization of the Bonds, including a certified copy of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Attorney General has examined a transcript of proceedings authorizing the issuance of the Bonds, and that based upon such examination, the Bonds are valid and binding obligations of the District payable from the proceeds of an annual ad valorem tax, levied without legal limitation as to rate or amount, upon all taxable property within the District. The District will also furnish the approving legal opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding obligations of the District under the Constitution and laws of the State of Texas, except to the extent that enforcement of the rights and remedies of the Registered Owners of the Bonds may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. The legal opinion of Bond Counsel will further state that the Bonds are payable, both as to principal and interest, from the levy of ad valorem taxes, without legal limitation as to rate or amount, upon all taxable property within the District.

The District will also furnish the legal opinion of Bond Counsel to the District to the effect that interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes under existing law, subject to the matters discussed below under "TAX MATTERS."

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

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

Legal Review

In its capacity as Bond Counsel, McCall, Parkhurst & Horton L.L.P., has reviewed the information appearing in this Official Statement under the captioned sections "THE BONDS (except for information under the subheadings "Book-Entry-Only System," "Annexation" and "Use and Distribution of Bond Proceeds")," "THE DISTRICT—Management of the District—Bond Counsel," "TAXING PROCEDURES," "LEGAL MATTERS—Legal Opinions," "TAX MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION (except for information under the subheading "Compliance with Prior Undertakings")" solely to determine whether such information fairly summarizes the documents, laws and procedures referred to therein. Such firm has not independently verified factual information contained in this Official Statement, nor has such firm 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 such firm'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 of the other information contained herein.

In its capacity as General Counsel, Allen Boone Humphries Robinson LLP, has reviewed the information appearing in this Official Statement under the headings "THE BONDS – Annexation," "THE DISTRICT—General," "—Current Development Agreement," "—Strategic Partnership Agreement," "—Law Enforcement Agreement," and "THE ROAD SYSTEM—Joint Road Contracts" solely to determine whether such information fairly summarizes the documents, laws and procedures referred to therein. Such firm has not independently verified factual information contained in this Official Statement, nor has such firm 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 such firm'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 of the other information contained herein.

McCall, Parkhurst & Horton L.L.P., Dallas, Texas serves as Bond Counsel to the District, and Allen Boone Humphries Robinson LLP, Houston, Texas, serves as General Counsel to the District, and provides certain legal services in connection with the issuance of the Bonds in conjunction with Bond Counsel. Orrick, Herrington & Sutcliffe LLP, Houston, Texas serves as Disclosure Counsel. The legal fees paid to Bond Counsel, and the fees to be paid to Disclosure Counsel and General Counsel, for services rendered in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

NO-LITIGATION CERTIFICATE

With the delivery of the Bonds, the President and Secretary of the Board will, on behalf of the District, execute and deliver to the Underwriter a certificate dated as of the date of delivery, to the effect that no litigation of any nature has been filed or is pending against the District, to restrain or enjoin the issuance or delivery of the Bonds; affecting the provision made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the issuance of the Bonds; affecting, the corporate existence or boundaries of the District or the authority of the officers of the District to execute, sign, and deliver the Bonds.

NO MATERIAL ADVERSE CHANGE

The obligations of the Underwriter to take and pay for the Bonds, and the District to deliver the Bonds, are subject to the condition that, up to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the financial condition of the District 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 the sale.

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The District shall provide annually to the MSRB, (1) within six months after the end of each fiscal year of the District, financial information and operating data with respect to the District of the general type included in the final Official Statement in the Table 1 through 9 and (2) if not provided as part such financial information and operating data, audited financial statements of the District, within 12 months after the end of each fiscal year of the District. Any financial statements so to be provided shall be (i) prepared in accordance with the accounting principles described in "Appendix A" hereto or such other accounting principles as the District may be required to employ, from time to time, by State law or regulation, and (ii) audited, if the District commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the District shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available.

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

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) 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 material 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 CFR §240.15c2-12 (the "Rule" or "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, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties. Neither the Bonds or the Bond Order make any provision for debt service reserve or a trustee.

For the purposes of event (12) in the immediately preceding paragraph, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District. For the purposes of events (15) and (16), the term "Financial Obligation" means 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) guarantee of a debt obligation or any such derivative instrument; provided that "Financial Obligation" shall not include municipal securities as to which a final official statement (as defined the Rule) has been provided to the MSRB consistent with the Rule.

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

Availability of Information from MSRB

The District has agreed to provide the foregoing information only to the MSRB. The information will be available to holders of Bonds 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 type of operations of the District, if by only (1) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with the Rule, taking into account any amendments or interpretations of 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 United States Securities and Exchange Commission ("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 rule 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 prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

Compliance with Prior Undertakings

During the last five years, the District has complied in all material respects with its previous continuing disclosure undertakings pursuant to SEC Rule 15c2-12.

OFFICIAL STATEMENT

General

The information contained in this Official Statement has been obtained primarily from the District's records, the District Engineer, the Developer, the Tax Assessor/Collector, the Auditor, the Denton Central 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 January 31, 2022, were prepared by McCall Gibson Swedlund Barfoot, PLLC, and have been included herein as "APPENDIX A." McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountant, has consented to the publication of such financial statements in this Official Statement.

Experts

The information contained in this Official Statement relating to development and the status of development within the District generally and, in particular, the information in the section captioned "THE DEVELOPER" (with exception of the information under the subheading "The Role of a Developer") has been provided by the Developer and has been included herein in reliance upon the authority and knowledge of each such party concerning the matters described therein.

The information contained in this Official Statement relating to engineering and to the description of the System generally and, in particular, the engineering information included in the sections captioned "THE DISTRICT," "THE UTILITY SYSTEM," and "THE ROAD SYSTEM" has been provided by the Engineer and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

The information contained in this Official Statement relating to assessed valuations of property generally and, in particular, that information concerning valuations, analysis of the tax base and percentages of tax collections contained in the sections captioned "TAX DATA" has been provided by the Denton Central Appraisal District and the District's Tax Assessor/Collector, and has been included herein in reliance upon the authority of such parties as experts in the field of tax assessing and collecting.

Certification as to Official Statement

At the time of payment for and delivery of the Bonds, the District will furnish the Underwriter a certificate, executed by the President and Secretary of the Board of Supervisors of the District, acting in their official capacities, to the effect that to their actual knowledge: (a) the descriptions and statements of or pertaining to the District contained in this Official Statement, on the date thereof and on the date of delivery, were and are true and correct in all material respects; (b) insofar as the District and its affairs, including its financial affairs, are concerned, this Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated herein or necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading; and (c) insofar as the descriptions and statements, including financial data, contained in this Official Statement, of or pertaining to entities other than the District, such statements and data have been obtained from sources which the District believes to be reliable, and the District has no reason to believe that they are untrue in any material respect.

Updating the Official Statement

If, subsequent to the date of the Official Statement to and including the date the Underwriter is no longer required to provide and Official Statement to potential customers who request the same pursuant to SEC Rule 15c2-12 (the earlier of (i) 90 days from the "end of the underwriting period" (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from a nationally recognized repository but in no case less than 25 days after the "end of the underwriting period"), the District learns or is notified by the Underwriter of any adverse event which causes any of the key representations in the Official Statement to be materially misleading, the District will promptly prepare and supply to the Underwriter a supplement to the Official Statement which corrects such representation to the reasonable satisfaction of the Underwriter. The obligation of the District to update or change the Official Statement will terminate when the District delivers the Bonds to the Underwriter (the "end of the underwriting period" within the meaning of the Rule), unless the Underwriter provides written notice the District that less than all of the Bonds have been sold to ultimate customers on or before such date, in which case the obligation to update or change the Official Statement will extend for an additional period of time of 25 days after all of the Bonds have been sold to ultimate customers. In the event the Underwriter provides written notice to the District that less than all of the Bonds have been sold to ultimate customers, the Underwriter agrees to notify the District in writing following the occurrence of the "end of the underwriting period" as defined in SEC Rule 15c2-12.

CONCLUDING STATEMENT

The information set forth herein has been obtained from the District's records, audited financial statements and other sources which are considered to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will ever be realized. All of the summaries of the statutes, documents, and resolutions contained 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 Supervisors of Belmont Fresh Water Supply District No. 1 of Denton County as of the date specified on the first page hereof.

/s/ Kendall Johnson
President, Board of Supervisors
Belmont Fresh Water Supply District No. 1 of Denton County

ATTEST:

/s/ Jeff Riggs
Secretary, Board of Supervisors
Belmont Fresh Water Supply District No. 1 of Denton County

APPENDIX A

Financial Statements of the District

BELMONT FRESH WATER SUPPLY DISTRICT NO. 1
OF DENTON COUNTY

DENTON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JANUARY 31, 2022

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

TABLE OF CONTENTS

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

13100 Wortham Center Drive
Suite 235
Houston, Texas 77065-5610
(713) 462-0341
Fax (713) 462-2708

PO Box 29584
Austin, TX 78755-5126
(512) 610-2209
www.mgsbpllc.com
E-Mail: mgsb@mgsbpllc.com

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Belmont Fresh Water Supply District No. 1
of Denton County
Denton County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Belmont Fresh Water Supply District No. 1 of Denton County (the "District") as of and for the year ended January 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 January 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 Supervisors
Belmont Fresh Water Supply District No. 1 of Denton County

