OFFICIAL STATEMENT DATED FEBRUARY 21, 2023

In the opinion of Bond Counsel (defined below), under current law and subject to conditions described in the Section herein "Tax Exemption," interest on the Bonds (a) is not included in gross income for federal income tax purposes, (b) is not an item of tax preference for purposes of the federal alternative minimum income tax, and (c) may have to be taken into account by applicable corporations (as defined in Section 59(k) of the Code) for the alternative minimum tax imposed on such corporations. A holder may be subject to other federal tax consequences as described in the Section herein "Tax Exemption." See "TAX EXEMPTION" herein.

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

NEW ISSUE – Book-Entry-Only

Moody's Investors Service, Inc. (Underlying)..............................."A2"
S&P Global ratings (BAM Insured)..."AA"
See: "MUNICIPAL BOND INSURANCE" and "RATINGS" herein.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 113
(A political subdivision of the State of Texas, located within Montgomery County)

$4,320,000
Unlimited Tax Park Bonds
Series 2023

Dated Date: March 1, 2023

Interest accrues from: March 21, 2023 **Due: September 1, as shown on the inside cover**

Interest on the $4,320,000 Montgomery County Municipal Utility District No. 113 Unlimited Tax Park Bonds, Series 2023 (the "Bonds") will accrue from the date of delivery, which is expected to be on or about March 21, 2023 (the "Date of Delivery") and is payable on September 1, 2023, and on each March 1 and September 1 (each an "Interest Payment Date") thereafter until the earlier of maturity or redemption, and will be calculated on the basis of a 360-day year composed of twelve 30-day months. Interest on the Bonds will be payable by check dated as of the Interest Payment Date and mailed by the Paying Agent/Registrar (herein defined) to registered owners as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding each interest payment date. The Bonds will be issued in fully registered form only, without coupons, in principal denominations of $5,000 or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., as registered owner and nominee for the Depository Trust Company, New York, New York ("DTC"), acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co., as the nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable by the paying agent to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds. The initial paying agent for the Bonds is Regions Bank, an Alabama banking corporation, Houston, Texas (the "Paying Agent/Registrar"). The Bonds are obligations solely of Montgomery County Municipal Utility District No. 113 (the "District") and are not obligations of the State of Texas; Montgomery County, Texas; the City of Conroe, Texas; or any entity other than the District.

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

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

The Bonds constitute the third series of unlimited tax bonds issued by the District for the purpose of acquiring or constructing parks and recreational facilities to serve the District. Voters in the District have authorized a total of $16,445,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District and for the refunding of such bonds. Additionally, the voters in the District have authorized a total of $170,220,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, wastewater, and drainage facilities to serve the District (the "System") and for the refunding of such bonds, and $47,400,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing road improvements to serve the District (the "Road System") and for the refunding of such bonds. Following the issuance of the Bonds, no unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District and for the refunding of such bonds will remain authorized and unissued, $77,540,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the System and for the refunding of such bonds, and $3,260,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing road improvements to serve the District and for the refunding of such bonds will remain authorized and unissued. The Bonds, when issued will constitute valid and binding obligations of the District, payable from the proceeds of a continuing, direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS – Source of Payment."

The Bonds are offered by the winning bidder for the Bonds (the "Initial Purchaser") subject to prior sale, when, as and if issued by the District and accepted by the Initial Purchaser, subject, among other things to the approval of the initial bond by the Attorney General of Texas and the approval of certain legal matters by The Muller Law Group, PLLC, Sugar Land, Texas, as Bond Counsel. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, Houston, Texas, as Disclosure Counsel. Delivery of the Bonds is expected on or about March 21, 2023.

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

$4,320,000 Unlimited Tax Park Bonds, Series 2023

$2,315,000 Serial Bonds

Maturity September 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 61371A (b)	Maturity September 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 61371A (b)
2023	$ 45,000	4.000%	3.500%	YY0	2032 (c)	$ 140,000	3.125%	3.550%	ZH6
2024	95,000	4.000%	3.400%	YZ7	2033 (c)	150,000	4.000%	3.600%	ZJ2
2025	100,000	4.000%	3.300%	ZA1	2034 (c)	155,000	4.000%	3.750%	ZK9
2026	105,000	5.000%	3.300%	ZB9	2035 (c)	165,000	4.000%	3.850%	ZL7
2027	110,000	5.000%	3.300%	ZC7	2036 (c)	175,000	4.000%	4.000%	ZM5
2028	115,000	5.000%	3.300%	ZD5	2037 (c)	180,000	4.000%	4.100%	ZN3
2029	125,000	5.000%	3.300%	ZE3	2038 (c)	190,000	4.000%	4.150%	ZP8
2030 (c)	130,000	3.000%	3.350%	ZF0	2039 (c)	200,000	4.000%	4.200%	ZQ6
2031 (c)	135,000	3.000%	3.450%	ZG8					