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

May 18, 2022

BELMONT FRESH WATER SUPPLY DISTRICT NO. 1
OF DENTON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JANUARY 31, 2022

Management's discussion and analysis of the financial performance of Belmont Fresh Water Supply District No. 1 of Denton County (the "District") provides an overview of the District's financial activities for the year ended January 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 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 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 property taxes, permit fees, and franchise fees as well as general and administrative costs. 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 recourses restricted, committed or assigned for acquisition or 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 statement and accompanying notes, this report also represents certain required supplementary information ("RSI") and other supplementary information. A budgetary comparison schedule is included as RSI for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets by $8,377,847 as of January 31, 2022. The following is a comparative analysis of government-wide changes in the Statement of Net Position as of January 31, 2022, and January 31, 2021.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2022	2021	Change Positive (Negative)
Current and Other Assets	$ 12,056,419	$ 8,959,487	$ 3,096,932
Capital and Intangible Assets (Net of Accumulated Depreciation/Amortization)	67,144,805	66,121,807	1,022,998
Total Assets	$ 79,201,224	$ 75,081,294	$ 4,119,930
Due to Developer	$ 3,495,885	$ 10,690,161	$ 7,194,276
Bonds Payable	77,962,067	66,966,294	(10,995,773)
Other Liabilities	1,152,629	1,064,131	(88,498)
Total Liabilities	$ 82,610,581	$ 78,720,586	$ (3,889,995)
Deferred Inflows of Resources	$ 4,968,490	$ 4,194,569	$ (773,921)
Net Position:			
Net Investment in Capital Assets	$ (12,552,599)	$ (10,536,411)	$ (2,016,188)
Restricted	870,865	657,640	213,225
Unrestricted	3,303,887	2,044,910	1,258,977
Total Net Position	$ (8,377,847)	$ (7,833,861)	$ (543,986)

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

	Summary of Changes in the Statement of Activities		
	2022	2021	Change Positive (Negative)
Revenues:			
Property Taxes	$ 5,690,777	$ 4,674,299	$ 1,016,478
Permit and Franchise Fees	1,218,665	718,107	500,558
Other Revenues	16,340	37,352	(21,012)
Total Revenues	$ 6,925,782	$ 5,429,758	$ 1,496,024
Total Expenses	7,469,768	5,486,010	(1,983,758)
Change in Net Position	$ (543,986)	$ (56,252)	$ (487,734)
Net Position, Beginning of Year	(7,833,861)	(7,777,609)	(56,252)
Net Position, End of Year	$ (8,377,847)	$ (7,833,861)	$ (543,986)

BELMONT FRESH WATER SUPPLY DISTRICT NO. 1
OF DENTON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JANUARY 31, 2022

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of January 31, 2022, were $6,726,430, an increase of $2,228,403 from the prior year.

The District's General Fund fund balance increased by $1,205,922, primarily due to property tax revenues, permit fees and franchise fees exceeding general, administrative and capital expenditures.

The District's Debt Service Fund fund balance increased by $260,170, primarily due to the structure of the District's debt requirements and Series 2021 Road Bonds capitalized interest deposited in the current fiscal year.

The District's Capital Projects Fund fund balance increased by $762,311. The District sold its Series 2021 Road Bonds and Series 2021 Tax Bonds and used the proceeds to reimburse developers for costs paid on behalf of the District.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Supervisors adopted an unappropriated budget for the current fiscal year. Actual revenues were $302,666 more than budgeted revenues and actual expenditures were $1,243,296 less than budgeted expenditures which resulted in a positive variance of $1,545,962.

CAPITAL ASSETS AND INTANGIBLE ASSETS

Capital assets as of January 31, 2022, total $44,301,589 (net of accumulated depreciation). These capital assets include land, roads, paving, and the drainage system. Significant current year additions included roads serving Harvest Meadows, Phase 5 and utilities serving Harvest, Phase 5 and 6.

Capital Assets At Year-End

	2022	2021	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 5,537,790	$ 5,537,790	$
Construction in Progress	2,851,499	2,913,548	(62,049)
Capital Assets, Subject to Depreciation:			
Roads and Paving	29,682,733	28,818,636	864,097
Drainage System	10,646,975	10,646,975	
Less Accumulated Depreciation	(4,417,408)	(3,514,254)	(903,154)
Total Net Capital Assets	$ 44,301,589	$ 44,402,695	$ (101,106)

CAPITAL ASSETS AND INTANGIBLE ASSETS (Continued)

Pursuant to the Third Amended and Restated Development Agreement, as amended, the District has acquired and constructed, with funds advanced by developers, utility and road infrastructure necessary to serve the area within the District. Upon completion of a phase of the utility infrastructure or plant improvements, the District conveys such utilities to the Town of Northlake for ownership and maintenance in return for its commitment to use such utilities to serve the District area. The District will retain ownership and maintenance responsibility for the roads and related drainage infrastructure that will serve the area within its boundaries. The District has recognized an intangible asset for the costs of the utilities conveyed which has a January 31, 2022, balance (net of accumulated amortization) of $22,843,216.

LONG-TERM DEBT ACTIVITY

As of January 31, 2022, the District had total bond debt payable of $78,760,000. The changes in the debt position of the District during the year ended January 31, 2022, are summarized as follows:

Bond Debt Payable, February 1, 2021	$ 67,880,000
Add: Bond Sales	12,960,000
Less: Bond Principal Paid	2,080,000
Bond Debt Payable, January 31, 2022	$ 78,760,000

The District's bonds, with the exception of the Series 2016 Utility Bonds and Series 2016 Road Bonds, carry underlying ratings of A3 or Baa1. The District's bonds carry insured ratings of AA/A1/AA+ by virtue of bond insurance issued by either Build America Mutual Assurance Company or Assured Guaranty Municipal.

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 Belmont Fresh Water Supply District No. 1 of Denton County, c/o Crawford & Jordan, LLP, 3100 McKinnon Street, Suite 1100, Dallas, TX 75201.

BELMONT FRESH WATER SUPPLY DISTRICT NO. 1
OF DENTON COUNTY
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
JANUARY 31, 2022

	General Fund	Debt Service Fund
ASSETS		
Cash	$ 287,219	$ 4,475,240
Investments	3,685,438	1,696,338
Cash with Tax Assessor/Collector	41,448	149,987
Property Taxes Receivable	125,724	455,592
Intangible Assets (Net of Accumulated Amortization)		
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	$ 4,139,829	$ 6,777,157
LIABILITIES		
Accounts Payable	$ 197,977	$
Accrued Interest Payable		
Due to Developers		
Security Deposits	15,350	
Accrued Interest at Time of Sale		4,632
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	$ 213,327	$ 4,632
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$ 125,724	$ 4,984,806
FUND BALANCES		
Restricted for Authorized Construction	$	$
Restricted for Debt Service		1,787,719
Unassigned	3,800,778	
TOTAL FUND BALANCES	$ 3,800,778	$ 1,787,719
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 4,139,829	$ 6,777,157
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
$ 1,063,039	$ 5,825,498	$	$ 5,825,498
76,394	5,458,170		5,458,170
	191,435		191,435
	581,316		581,316
		22,843,216	22,843,216
		5,537,790	5,537,790
		2,851,499	2,851,499
		35,912,300	35,912,300
$ 1,139,433	$ 12,056,419	$ 67,144,805	$ 79,201,224
$ 1,500	$ 199,477	$	$ 199,477
		937,802	937,802
		3,495,885	3,495,885
	15,350		15,350
	4,632	(4,632)	
		2,415,000	2,415,000
		75,547,067	75,547,067
$ 1,500	$ 219,459	$ 82,391,122	$ 82,610,581
$ -0-	$ 5,110,530	$ (142,040)	$ 4,968,490
$ 1,137,933	$ 1,137,933	$ (1,137,933)	$
	1,787,719	(1,787,719)	
	3,800,778	(3,800,778)	
$ 1,137,933	$ 6,726,430	$ (6,726,430)	$ - 0 -
$ 1,139,433	$ 12,056,419		
		$ (12,552,599)	$ (12,552,599)
		870,865	870,865
		3,303,887	3,303,887
		$ (8,377,847)	$ (8,377,847)

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

BELMONT FRESH WATER SUPPLY DISTRICT NO. 1
OF DENTON COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JANUARY 31, 2022

Total Fund Balances - Governmental Funds		$ 6,726,430
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.		67,144,805
Deferred inflows of resources related to property tax revenues for the 2021 and prior maintenance tax levies and the 2020 and prior debt service tax levies became part of recognized revenue in the governmental activities of the District.		142,040
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	$ (3,495,885)	
Accrued Interest Payable	(933,170)	
Bonds Payable, net	(77,962,067)	(82,391,122)
Total Net Position - Governmental Activities		$ (8,377,847)

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

THIS PAGE INTENTIONALLY LEFT BLANK

BELMONT FRESH WATER SUPPLY DISTRICT NO. 1
OF DENTON COUNTY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JANUARY 31, 2022

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	$ 1,344,394	$ 4,287,983
Permit Fees	985,800	
Franchise Fees	232,865	
Investment and Miscellaneous Revenues	2,487	13,349
TOTAL REVENUES	$ 2,565,546	$ 4,301,332
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	$ 243,675	$
Contracted Services	281,486	8,081
Inspection Services	291,298	
Repairs and Maintenance	127,272	
Amortization and Depreciation		
Other	63,882	401
Developer Interest		
Capital Outlay	279,116	
Debt Service:		
Bond Principal		2,080,000
Bond Interest		2,122,376
Bond Issuance Costs	72,895	
TOTAL EXPENDITURES/EXPENSES	$ 1,359,624	$ 4,210,858
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	$ 1,205,922	$ 90,474
OTHER FINANCING SOURCES (USES)		
Proceeds From Issuance of Long-Term Debt	$	$ 169,696
Bond Discounts		
Bond Premium		
TOTAL OTHER FINANCING SOURCES (USES)	$ -0-	$ 169,696
NET CHANGE IN FUND BALANCES	$ 1,205,922	$ 260,170
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION FEBRUARY 1, 2021	2,594,856	1,527,549
FUND BALANCES/NET POSITION JANUARY 31, 2022	$ 3,800,778	$ 1,787,719

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$ 5,632,377	$ 58,400	$ 5,690,777
	985,800		985,800
	232,865		232,865
504	16,340		16,340
$ 504	$ 6,867,382	$ 58,400	$ 6,925,782
$	$ 243,675	$	$ 243,675
	289,567		289,567
	291,298		291,298
	127,272		127,272
		2,787,227	2,787,227
310	64,593		64,593
300,817	300,817		300,817
10,725,385	11,004,501	(11,004,501)	
	2,080,000	(2,080,000)	
	2,122,376	93,653	2,216,029
1,076,395	1,149,290		1,149,290
$ 12,102,907	$ 17,673,389	$ (10,203,621)	$ 7,469,768
$ (12,102,403)	$ (10,806,007)	$ 10,262,021	$ (543,986)
$ 12,790,304	$ 12,960,000	$ (12,960,000)	$
(80,151)	(80,151)	80,151	
154,561	154,561	(154,561)	
$ 12,864,714	$ 13,034,410	$ (13,034,410)	$ -0-
$ 762,311	$ 2,228,403	$ (2,228,403)	$
		(543,986)	(543,986)
375,622	4,498,027	(12,331,888)	(7,833,861)
$ 1,137,933	$ 6,726,430	$ (15,104,277)	$ (8,377,847)

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

BELMONT FRESH WATER SUPPLY DISTRICT NO. 1
OF DENTON COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JANUARY 31, 2022

Net Change in Fund Balances - Governmental Funds	$ 2,228,403
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.	58,400
Governmental funds do not account for depreciation and amortization. However, in governmental activities, capital assets and intangible assets are depreciated and amortized over the estimated useful lives or contract duration.	(2,787,227)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.	11,004,501
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 premiums and bond discounts are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.	(74,410)
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.	2,080,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	(93,653)
Governmental funds report bond proceeds as other financing sources, however, issued bonds increase long-term liabilities in the Statement of Net Position.	(12,960,000)
Change in Net Position - Governmental Activities	$ (543,986)

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

BELMONT FRESH WATER SUPPLY DISTRICT NO. 1
OF DENTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JANUARY 31, 2022

NOTE 1. CREATION OF DISTRICT

Belmont Fresh Water Supply District No. 1 of Denton County (the "District") was created on July 24, 2007, by an Order of the Commissioner's Court of Denton County as a fresh water supply district. The District was created for the purposes and with the powers set out under Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution and Chapters 49 and 53, Texas Water Code, as amended. The District was created to conserve, transport, and distribute fresh water from any sources for domestic and commercial purposes inside and/or outside the boundaries of the District. Pursuant to an election held on November 6, 2007, within the District, the District subsequently assumed sanitary sewer powers and road district powers. The District is authorized to purchase, construct, acquire, own, operate, repair, improve, and extend sanitary sewer systems to control wastes, and exercise the rights, authority, privileges, and functions of a road district, including those under Chapter 257, Transportation Code. The District is located wholly within Denton County, and the extraterritorial jurisdiction of the Town of Northlake and is under the continuing supervision of the Texas Commission on Environmental Quality (the "Commission").

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.

<u>Financial Statement Presentation</u>

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 assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

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

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

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated to obtain net total revenues and expenses 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 property taxes, permit fees, and franchise fees as well as general and administrative costs.

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

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

Basis of Accounting

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

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

The 2021 debt service tax levy has been fully deferred to pay the debt service costs to be incurred during the upcoming fiscal year.

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets and Intangible Assets

Capital assets, which include the road and drainage infrastructure, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. Assets are capitalized, including infrastructure assets, if they have an original cost greater than $5,000 and a useful life over 2 years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation over a period of 45 years.

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 which 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.

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Supervisors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original 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 Supervisors are considered "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 Supervisors. 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 and 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 2016 Utility	Series 2016 Road	Series 2016A Road
Amounts Outstanding – January 31, 2022	$ 10,320,000	$ 3,580,000	$ 3,720,000
Interest Rates	3.00%-5.00%	2.50% - 5.00%	2.00% - 3.00%
Maturity Dates – Serially Beginning/Ending	March 1, 2022/2041	March 1, 2022/2041	March 1, 2022/2041
Interest Payment Dates	March 1/ September 1	March 1/ September 1	March 1/ September 1
Callable Dates	March 1, 2024*	March 1, 2024*	March 1, 2024*

	Series 2017 Utility	Series 2017 Road	Series 2018 Utility
Amounts Outstanding – January 31, 2022	$ 5,125,000	$ 8,210,000	$ 6,645,000
Interest Rates	2.25% - 4.00%	2.25% - 4.00%	3.00% - 3.75%
Maturity Dates – Serially Beginning/Ending	March 1, 2022/2042	March 1, 2022/2042	March 1, 2022/2043
Interest Payment Dates	March 1/ September 1	March 1/ September 1	March 1/ September 1
Callable Dates	March 1, 2025*	March 1, 2025*	March 1, 2023*

* Or any date thereafter at a price of par plus unpaid accrued interest to the date fixed for redemption. For the Series 2016 utility bond issue, the bonds maturing on March 1, 2041, are term bonds and are subject to mandatory redemption beginning March 1, 2039. For the Series 2016 road bond issue, the bonds maturing on March 1, 2028, 2031 and 2034, are term bonds and are subject to mandatory redemption beginning March 1, 2027, 2030 and 2032, respectively. For the Series 2016A road bond issue, the bonds maturing on March 1, 2037 and 2041 are term bonds and are subject to mandatory redemption beginning March 1, 2035 and 2038, respectively. For the Series 2017 utility bond issue, the bonds maturing on March 1, 2030, 2033, 2035, 2037, 2039, and 2042 are subject to mandatory redemption beginning March 1, 2029, 2032, 2034, 2036, 2038, and 2040, respectively. For the Series 2017 road bond issue, the bonds maturing on March 1, 2030 and 2042 are subject to mandatory redemption beginning March 1, 2029 and 2040, respectively. For the Series 2018 utility bond issue, the bonds maturing on March 1, 2040 and 2043 are subject to mandatory redemption beginning March 1, 2038 and 2041, respectively.

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2018 Road	Series 2019 Road	Series 2019 Utility
Amounts Outstanding – January 31, 2022	$ 7,545,000	$ 15,580,000	$ 1,940,000
Interest Rates	3.00% - 3.75%	1.50% - 3.75%	2.00% - 3.00%
Maturity Dates – Serially Beginning/Ending	March 1, 2022/2043	March 1, 2022/2044	March 1, 2022/2044
Interest Payment Dates	March 1/ September 1	March 1/ September 1	March 1/ September 1
Callable Dates	March 1, 2023*	March 1, 2024*	March 1, 2024*

	Series 2020 Road	Series 2021 Road	Series 2021 Utility
Amounts Outstanding – January 31, 2022	$ 3,135,000	$ 8,335,000	$ 4,625,000
Interest Rates	2.00% - 2.25%	2.00% - 2.25%	1.00% - 3.50%
Maturity Dates – Serially Beginning/Ending	March 1, 2022/2045	March 1, 2022/2046	March 1, 2023/2046
Interest Payment Dates	March 1/ September 1	March 1/ September 1	March 1/ September 1
Callable Dates	March 1, 2025*	March 1, 2026*	March 1, 2026*

* Or any date thereafter at a price of par plus unpaid accrued interest to the date fixed for redemption. For the Series 2018 road bond issue, the bonds maturing on March 1, 2040 and 2043 are subject to mandatory redemption beginning March 1, 2038 and 2041, respectively. For the Series 2019 road bond issue, the bonds maturing on March 1, 2044 are subject to mandatory redemption beginning March 1, 2043. For the Series 2019 utility bond issue, the bonds maturing on March 1, 2032, 2035, 2038, 2041 and 2044 are subject to mandatory redemption beginning March 1, 2030, 2033, 2036, 2039, and 2042, respectively. For the Series 2020 road bond issue, the bonds maturing on March 1, 2031, 2033, 2035, 2037, 2040, 2042 and 2045 are subject to mandatory redemption beginning March 1, 2030, 2032, 2034, 2036, 2038, 2041 and 2043, respectively. For the Series 2021 road bond issue, the bonds maturing on March 1, 2039 and 2046 are subject to mandatory redemption beginning March 1, 2036 and 2043, respectively. For the Series 2021 utility bond issue, the bonds maturing on March 1, 2033, 2035, 2037, 2039, 2043 and 2046 are subject to mandatory redemption beginning March 1, 2031, 2034, 2036, 2038, 2040 and 2044, respectively.

NOTE 3. LONG-TERM DEBT (Continued)

The District has the following authorized but unissued bonds: $45,505,000 for the purchase or construction of water and wastewater facilities; $77,610,000 for the purchase or construction of roads; $114,715,000 for refunding water and wastewater facilities bonds; and $196,560,000 for refunding road bonds. The following is a summary of transactions regarding bonds payable for the year ended January 31, 2022:

	February 1, 2021	Additions	Retirements	January 31, 2022
Bonds Payable	$ 67,880,000	$ 12,960,000	$ 2,080,000	$ 78,760,000
Unamortized Discounts	(1,072,461)	(80,151)	(51,312)	(1,101,300)
Unamortized Premiums	158,755	154,561	9,949	303,367
Bonds Payable, Net	$ 66,966,294	$ 13,034,410	$ 2,038,637	$ 77,962,067

Amount Due Within One Year	$ 2,415,000
Amount Due After One Year	75,547,067
Bonds Payable, Net	$ 77,962,067

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

Fiscal Year	Principal	Interest	Total
2023	$ 2,415,000	$ 2,245,233	$ 4,660,233
2024	2,660,000	2,189,274	4,849,274
2025	2,755,000	2,096,748	4,851,748
2026	2,850,000	2,005,012	4,855,012
2027	2,930,000	1,921,470	4,851,470
2028-2032	15,865,000	8,452,109	24,317,109
2033-2037	18,250,000	6,144,836	24,394,836
2038-2042	21,295,000	3,166,543	24,461,543
2043-2047	9,740,000	452,885	10,192,885
	$ 78,760,000	$ 28,674,110	$ 107,434,110

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 current year, the District levied an ad valorem debt service tax rate of $0.705 ($0.27 for utilities and $0.435 for roads) per $100 of assessed valuation, which resulted in a tax levy of $4,968,490 on the adjusted taxable valuation of $704,750,315 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.