$2,005,000 Term Bonds

$905,000 Term Bond Due September 1, 2043 (c)(d), Interest Rate: 4.250% (Price: $98.919) (a), CUSIP No. 61371A ZU7 (b)

$525,000 Term Bond Due September 1, 2045 (c)(d), Interest Rate: 4.250% (Price: $98.573) (a), CUSIP No. 61371A ZW3 (b)

$575,000 Term Bond Due September 1, 2047 (c)(d), Interest Rate: 4.250% (Price: $97.765) (a), CUSIP No. 61371A ZY9 (b)

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

(b) CUSIP numbers have been assigned to this issue by the CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf on behalf of the American Bankers Association, and are included solely for the convenience of the Purchasers of the Bonds. None of the District, the Financial Advisor (herein defined) or the Initial Purchaser shall be responsible for the selection or the correctness of the CUSIP numbers shown herein.

(c) Bonds maturing on September 1, 2030, and thereafter, shall be subject to redemption and payment at the option of the District, in whole or from time to time in part on March 1, 2029, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption Provisions – *Optional Redemption*."

(d) Subject to mandatory sinking fund redemption as provided under "THE BONDS – Redemption Provisions – *Mandatory Redemption*."

USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

All of the summaries of the statutes, resolutions, orders, contracts, audits, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents, copies of which are available from Bond Counsel upon payment of duplication costs, for further information.

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.

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

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

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

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SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid of SAMCO Capital Markets, Inc. (the "Initial Purchaser") to purchase the Bonds at the interest rates shown on the inside cover of this Official Statement at a price of 97.049498% of par, resulting in a net effective interest rate to the District 4.343461%, as calculated pursuant to Chapter 1204, Texas Government Code, as amended. No assurance can be given that any trading market will be developed for the Bonds after their sale by the District to the Initial Purchaser. The District has no control over the price at which the Bonds are subsequently sold, and the initial yields at which the Bonds are priced and reoffered are established by and are the sole responsibility of the Initial Purchaser.

Prices and Marketability

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Initial Purchaser on or before the date of delivery of the Bonds stating the prices at which a substantial amount of the Bonds of each maturity has been sold to the public. For this purpose, the term "public" shall not include any person who is a bond house, broker, dealer or similar person or organization acting in the capacity of underwriter or wholesaler. Otherwise, the District has no understanding with the Initial Purchaser regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the responsibility of the Initial Purchaser.

Subject to certain restrictions described in the Official Notice of Sale, the prices and other terms with respect to the offering and sale of the Bonds may be changed from time-to-time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts. In connection with the offering of the Bonds, the Initial Purchaser may over-allot or effect transactions which stabilize or maintain the market prices of the Bonds at levels above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The District has no control over trading of the Bonds in the secondary market. Moreover, there is no 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.

Securities Laws

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

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, BAM will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as "APPENDIX B."

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

Build America Mutual Assurance Company

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

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

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

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

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of December 31, 2022 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $490.7 million, $207.3 million and $283.4 million, respectively.

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

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

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

Additional Information Available from BAM

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

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

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

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

RATINGS

Moody's Investors Service, Inc. ("Moody's") has assigned an underlying credit rating of "A2" 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. The ratings express only the view of Moody's 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 Moody's, if in their judgment, circumstances so warrant. Any such revisions or withdrawal of the rating may have an adverse effect on the market price of the Bonds. The District will pay the underlying rating fees charged by Moody's.