NOTE 3. LONG-TERM DEBT (Continued)

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.

During the current fiscal year, Series 2021 Road Bonds proceeds of $169,696 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 $5,825,498 and the bank balance was $5,923,393. The District was not exposed to custodial credit risk at year end.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

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

	Cash
GENERAL FUND	$ 287,219
DEBT SERVICE FUND	4,475,240
CAPITAL PROJECTS FUND	1,063,039
TOTAL DEPOSITS	$ 5,825,498

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 Supervisors.

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

The District invests in LOGIC (Local Government Investment Cooperative), an external public fund investment pool that is not SEC-registered. LOGIC is organized and existing as a business trust under the laws of the State of Texas with all participant funds and all investment assets held and managed in trust by a Board of Trustees for the benefit of the participants. Hilltop Securities, Inc. and J.P. Morgan Investment Management, Inc. serve as co-administrators of the pool. LOGIC measures all its portfolio assets at amortized cost for financial reporting purposes. The District records its investments in LOGIC at amortized cost. There are no limitations or restrictions on withdrawals from LOGIC.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
GENERAL FUND		
LOGIC	$ 3,685,438	$ 3,685,438
DEBT SERVICE FUND		
LOGIC	1,696,338	1,696,338
CAPITAL PROJECTS FUND		
LOGIC	76,394	76,394
TOTAL INVESTMENTS	$ 5,458,170	$ 5,458,170

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. As of January 31, 2022, the District's investment in LOGIC was rated AAAm by Standard and Poor's.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in LOGIC to have a maturity of less than one year due to the fact that the share position can usually be redeemed each day at the discretion of the District unless there has been a significant change in value.

Restrictions

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

BELMONT FRESH WATER SUPPLY DISTRICT NO. 1
OF DENTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JANUARY 31, 2022

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 intangible assets and amortized over the term of the applicable service contract (see also Note 11).

	February 1, 2021	Increases	Decreases	January 31, 2022
Intangible Assets Subject to Amortization				
Water and Sewer Infrastructure	$ 27,824,773	$ 3,008,177	$ - 0 -	$ 30,832,950
Less Accumulated Amortization				
Water and Sewer Infrastructure	$ 6,105,661	$ 1,884,073	$ - 0 -	$ 7,989,734
Total Amortizable Intangible Assets, Net of Accumulated Amortization	$ 21,719,112	$ 1,124,104	$ - 0 -	$ 22,843,216

Capital assets as of January 31, 2022, are as follows:

	February 1, 2021	Increases	Decreases	January 31, 2022
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 5,537,790	$	$	$ 5,537,790
Construction in Progress	2,913,548	30,688	92,737	2,851,499
Total Capital Assets Not Being Depreciated	$ 8,451,338	$ 30,688	$ 92,737	$ 8,389,289
Capital Assets Subject to Depreciation				
Roads and Paving	$ 28,818,636	$ 864,097	$	$ 29,682,733
Drainage System	10,646,975			10,646,975
Total Capital Assets Subject to Depreciation	$ 39,465,611	$ 864,097	$ - 0 -	$ 40,329,708
Accumulated Depreciation				
Roads and Paving	$ 2,403,486	$ 666,554	$	$ 3,070,040
Drainage System	1,110,768	236,600		1,347,368
Total Accumulated Depreciation	$ 3,514,254	$ 903,154	$ - 0 -	$ 4,417,408
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 35,951,357	$ (39,057)	$ - 0 -	$ 35,912,300
Total Capital Assets, Net of Accumulated Depreciation	$ 44,402,695	$ (8,369)	$ 92,737	$ 44,301,589

NOTE 7. MAINTENANCE TAX

On November 6, 2012, the voters of the District approved the levy and collection of a maintenance tax in an unlimited amount per $100 of assessed valuation of taxable property within the District. During the year ended January 31, 2022, the District levied an ad valorem maintenance tax rate of $0.195 per $100 of assessed valuation, which resulted in a tax levy of $1,374,263 on the adjusted taxable valuation of $704,750,315 for the 2021 tax year.

NOTE 8. UNREIMBURSED COSTS

The District has executed financing agreements with Developers within the District. These agreements call for the Developers to fund costs associated with water and sewer facilities, as well as roads and improvements in aid thereof, until such time as the District can sell bonds. Prior to the fiscal year ending 2016, the Developers advanced funds, from time to time, to cover operating costs of the District. Reimbursement to the Developers will come from future bond sales. Those agreements that relate to currently unreimbursed costs are as follows: Assignment Confirmation and Amended and Restated Operating Costs and Facilities Reimbursement Agreement, effective December 15, 2011, among Realty Capital Belmont, LTD, Belmont 407, LLC, and the District; Partial Assignment of Reimbursement Rights and Obligations (Harvest, Phase 4), effective May 2, 2019, between Belmont 407, LLC and Harvest Phase 4, LLC; Partial Assignment of Reimbursement Rights and Obligations (Harvest Meadows Phase 5), effective May 20, 2020, between Belmont 407, LLC and Harvest Meadows Phase 5, LLC; Partial Assignment of Reimbursement Rights and Obligations (Harvest Phase 5), dated May 20, 2020, between Belmont 407, LLC and Harvest Phase 5, LLC; Partial Assignment of Reimbursement Rights and Obligations (Harvest Phase 6), effective May 20, 2020, between Belmont 407, LLC and Harvest Phase 6, LLC; Partial Assignment of Reimbursement Rights and Obligations (Harvest Phase 7-8), dated October 20, 2021, between Belmont 407 and Harvest Phase 7-8, LLC; Partial Assignment of Reimbursement Rights and Obligations (Harvest 9-10), effective October 20, 2021, between Belmont 407 and Harvest Phase 9-10, LLC; Partial Assignment of Reimbursement Rights and Obligations (Harvest Phases 11A, 11B, 14, and 15), effective August 31, 2021, between Belmont 407, Toll Southwest LLC, and Taylor Morrison of Texas, Inc.; Road Project Reimbursement Agreement, dated September 27, 2012, among Belmont 407, LLC, Devon Energy Production Company, L.P., and the District.

NOTE 9. RISK MANAGEMENT

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

NOTE 10. LAW ENFORCEMENT AGREEMENT

Effective October 1, 2017, the District entered into an Amended and Restated Interlocal Cooperation Agreement for Law Enforcement Services with the Town. Under the Agreement, the Town agrees to provide law enforcement and protection services to the area within the District. In consideration for such services, the District agrees to make quarterly payments to the Town based on the Town's estimated costs to provide services on a per single family residential unit basis (the "Annual Cost"). By June 30 of each year during the term of the Agreement, the Town is to submit to the District a calculation of the Annual Cost for the following year. Beginning January 1 of the following year, the District will make quarterly payments based upon (i) the number of completed single family residential units as of the first day of the quarter, (ii) multiplied by the Annual Cost then in effect, and (iii) with the product divided by four. The quarterly payments due for the initial year of the Agreement shall be no less than $100,000. The initial term of the Agreement is three years; and the Agreement will be automatically renewed for additional three year terms, unless otherwise terminated by a party.

NOTE 11. DEVELOPMENT AGREEMENT

On November 9, 2006, a Development Agreement was entered into between Realty Capital Belmont, Ltd. and the Town of Northlake, Texas (Town). On August 6, 2007, the District entered into a Joinder Agreement, by which it confirmed and adopted the terms and conditions of the Development Agreement and became a party to the Development Agreement.

On May 29, 2008, an Amended and Restated Development Agreement was entered into among the original parties and the District and on August 26, 2010, the Second Amended and Restated Development Agreement was entered into among the original parties and the District. Effective September 27, 2012, the District, Belmont 407, LLC, Realty Capital Argyle 114, Ltd, and the Town entered into a Third Amended and Restated Development Agreement (the “Third Amended and Restated Development Agreement”). The Third Amended and Restated Development Agreement was amended on October 16, 2012, June 25, 2013, December 10, 2015, and August 25, 2017.

The Third Amended and Restated Development Agreement establishes permitted land uses and development densities for the area within the District; establishes platting process and applicable building codes and inspection and permitting procedures; provides immunity from full purpose annexation by the Town until certain conditions are met; establishes conditions for limited purpose annexation; provides for the conditions for Town consent to creation of the District, addition of land to the District, and issuance of bonds by the District; recognizes the Town as the exclusive retail water and sewer service provider; establishes road and utility infrastructure to be constructed by the District for the area within its boundaries; allocates water and wastewater capacities to the District area; provides for the District's phased conveyance to the Town of the water and sewer infrastructure constructed by the District; provides for the Town's delivery of water supply and wastewater treatment collection and treatment service to the area within the

NOTE 11. DEVELOPMENT AGREEMENT (Continued)

District, including central water production and supply facilities; provides for the reimbursement by the Town to District developers for funds advanced for construction of the Trinity River Authority sewer interceptor line serving the area within the District; and provides a process for the provision of police, fire and emergency services to the area within the District.

The Town entered into a wholesale treated water supply contract with the Upper Trinity Regional Water District (UTRWD) to provide retail water service to areas within the Town's CCNs, including the District. The Landowner agrees to pay all amounts due under the UTRWD Treated Water Contract attributable to the District including equity fees, facilities charges, demand charges, capacity subscriptions as well as actual usage, volume and transportation charges due to the extent that revenues from retail customers within the District are insufficient.

The Town also entered into an agreement with the Trinity River Authority and the Towns of Argyle and Flower Mound for wastewater treatment via the Denton Creek Regional Wastewater Treatment Plant. Approximately 1.979 million gallons per day of the Town's peak flow capacity is allocated to the District. The Landowner paid $3,684,319 for the District's capacity in the interceptor line. On behalf of the District, the developer funded 1.979 million gallons per day of treatment capacity. The Landowner will recover District capacity costs from proceeds of bonds issued by the District.

The Town will be the sole provider of retail water and wastewater service to residential and commercial customers in the District at the same rates as provided to other customers within the Town. The initial term of the Third Amended and Restated Agreement is 15 years, which may be extended for additional five-year terms, not to exceed 25 years.

NOTE 12. JOINT CONTRACTS

On November 1, 2014, the District entered into a joint road construction contract with Belmont Fresh Water Supply District No. 2 of Denton County ("District No. 2"). The Amended and Restated Joint Road Contract and the First Amendment to Amended and Restated Joint Road Contract were entered into on January 20, 2016, and January 17, 2018, respectively. The districts will acquire and construct joint road facilities in phases by segments. Each district agrees to pay its proportionate share of acquisition/construction, operation and maintenance costs of the joint road facilities. Each district will own its proportionate share of each segment of the joint road facilities that are constructed. The term of this agreement is 50 years.

NOTE 12. JOINT CONTRACTS (Continued)

On January 20, 2016, the District and District No. 2 entered into a Contract for Joint Drainage Improvements in Aid of Roads. This contract was amended on January 18, 2017. The contract provides for both districts to share in the costs and expenses related to the construction, ownership, operation and maintenance of certain drainage improvements as part of the respective road system that will serve each district, based on the relative benefit received. The term of this agreement is 50 years.

On September 19, 2018, the District and District No. 2 entered into an agreement with Denton County to provide general maintenance, as well as design and construction associated with widening improvements to approximately 6,780 linear feet of Old Justin Road in phases. The term of the agreement begins on October 1, 2018 and expires on November 30, 2023, unless sooner terminated.

On February 26, 2020, the District entered into an agreement with The Town of Northlake, Texas for road improvements and installation of 4-way traffic signal improvements. The Texas Department of Transportation ("TxDOT") has advised the District and the Town that it will design and pay all costs of such tasks provided protected left hand turn lanes are constructed along FM 407 at the east side and west side of the intersection. In order to secure TxDOT funding of the signal costs, the Town and the District have each agreed to fund a portion of the turn lane improvements with TxDOT retaining title to the completed improvements.

NOTE 13. STRATEGIC PARTNERSHIP AGREEMENT

Effective December 12, 2016, the District entered into a Strategic Partnership Agreement (the "Agreement") with the Town of Northlake, Texas. The Agreement provides that the Town may annex a tract of land within the District defined as the Limited Purpose Property (the "Property") for the limited purposes of imposing a sales and use tax on all eligible commercial activities within the Property at the rate allowed by the tax code. Further, while the Town will retain all sales and use tax proceeds collected under the Agreement, it has agreed to use a portion thereof for the purposes of promoting economic development and stimulating business and commercial activity within the Property and, to the extent permitted by law, within the District.

NOTE 14. FRANCHISE AGREEMENTS

The District constructs, owns, maintains, and repairs the public streets and rights-of-way within its boundaries, as well as certain portions of Old Justin Road currently part of the Denton County road system. In order to defray the cost of maintaining and repairing those streets and associated rights-of-way, the District has entered into a series of agreements with several local utility providers, including Atmos Energy Corporation, effective April 17, 2013, CoServ Electric, effective December 3, 2014, and Republic Waste, effective April 30, 2018, pursuant to which such utilities make periodic payments to the District for certain rights regarding use of District streets and rights-of way. The Atmos agreement has a 10-year term; CoServ agreement has an initial 10-year term with automatic 1-year extensions in term; and the Republic agreement has an initial 3-year term with automatic 3-year extensions in term.

NOTE 15. BOND SALES

On May 25, 2021, the District closed on the sale of its $8,335,000 Series 2021 Unlimited Tax Road Bonds. Proceeds of the bonds were used to reimburse the Developer for the construction and engineering costs associated with all, or a portion of, certain roads and improvements in aid thereof serving the following residential subdivisions in the District: (i) Harvest Meadows Phase 5, (ii) Harvest Phase 5 and (iii) Harvest Phase 6. Proceeds from the Bonds were also used to reimburse the Developer for fees due to the Town of Northlake, Texas and for land costs associated with certain road rights-of-way. In addition, proceeds from the Bonds were used to pay developer interest, capitalized interest and other costs related to the issuance of the Bonds.

On December 16, 2021, the District closed on the sale of its $4,625,000 Series 2021 Unlimited Tax Utility Bonds. Proceeds of the bonds were used to reimburse the Developer for the construction and engineering costs associated with water and wastewater facilities serving Harvest Phases 4B, 5 and 6 as well as Harvest Meadows Phase 5. Proceeds from the Bonds were used to pay developer interest, and other costs related to the issuance of the Bonds.

THIS PAGE INTENTIONALLY LEFT BLANK

BELMONT FRESH WATER SUPPLY DISTRICT NO. 1
OF DENTON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

JANUARY 31, 2022

BELMONT FRESH WATER SUPPLY DISTRICT NO. 1
OF DENTON COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JANUARY 31, 2022

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	$ 953,780	$ 1,344,394	$ 390,614
Permit Fees	780,000	985,800	205,800
Franchise Fees	187,000	232,865	45,865
Water Impact Fees	331,500		(331,500)
Investment and Miscellaneous Revenues	10,600	2,487	(8,113)
TOTAL REVENUES	$ 2,262,880	$ 2,565,546	$ 302,666
EXPENDITURES			
Service Operations:			
Professional Fees	$ 244,000	$ 243,675	$ 325
Contracted Services	284,750	281,486	3,264
Inspection Services	210,000	291,298	(81,298)
Repairs and Maintenance	80,000	127,272	(47,272)
Other	74,670	136,777	(62,107)
Capital Outlay	1,709,500	279,116	1,430,384
TOTAL EXPENDITURES	$ 2,602,920	$ 1,359,624	$ 1,243,296
NET CHANGE IN FUND BALANCE	$ (340,040)	$ 1,205,922	$ 1,545,962
FUND BALANCE - FEBRUARY 1, 2021	2,594,856	2,594,856	
FUND BALANCE - JANUARY 31, 2022	$ 2,254,816	$ 3,800,778	$ 1,545,962

See accompanying independent auditor's report.

THIS PAGE INTENTIONALLY LEFT BLANK

BELMONT FRESH WATER SUPPLY DISTRICT NO. 1
OF DENTON COUNTY

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

JANUARY 31, 2022

BELMONT FRESH WATER SUPPLY DISTRICT NO. 1
OF DENTON COUNTY
SERVICES AND RATES
FOR THE YEAR ENDED JANUARY 31, 2022

1. SERVICES PROVIDED BY THE DISTRICT DURING THE YEAR:

______	Retail Water	______	Wholesale Water	X	Drainage
______	Retail Wastewater	______	Wholesale Wastewater	______	Irrigation
X	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:				

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 - Denton 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 – Town of Northlake, Texas

Are Board Members appointed by an office outside the District?

Yes _____ No __X__

See accompanying independent auditor's report.

BELMONT FRESH WATER SUPPLY DISTRICT NO. 1
OF DENTON COUNTY
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JANUARY 31, 2022

PROFESSIONAL FEES:		
Auditing	$	17,500
Engineering		115,541
Legal		110,634
TOTAL PROFESSIONAL FEES	$	243,675
CONTRACTED SERVICES:		
Appraisal District/Tax Collection Costs	$	36,982
Bookkeeping		16,192
Security		228,312
TOTAL CONTRACTED SERVICES	$	281,486
UTILITIES	$	4,072
REPAIRS AND MAINTENANCE	$	127,272
ADMINISTRATIVE EXPENDITURES:		
Director Fees, Including Payroll Taxes	$	8,397
Insurance		31,207
Website Costs		19,266
Other		940
TOTAL ADMINISTRATIVE EXPENDITURES	$	59,810
CAPITAL OUTLAY	$	279,116
BOND ISSUANCE COSTS	$	72,895
INSPECTION FEES	$	291,298
TOTAL EXPENDITURES	$	1,359,624

See accompanying independent auditor's report.

BELMONT FRESH WATER SUPPLY DISTRICT NO. 1
OF DENTON COUNTY
INVESTMENTS
JANUARY 31, 2022

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
GENERAL FUND					
LOGIC	XXX7001	Varies	Daily	$ 3,685,438	$ - 0 -
DEBT SERVICE FUND					
LOGIC	XXX7003	Varies	Daily	$ 592,027	$
LOGIC	XXX7005	Varies	Daily	1,104,311	
TOTAL DEBT SERVICE FUND				$ 1,696,338	$ - 0 -
CAPITAL PROJECTS FUND					
LOGIC	XXX7004	Varies	Daily	$ 12,193	$
LOGIC	XXX7006	Varies	Daily	64,201	
TOTAL CAPITAL PROJECTS FUND				$ 76,394	$ - 0 -
TOTAL - ALL FUNDS				$ 5,458,170	$ - 0 -

See accompanying independent auditor's report.

BELMONT FRESH WATER SUPPLY DISTRICT NO. 1
OF DENTON COUNTY
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JANUARY 31, 2022

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE - FEBRUARY 1, 2021	$ 72,669		$ 317,492	
Adjustments to Beginning Balance	23,186	$ 95,855	98,762	$ 416,254
Original 2021 Tax Levy	$ 1,367,489		$ 4,943,999	
Adjustments to 2021 Tax Levy	6,774	1,374,263	24,491	4,968,490
TOTAL TO BE ACCOUNTED FOR		$ 1,470,118		$ 5,384,744
TAX COLLECTIONS:				
Prior Years	$ 91,632		$ 399,934	
Current Year	1,252,762	1,344,394	4,529,218	4,929,152
TAXES RECEIVABLE - JANUARY 31, 2022		$ 125,724		$ 455,592
TAXES RECEIVABLE BY YEAR:				
2021		$ 121,501		$ 439,272
2020		1,990		8,797
2019		1,289		4,834
2018		944		2,689
TOTAL		$ 125,724		$ 455,592

See accompanying independent auditor's report.