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

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

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OFFICIAL STATEMENT SUMMARY

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

THE BONDS

Description	The $4,320,000 Montgomery County Municipal Utility District No. 113 Unlimited Tax Park Bonds, Series 2023 (the "Bonds") are dated March 1, 2023, and mature on September 1 in the years and amounts set forth on the inside cover. Interest accrues from the date of delivery, which is expected to be on or about March 21, 2023 (the "Date of Delivery"), at the rates per annum set forth on the inside cover and is payable September 1, 2023, and each March 1 and September 1 thereafter until maturity or earlier redemption. The Bonds are offered in fully registered form in integral multiples of $5,000 of principal amount for any one maturity. See "THE BONDS – General."
Redemption Provisions	Bonds maturing on and after September 1, 2030, are subject to redemption, in whole or from time to time in part, at the option of Montgomery County Municipal Utility District No. 113 (the "District") on March 1, 2029, and on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date of redemption. See "THE BONDS – Redemption Provisions – *Optional Redemption*."
	The Bonds maturing on September 1 in the years 2043, 2045, and 2047 are term bonds (the "Term Bonds"). The Term Bonds also have certain mandatory redemption provisions as set forth herein under "THE BONDS – Redemption Provisions – *Mandatory Redemption*."
Source of Payment	Principal of and interest on the Bonds are payable from the proceeds of a continuing direct annual ad valorem tax levied upon all taxable property within the District without legal limitation as to rate or amount. The Bonds are obligations solely of the District and are not obligations of the State of Texas ("Texas"); Montgomery County, Texas (the "County"); the City of Conroe, Texas (the "City"); or any other political subdivision or entity other than the District. See "THE BONDS – Source of Payment."
Authority for Issuance	The Bonds constitute the third series of unlimited tax bonds issued by the District for the purpose of acquiring or constructing parks and recreational facilities to serve the District. Voters in the District have authorized a total of $16,445,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District and for the refunding of such bonds. Additionally, the voters in the District have authorized a total of $170,220,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, wastewater, and drainage facilities to serve the District (the "System") and for the refunding of such bonds, and $47,400,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing road improvements to serve the District (the "Road System") and for the refunding of such bonds. Following the issuance of the Bonds, no unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District and for the refunding of such bonds will remain authorized and unissued. $77,540,000 principal amount of unlimited tax bonds for the

	purpose of acquiring or constructing the System and for the refunding of such bonds and $3,260,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing Road System and for the refunding of such bonds will remain authorized and unissued. The Bonds, when issued will constitute valid and binding obligations of the District, payable from the proceeds of a continuing, direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See “THE BONDS – Source of Payment.” The Bonds are issued pursuant to an order by the Texas Commission on Environmental Quality (the “TCEQ”); Article XVI, Section 59 of the Texas Constitution and general laws of Texas, including Chapters 49 and 54, Texas Water Code, as amended; Chapter 8212 of the Texas Special District Local Laws Code; a resolution authorizing issuance of the Bonds (the “Bond Resolution”) adopted by the Board of Directors of the District (the “Board”); and an election held within the boundaries of the District on May 10, 2008. See “THE BONDS – Authority for Issuance” and “THE BONDS – Issuance of Additional Debt.”
Use of Proceeds	Proceeds from the Bonds will also be used to reimburse the developers for the construction of park and recreational facilities within the District, to pay developer interest, and to pay other costs associated with the issuance of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."
Outstanding Bonds	The District has previously issued two (2) series of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District and for refunding purposes. Of such previously issued bonds, $11,205,000 remains outstanding as of February 1, 2023 (the “Outstanding Park Bonds”). The District has previously issued twelve (12) series of unlimited tax bonds for the purpose of acquiring or constructing the System and for refunding purposes. Of such previously issued bonds, $76,365,000 remains outstanding as of February 1, 2023 (the “Outstanding System Bonds”). The District has previously issued ten (10) series of unlimited tax bonds for the purpose of acquiring or constructing the Road System and for refunding purposes. Of such previously issued bonds, $36,565,000 remains outstanding as of February 1, 2023 (the “Outstanding Road Bonds”). The Outstanding System Bonds, the Outstanding Road Bonds, and the Outstanding Park Bonds are collectively referred to as the “Outstanding Bonds.” See “THE BONDS – Outstanding Bonds.”
Municipal Bond Insurance	Build America Mutual Assurance Company (“BAM”). See “MUNICIPAL BOND INSURANCE.”
Ratings..	S&P Global Ratings (BAM Insured): “AA.” Moody’s Investors Service, Inc. (Underlying): “A2.” See “RATINGS.”
Not Qualified Tax-Exempt Obligations	The District has NOT designated the Bonds as "Qualified Tax-Exempt Obligations" for financial institutions. See "TAX EXEMPTION – Other Tax Matters."
General & Bond Counsel...................................	The Muller Law Group, PLLC, Sugar Land, Texas.
Disclosure Counsel	Orrick, Herrington & Sutcliffe LLP, Houston, Texas.

Financial Advisor	Robert W. Baird & Co. Incorporated, Houston, Texas.
District Engineer	LJA Engineering, Inc., Houston, Texas.