BELMONT FRESH WATER SUPPLY DISTRICT NO. 1
OF DENTON COUNTY
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JANUARY 31, 2022

	2021	2020	2019	2018
PROPERTY VALUATIONS:				
Land	$ 182,397,886	$ 146,707,081	$ 143,554,252	$ 132,147,047
Improvements	545,115,804	432,632,853	366,916,254	256,043,038
Personal Property	1,918,751	1,249,323	1,881,351	1,234,344
Exemptions	(24,682,126)	(21,313,326)	(15,627,018)	(11,274,871)
TOTAL PROPERTY VALUATIONS	$ 704,750,315	$ 559,275,931	$ 496,724,839	$ 378,149,558
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.705	$ 0.75	$ 0.75	$ 0.725
Maintenance	0.195	0.17	0.20	0.255
TOTAL TAX RATES PER $100 VALUATION	$ 0.900	$ 0.92	$ 0.95	$ 0.980
ADJUSTED TAX LEVY*	$ 6,342,753	$ 5,145,338	$ 4,718,885	$ 3,705,866
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	91.16 %	99.79 %	99.92 %	99.90 %

* 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 an unlimited amount per $100 of assessed valuation approved by voters on November 6, 2012.

See accompanying independent auditor's report.

BELMONT FRESH WATER SUPPLY DISTRICT NO. 1
OF DENTON COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
JANUARY 31, 2022

	SERIES-2016 UTILITY		
Due During Fiscal Years Ending January 31	Principal Due March 1	Interest Due March 1/ September 1	Total
2023	$ 345,000	$ 363,587	$ 708,587
2024	360,000	345,962	705,962
2025	370,000	327,712	697,712
2026	385,000	308,837	693,837
2027	405,000	293,137	698,137
2028	420,000	280,762	700,762
2029	435,000	267,937	702,937
2030	455,000	254,587	709,587
2031	475,000	240,638	715,638
2032	490,000	225,551	715,551
2033	515,000	209,219	724,219
2034	535,000	192,156	727,156
2035	555,000	174,445	729,445
2036	580,000	155,276	735,276
2037	600,000	134,626	734,626
2038	625,000	113,188	738,188
2039	650,000	90,875	740,875
2040	680,000	66,750	746,750
2041	705,000	40,781	745,781
2042	735,000	13,781	748,781
2043			
2044			
2045			
2046			
2047			
	$ 10,320,000	$ 4,099,807	$ 14,419,807

See accompanying independent auditor's report.

BELMONT FRESH WATER SUPPLY DISTRICT NO. 1
OF DENTON COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
JANUARY 31, 2022

	SERIES-2016 ROAD		
Due During Fiscal Years Ending January 31	Principal Due March 1	Interest Due March 1/ September 1	Total
2023	$ 130,000	$ 116,650	$ 246,650
2024	135,000	110,025	245,025
2025	150,000	102,900	252,900
2026	160,000	95,150	255,150
2027	165,000	87,025	252,025
2028	165,000	80,838	245,838
2029	170,000	76,650	246,650
2030	170,000	72,400	242,400
2031	170,000	67,937	237,937
2032	180,000	63,125	243,125
2033	175,000	58,025	233,025
2034	180,000	52,700	232,700
2035	185,000	47,225	232,225
2036	190,000	41,600	231,600
2037	195,000	35,825	230,825
2038	200,000	29,900	229,900
2039	205,000	23,825	228,825
2040	210,000	17,469	227,469
2041	220,000	10,750	230,750
2042	225,000	3,656	228,656
2043			
2044			
2045			
2046			
2047			
	$ 3,580,000	$ 1,193,675	$ 4,773,675

See accompanying independent auditor's report.

BELMONT FRESH WATER SUPPLY DISTRICT NO. 1
OF DENTON COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
JANUARY 31, 2022

	SERIES-2016A ROAD		
Due During Fiscal Years Ending January 31	Principal Due March 1	Interest Due March 1/ September 1	Total
2023	$ 135,000	$ 95,725	$ 230,725
2024	140,000	92,975	232,975
2025	150,000	90,075	240,075
2026	155,000	87,025	242,025
2027	160,000	83,876	243,876
2028	170,000	80,469	250,469
2029	170,000	76,750	246,750
2030	175,000	72,650	247,650
2031	180,000	68,212	248,212
2032	180,000	63,712	243,712
2033	190,000	58,969	248,969
2034	195,000	53,794	248,794
2035	195,000	48,431	243,431
2036	200,000	42,750	242,750
2037	210,000	36,600	246,600
2038	215,000	30,225	245,225
2039	220,000	23,700	243,700
2040	220,000	17,100	237,100
2041	225,000	10,425	235,425
2042	235,000	3,525	238,525
2043			
2044			
2045			
2046			
2047			
	$ 3,720,000	$ 1,136,988	$ 4,856,988

See accompanying independent auditor's report.

BELMONT FRESH WATER SUPPLY DISTRICT NO. 1
OF DENTON COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
JANUARY 31, 2022

	SERIES-2017 UTILITY		
Due During Fiscal Years Ending January 31	Principal Due March 1	Interest Due March 1/ September 1	Total
2023	$ 165,000	$ 165,918	$ 330,918
2024	170,000	159,218	329,218
2025	175,000	152,318	327,318
2026	185,000	145,118	330,118
2027	190,000	139,281	329,281
2028	195,000	134,219	329,219
2029	205,000	128,219	333,219
2030	215,000	121,919	336,919
2031	220,000	115,394	335,394
2032	230,000	108,644	338,644
2033	240,000	101,444	341,444
2034	245,000	93,866	338,866
2035	255,000	86,053	341,053
2036	265,000	77,928	342,928
2037	275,000	69,319	344,319
2038	285,000	60,219	345,219
2039	300,000	50,525	350,525
2040	310,000	40,231	350,231
2041	320,000	29,400	349,400
2042	335,000	17,938	352,938
2043	345,000	6,038	351,038
2044			
2045			
2046			
2047			
	$ 5,125,000	$ 2,003,209	$ 7,128,209

See accompanying independent auditor's report.

BELMONT FRESH WATER SUPPLY DISTRICT NO. 1
OF DENTON COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
JANUARY 31, 2022

	SERIES-2017 ROAD		
Due During Fiscal Years Ending January 31	Principal Due March 1	Interest Due March 1/ September 1	Total
2023	$ 265,000	$ 260,380	$ 525,380
2024	275,000	249,582	524,582
2025	285,000	238,382	523,382
2026	295,000	226,782	521,782
2027	305,000	217,450	522,450
2028	320,000	210,018	530,018
2029	330,000	201,481	531,481
2030	340,000	191,844	531,844
2031	355,000	181,419	536,419
2032	370,000	170,544	540,544
2033	380,000	159,294	539,294
2034	395,000	147,669	542,669
2035	410,000	135,338	545,338
2036	425,000	122,291	547,291
2037	440,000	108,500	548,500
2038	460,000	93,875	553,875
2039	475,000	78,384	553,384
2040	495,000	62,015	557,015
2041	510,000	45,056	555,056
2042	530,000	27,506	557,506
2043	550,000	9,281	559,281
2044			
2045			
2046			
2047			
	$ 8,210,000	$ 3,137,091	$ 11,347,091

See accompanying independent auditor’s report.

BELMONT FRESH WATER SUPPLY DISTRICT NO. 1
OF DENTON COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
JANUARY 31, 2022

	SERIES-2018 UTILITY		
Due During Fiscal Years Ending January 31	Principal Due March 1	Interest Due March 1/ September 1	Total
2023	$ 215,000	$ 219,432	$ 434,432
2024	225,000	212,831	437,831
2025	245,000	205,781	450,781
2026	255,000	198,281	453,281
2027	260,000	190,556	450,556
2028	270,000	182,606	452,606
2029	275,000	174,431	449,431
2030	275,000	166,181	441,181
2031	280,000	157,856	437,856
2032	285,000	149,381	434,381
2033	285,000	140,653	425,653
2034	295,000	131,406	426,406
2035	305,000	121,656	426,656
2036	305,000	111,363	416,363
2037	315,000	100,513	415,513
2038	325,000	89,313	414,313
2039	330,000	77,438	407,438
2040	335,000	64,969	399,969
2041	350,000	52,125	402,125
2042	360,000	38,812	398,812
2043	420,000	24,187	444,187
2044	435,000	8,156	443,156
2045			
2046			
2047			
	$ 6,645,000	$ 2,817,927	$ 9,462,927

See accompanying independent auditor's report.

BELMONT FRESH WATER SUPPLY DISTRICT NO. 1
OF DENTON COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
JANUARY 31, 2022

	SERIES-2018 ROAD		
Due During Fiscal Years Ending January 31	Principal Due March 1	Interest Due March 1/ September 1	Total
2023	$ 245,000	$ 250,706	$ 495,706
2024	250,000	243,281	493,281
2025	245,000	235,856	480,856
2026	255,000	228,356	483,356
2027	265,000	220,556	485,556
2028	265,000	212,606	477,606
2029	280,000	204,432	484,432
2030	290,000	195,882	485,882
2031	300,000	187,032	487,032
2032	310,000	177,882	487,882
2033	325,000	168,153	493,153
2034	335,000	157,631	492,631
2035	350,000	146,500	496,500
2036	365,000	134,425	499,425
2037	375,000	121,475	496,475
2038	385,000	108,175	493,175
2039	405,000	93,844	498,844
2040	425,000	78,281	503,281
2041	440,000	62,062	502,062
2042	455,000	45,281	500,281
2043	480,000	27,750	507,750
2044	500,000	9,375	509,375
2045			
2046			
2047			
	$ 7,545,000	$ 3,309,541	$ 10,854,541

See accompanying independent auditor's report.

BELMONT FRESH WATER SUPPLY DISTRICT NO. 1
OF DENTON COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
JANUARY 31, 2022

	SERIES - 2019 ROAD		
Due During Fiscal Years Ending January 31	Principal Due March 1	Interest Due March 1/ September 1	Total
2023	$ 475,000	$ 412,269	$ 887,269
2024	495,000	394,700	889,700
2025	510,000	378,387	888,387
2026	520,000	365,538	885,538
2027	535,000	354,988	889,988
2028	555,000	344,088	899,088
2029	565,000	332,888	897,888
2030	585,000	321,388	906,388
2031	605,000	308,353	913,353
2032	620,000	293,418	913,418
2033	640,000	277,668	917,668
2034	655,000	261,071	916,071
2035	680,000	243,125	923,125
2036	695,000	228,563	923,563
2037	720,000	212,550	932,550
2038	745,000	190,575	935,575
2039	765,000	167,925	932,925
2040	790,000	144,600	934,600
2041	820,000	120,450	940,450
2042	845,000	95,475	940,475
2043	890,000	69,450	959,450
2044	920,000	42,300	962,300
2045	950,000	14,250	964,250
2046			
2047			
	$ 15,580,000	$ 5,574,019	$ 21,154,019

See accompanying independent auditor's report.

BELMONT FRESH WATER SUPPLY DISTRICT NO. 1
OF DENTON COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
JANUARY 31, 2022

	S E R I E S - 2 0 1 9 U T I L I T Y		
Due During Fiscal Years Ending January 31	Principal Due March 1	Interest Due March 1/ September 1	Total
2023	$ 60,000	$ 50,050	$ 110,050
2024	65,000	48,175	113,175
2025	65,000	46,225	111,225
2026	65,000	44,600	109,600
2027	70,000	43,250	113,250
2028	70,000	41,850	111,850
2029	70,000	40,450	110,450
2030	75,000	39,000	114,000
2031	75,000	37,406	112,406
2032	80,000	35,663	115,663
2033	80,000	33,863	113,863
2034	85,000	31,900	116,900
2035	85,000	29,775	114,775
2036	90,000	27,587	117,587
2037	90,000	25,225	115,225
2038	90,000	22,750	112,750
2039	95,000	20,206	115,206
2040	100,000	17,400	117,400
2041	100,000	14,400	114,400
2042	105,000	11,325	116,325
2043	105,000	8,175	113,175
2044	110,000	4,950	114,950
2045	110,000	1,650	111,650
2046			
2047			
	$ 1,940,000	$ 675,875	$ 2,615,875

See accompanying independent auditor’s report.

BELMONT FRESH WATER SUPPLY DISTRICT NO. 1
OF DENTON COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
JANUARY 31, 2022

	SERIES - 2020 ROAD		
Due During Fiscal Years Ending January 31	Principal Due March 1	Interest Due March 1/ September 1	Total
2023	$ 130,000	$ 63,413	$ 193,413
2024	135,000	60,763	195,763
2025	135,000	58,063	193,063
2026	140,000	55,313	195,313
2027	135,000	52,563	187,563
2028	130,000	49,913	179,913
2029	130,000	47,313	177,313
2030	125,000	44,763	169,763
2031	120,000	42,313	162,313
2032	120,000	39,913	159,913
2033	120,000	37,512	157,512
2034	120,000	35,112	155,112
2035	115,000	32,762	147,762
2036	115,000	30,462	145,462
2037	110,000	28,212	138,212
2038	110,000	26,012	136,012
2039	110,000	23,812	133,812
2040	115,000	21,562	136,562
2041	115,000	19,262	134,262
2042	115,000	16,819	131,819
2043	165,000	13,669	178,669
2044	170,000	9,900	179,900
2045	175,000	6,018	181,018
2046	180,000	2,025	182,025
2047			
	$ 3,135,000	$ 817,469	$ 3,952,469

See accompanying independent auditor’s report.

BELMONT FRESH WATER SUPPLY DISTRICT NO. 1
OF DENTON COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
JANUARY 31, 2022

	SERIES-2021 ROAD		
Due During Fiscal Years Ending January 31	Principal Due March 1	Interest Due March 1/ September 1	Total
2023	$ 250,000	$ 168,363	$ 418,363
2024	255,000	163,312	418,312
2025	265,000	158,112	423,112
2026	270,000	152,762	422,762
2027	275,000	147,313	422,313
2028	280,000	141,762	421,762
2029	290,000	136,063	426,063
2030	295,000	130,213	425,213
2031	300,000	124,263	424,263
2032	310,000	118,163	428,163
2033	315,000	111,913	426,913
2034	320,000	105,563	425,563
2035	330,000	99,063	429,063
2036	335,000	92,413	427,413
2037	345,000	85,613	430,613
2038	350,000	78,663	428,663
2039	360,000	71,563	431,563
2040	370,000	64,263	434,263
2041	375,000	56,813	431,813
2042	385,000	49,213	434,213
2043	395,000	41,413	436,413
2044	405,000	32,906	437,906
2045	410,000	23,738	433,738
2046	420,000	14,394	434,394
2047	430,000	4,837	434,837
	$ 8,335,000	$ 2,372,694	$ 10,707,694

See accompanying independent auditor's report.

BELMONT FRESH WATER SUPPLY DISTRICT NO. 1
OF DENTON COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
JANUARY 31, 2022

	SERIES-2021 UTILITY		
Due During Fiscal Years Ending January 31	Principal Due March 1	Interest Due March 1/ September 1	Total
2023	$	$ 78,740	$ 78,740
2024	155,000	108,450	263,450
2025	160,000	102,937	262,937
2026	165,000	97,250	262,250
2027	165,000	91,475	256,475
2028	165,000	87,762	252,762
2029	170,000	86,087	256,087
2030	165,000	84,206	249,206
2031	175,000	81,863	256,863
2032	175,000	78,800	253,800
2033	180,000	75,250	255,250
2034	180,000	71,650	251,650
2035	180,000	67,825	247,825
2036	185,000	63,719	248,719
2037	195,000	59,322	254,322
2038	200,000	54,631	254,631
2039	200,000	49,756	249,756
2040	205,000	44,694	249,694
2041	215,000	39,309	254,309
2042	215,000	33,666	248,666
2043	225,000	27,891	252,891
2044	230,000	21,919	251,919
2045	235,000	15,816	250,816
2046	240,000	9,581	249,581
2047	245,000	3,216	248,216
	$ 4,625,000	$ 1,535,815	$ 6,160,815

See accompanying independent auditor's report.

BELMONT FRESH WATER SUPPLY DISTRICT NO. 1
OF DENTON COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
JANUARY 31, 2022

	ANNUAL REQUIREMENTS FOR ALL SERIES		
Due During Fiscal Years Ending January 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2023	$ 2,415,000	$ 2,245,233	$ 4,660,233
2024	2,660,000	2,189,274	4,849,274
2025	2,755,000	2,096,748	4,851,748
2026	2,850,000	2,005,012	4,855,012
2027	2,930,000	1,921,470	4,851,470
2028	3,005,000	1,846,893	4,851,893
2029	3,090,000	1,772,701	4,862,701
2030	3,165,000	1,695,033	4,860,033
2031	3,255,000	1,612,686	4,867,686
2032	3,350,000	1,524,796	4,874,796
2033	3,445,000	1,431,963	4,876,963
2034	3,540,000	1,334,518	4,874,518
2035	3,645,000	1,232,198	4,877,198
2036	3,750,000	1,128,377	4,878,377
2037	3,870,000	1,017,780	4,887,780
2038	3,990,000	897,526	4,887,526
2039	4,115,000	771,853	4,886,853
2040	4,255,000	639,334	4,894,334
2041	4,395,000	500,833	4,895,833
2042	4,540,000	356,997	4,896,997
2043	3,575,000	227,854	3,802,854
2044	2,770,000	129,506	2,899,506
2045	1,880,000	61,472	1,941,472
2046	840,000	26,000	866,000
2047	675,000	8,053	683,053
	$ 78,760,000	$ 28,674,110	$ 107,434,110

See accompanying independent auditor’s report.

THIS PAGE INTENTIONALLY LEFT BLANK

BELMONT FRESH WATER SUPPLY DISTRICT NO. 1
OF DENTON COUNTY
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED JANUARY 31, 2022

Description	Original Bonds Issued	Bonds Outstanding February 1, 2021
Belmont Fresh Water Supply District No. 1 of Denton County Unlimited Tax Utility Bonds - Series 2016	$ 11,565,000	$ 10,650,000
Belmont Fresh Water Supply District No. 1 of Denton County Unlimited Tax Road Bonds - Series 2016	4,015,000	3,700,000
Belmont Fresh Water Supply District No. 1 of Denton County Unlimited Tax Road Bonds - Series 2016A	4,200,000	3,850,000
Belmont Fresh Water Supply District No. 1 of Denton County Unlimited Tax Utility Bonds - Series 2017	5,580,000	5,285,000
Belmont Fresh Water Supply District No. 1 of Denton County Unlimited Tax Road Bonds - Series 2017	8,945,000	8,465,000
Belmont Fresh Water Supply District No. 1 of Denton County Unlimited Tax Utility Bonds - Series 2018	7,200,000	6,845,000
Belmont Fresh Water Supply District No. 1 of Denton County Unlimited Tax Road Bonds - Series 2018	8,225,000	7,785,000
Belmont Fresh Water Supply District No. 1 of Denton County Unlimited Tax Road Bonds - Series 2019	16,455,000	16,045,000
Belmont Fresh Water Supply District No. 1 of Denton County Unlimited Tax Utility Bonds - Series 2019	2,000,000	2,000,000
Belmont Fresh Water Supply District No. 1 of Denton County Unlimited Tax Road Bonds - Series 2020	3,255,000	3,255,000
Belmont Fresh Water Supply District No. 1 of Denton County Unlimited Tax Road Bonds - Series 2021	8,335,000	
Belmont Fresh Water Supply District No. 1 of Denton County Unlimited Tax Utility Bonds - Series 2021	4,625,000	
TOTAL	$ 84,400,000	$ 67,880,000

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements		Bonds Outstanding	
Bonds Sold	Principal	Interest	January 31, 2022	Paying Agent
$	$ 330,000	$ 380,463	$ 10,320,000	Regions Bank Houston, TX
	120,000	122,900	3,580,000	Regions Bank Houston, TX
	130,000	98,375	3,720,000	Regions Bank Houston, TX
	160,000	172,419	5,125,000	Regions Bank Houston, TX
	255,000	270,781	8,210,000	Regions Bank Houston, TX
	200,000	225,657	6,645,000	Regions Bank Houston, TX
	240,000	257,981	7,545,000	Regions Bank Houston, TX
	465,000	430,475	15,580,000	Regions Bank Houston, TX
	60,000	51,850	1,940,000	Regions Bank Houston, TX
	120,000	65,912	3,135,000	Regions Bank Houston, TX
8,335,000		45,563	8,335,000	Regions Bank Houston, TX
4,625,000			4,625,000	Regions Bank Houston, TX
$ 12,960,000	$ 2,080,000	$ 2,122,376	$ 78,760,000	

See accompanying independent auditor’s report.

BELMONT FRESH WATER SUPPLY DISTRICT NO. 1
OF DENTON COUNTY
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED JANUARY 31, 2022

Bond Authority:	Utility Bonds	Road Bonds	Utility and Road Refunding Bonds
Amount Authorized by Voters	$ 76,475,000	$ 131,040,000	$ 311,275,000
Amount Issued	30,970,000	53,430,000	
Remaining to be Issued	$ 45,505,000	$ 77,610,000	$ 311,275,000

Debt Service Fund cash and investment balances as of January 31, 2022:	$ 6,321,565
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 4,297,364

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

See accompanying independent auditor's report.

THIS PAGE INTENTIONALLY LEFT BLANK

BELMONT FRESH WATER SUPPLY DISTRICT NO. 1
OF DENTON COUNTY
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2022	2021	2020
REVENUES			
Property Taxes	$ 1,344,394	$ 934,364	$ 1,018,809
Permit Fees	985,800	517,400	647,200
Franchise Fees	232,865	200,707	185,930
Investment and Miscellaneous Revenues	2,487	11,620	54,648
TOTAL REVENUES	$ 2,565,546	$ 1,664,091	$ 1,906,587
EXPENDITURES			
Professional Fees	$ 243,675	$ 250,032	$ 218,374
Contracted Services	281,486	246,122	216,196
Repairs and Maintenance	127,272	70,290	31,143
Inspection Services	291,298	168,690	222,200
Other	136,777	79,381	63,106
Capital Outlay	279,116	862,044	1,235,016
TOTAL EXPENDITURES	$ 1,359,624	$ 1,676,559	$ 1,986,035
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 1,205,922	$ (12,468)	$ (79,448)
OTHER FINANCING SOURCES (USES)			
Transfers In(Out)	$ - 0 -	$ - 0 -	$ - 0 -
NET CHANGE IN FUND BALANCE	$ 1,205,922	$ (12,468)	$ (79,448)
BEGINNING FUND BALANCE	2,594,856	2,607,324	2,686,772
ENDING FUND BALANCE	$ 3,800,778	$ 2,594,856	$ 2,607,324

See accompanying independent auditor’s report.

2019	2018	Percentage of Total Revenues 2022	2021	2020	2019	2018
$ 959,054	$ 752,507	52.4 %	56.1 %	53.4 %	48.8 %	45.9 %
834,600	766,600	38.4	31.1	33.9	42.4	46.7
122,498	90,138	9.1	12.1	9.8	6.2	5.5
52,102	31,949	0.1	0.7	2.9	2.6	1.9
$ 1,968,254	$ 1,641,194	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 200,960	$ 148,333	9.5 %	15.0 %	11.5 %	10.2 %	9.0 %
189,306	111,936	11.0	14.8	11.3	9.6	6.8
70,784	24,315	5.0	4.2	1.6	3.6	1.5
331,851	294,780	11.4	10.1	11.7	16.9	18.0
35,894	49,331	5.3	4.8	3.3	1.8	3.0
1,358,647		10.9	51.8	64.8	69.0	
$ 2,187,442	$ 628,695	53.1 %	100.7 %	104.2 %	111.1 %	38.3 %
$ (219,188)	$ 1,012,499	46.9 %	(0.7) %	(4.2) %	(11.1) %	61.7 %
$ - 0 -	$ 50,000					
$ (219,188)	$ 1,062,499					
2,905,960	1,843,461					
$ 2,686,772	$ 2,905,960					

See accompanying independent auditor’s report.

BELMONT FRESH WATER SUPPLY DISTRICT NO. 1
OF DENTON COUNTY
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2022	2021	2020
REVENUES			
Property Taxes	$ 4,287,983	$ 3,717,888	$ 2,737,580
Investment and Miscellaneous Revenues	13,349	22,531	56,034
TOTAL REVENUES	$ 4,301,332	$ 3,740,419	$ 2,793,614
EXPENDITURES			
Tax Collection Expenditures	$ 8,482	$ 7,496	$ 5,712
Debt Service Principal	2,080,000	1,785,000	1,275,000
Debt Service Interest	2,122,376	2,073,056	1,639,746
TOTAL EXPENDITURES	$ 4,210,858	$ 3,865,552	$ 2,920,458
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 90,474	$ (125,133)	$ (126,844)
OTHER FINANCING SOURCES (USES)			
Proceeds From Issuance of Long-Term Debt	$ 169,696	$ 32,997	$ 228,087
NET CHANGE IN FUND BALANCE	$ 260,170	$ (92,136)	$ 101,243
BEGINNING FUND BALANCE	1,527,549	1,619,685	1,518,442
ENDING FUND BALANCE	$ 1,787,719	$ 1,527,549	$ 1,619,685
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				
2019	2018	2022	2021	2020	2019	2018
$ 1,681,435	$ 986,649	99.7 %	99.4 %	98.0 %	98.1 %	99.7 %
31,648	2,621	0.3	0.6	2.0	1.9	0.3
$ 1,713,083	$ 989,270	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 4,781	$ 17,047	0.2 %	0.2 %	0.2 %	0.3 %	1.7 %
500,000		48.4	47.7	45.6	29.2	
1,132,810	710,650	49.3	55.4	58.7	66.1	71.9
$ 1,637,591	$ 727,697	97.9 %	103.3 %	104.5 %	95.6 %	73.6 %
$ 75,492	$ 261,573	2.1 %	(3.3) %	(4.5) %	4.4 %	26.4 %
$ 119,653	$ 241,250					
$ 195,145	$ 502,823					
1,323,297	820,474					
$ 1,518,442	$ 1,323,297					
N/A	N/A					
N/A	N/A					

See accompanying independent auditor’s report.

BELMONT FRESH WATER SUPPLY DISTRICT NO. 1
OF DENTON COUNTY
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JANUARY 31, 2022

District Mailing Address - Belmont Fresh Water Supply District No. 1
of Denton County
c/o Crawford & Jordan LLP
3100 McKinnon Street, Suite 1100
Dallas, TX 75201

District Telephone Number - (214) 981-9090

Supervisors:	Term of Office (Elected or Appointed)	Fees of Office for the year ended January 31, 2022	Expense Reimbursements for the year ended January 31, 2022	Title
Matthew Brown	11/2020 05/2024 (Elected)	$ 1,200	$ -0-	President
Walker Phillips	05/2018 05/2022 (Elected))	$ 1,800	$ 15	Vice President
David Booth	05/2018 05/2022 (Appointed)	$ 1,500	$ 12	Secretary
Travis Cooper	11/2020 05/2024 (Elected)	$ 1,650	$ -0-	Assistant Secretary/ Treasurer
Matthew Befort	05/2018 05/2022 (Elected)	$ 2,550	$ 14	Supervisor

Notes: No Supervisor 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: December 2, 2020

The limit on Fees of Office that a Supervisor may receive during a fiscal year is $7,200 as set by Board Resolution on August 6, 2007. Fees of Office are the amounts actually paid to a Supervisor during the District's current fiscal year.

See accompanying independent auditor's report.

BELMONT FRESH WATER SUPPLY DISTRICT NO. 1
OF DENTON COUNTY
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JANUARY 31, 2022

Consultants:	Date Hired	Fees / Compensation for the year ended January 31, 2022	Title
Crawford & Jordan, LLP	07/30/07	$ 110,634	General Counsel
McCall Parkhurst & Horton LLP		$ 349,099	Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	01/15/14	$ 17,000	Auditor
		$ 36,750	AUP/Other Services
L & S District Services, LLC	04/18/18	$ 16,192	Bookkeeper
		$ 1,800	Bond Related
Quiddity Engineering LLC	08/06/07	$ 204,397	Engineer
Robert W. Baird & Co. Incorporated	02/18/15	$ 263,731	Financial Advisor
Debra Loggins		$ -0-	Investment Officer

See accompanying independent auditor's report.

APPENDIX B

Specimen Municipal Bond Insurance Policy

ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: $ in aggregate principal amount of

Effective Date:

Premium: $

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

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

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

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

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

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

ASSURED GUARANTY MUNICIPAL CORP.

By ______________________________
Authorized Officer

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