THE DISTRICT

The Issuer	The District was created under Section 59, Article XVI, and Section 52, Article III, Texas Constitution by Senate Bill 1963 of the Texas Legislature, 80th Regular Session, effective June 16, 2007, as codified in Chapter 8212 of the Texas Special District Local Laws Code. The District is part of an approximately 3,150-acre master-planned community known as "Woodforest." The District contains approximately 2,166.67 acres. See "THE DISTRICT – General."
Location	The District is located in the central region of the County, approximately 38 miles northwest of the downtown of the City of Houston, Texas, and is located entirely within the extraterritorial jurisdiction of the City. The District lies approximately 6.5 miles west of Interstate Highway 45 and approximately 4 miles north of FM 1488. The District is generally bordered on the north by existing Ridge Lake Shores Development, on the east by Fish Creek, on the south by Lake Creek and on the west by Mound Creek. See "LOCATION MAP."
Developer and Principal Landowner	Woodforest Development, Inc. ("WDI" or the "Developer"), a Texas corporation, is the principal developer in the District. Its president is Michael Smith of Johnson Development Corp. Woodforest Partners, L.P. ("WPLP"), a Texas limited partnership whose general partner is Woodforest GP L.L.C. and whose limited partner is Riverway 2006 Partners, L.P., is an affiliated entity of WDI. Together, these two entities currently own approximately 288.61 acres in the District.
Development within the District	Land within the District has been developed as the single-family subdivision of Woodforest, Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 49, 50, 51, 52, 53, 54, 55, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 69, 70, 71, 72, 73, 93, 94, 99, 100, 103, and 107; Kingsley Square, Section 1 & 2; Elk Trace Golf Estates, Section 1; Pine Island at Woodforest, Sections 1 and 2; and Bonterra at Woodforest, Sections 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10 (aggregating approximately 1,499.00 acres and 3,971 single-family lots). As of February 1, 2023, the District consisted of 3,692 complete and occupied homes, 18 complete and unoccupied homes, 7 model homes, 70 homes under construction and 184 vacant developed lots. Conroe Independent School District has constructed an elementary school on approximately 15.40 acres. A fire station has been constructed on 1.18 acres. The District contains approximately 114 acres for commercial development that has either been developed or set aside for future development. In addition, the District contains approximately 60.00 undeveloped but developable acres and approximately 477.09 undevelopable acres. See "DEVELOPMENT WITHIN THE DISTRICT."

Homebuilders Within the District................	Homebuilders active within the District include Gracepoint Homes, Chesmar Homes, Taylor Morrison Homes, Huntington Homes, Perry Homes, Westin Homes, Wendell Legacy Homes, Lennar Homes, Highland Homes, Darling Homes, David Weekley Homes, Jeff Paul Custom Homes, and Tipler Design & Build Homes. The homes being marketed in the District range in price from approximately $180,000 to over $1,000,000.
Woodforest..	All residential development within Woodforest has occurred within the District and Montgomery County Municipal Utility District No. 121. Within Woodforest, the Developer has facilitated the construction of 10 parks and open playgrounds; an approximately 15-mile trail system; 5 fountains; 4 lakes; a baseball field; 3 soccer fields; a dog park; a multi-sport sportsplex center; a driving range; 27-hole golf course, including a renovated clubhouse; and a nature park. The Developer has also constructed Forest Island, a 20-acre recreational facility that includes a 6,500 square foot resort-style pool; a 10,000 square foot pool deck; a 5-lane lap pool; 2 water slides; a basketball court; a 5,000 square foot splash pad; 6 tennis courts; restroom facilities; a playground area; and a food vending area. There is also a member-only 10,000 square foot clubhouse for the Bonterra at Woodforest Active-Adult Community. In addition, Conroe Independent School District has constructed an elementary school within Woodforest. Fire protection service within Woodforest is provided by Montgomery County Emergency Services District No. 3, which has constructed a fire station within Woodforest. The Church at Woodforest, hosted financially by The Woodlands United Methodist Church, has occupied its Phase I (19,000 square foot) worship center. Other Retail/Commercial development includes 282,708 square feet of mixed-use development, with an additional 150,250 square feet of mixed-use retail in construction. 332 Class A apartments under construction. See "WOODFOREST."

INFECTIOUS DISEASE OUTBREAK – COVID-19

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 (the "State") because of the effects of COVID-19. Subsequently, in response to a rise in COVID-19 infections in the State and pursuant to the 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.

INVESTMENT CONSIDERATIONS

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

SELECTED FINANCIAL INFORMATION
(UNAUDITED)

2022 Assessed Valuation	$1,645,803,404 (a)
Direct Debt:	
The Outstanding System Bonds (as of February 1, 2023)	$ 76,365,000
The Outstanding Road Bonds (as of February 1, 2023)	36,565,000
The Outstanding Park Bonds (as of February 1, 2023)	11,205,000
The Bonds	4,320,000
Total	$ 128,455,000
Estimated Overlapping Debt	$ 76,915,394
Total Direct and Estimated Overlapping Debt	$ 205,370,394
Direct Debt Ratios:	
As a Percentage of the 2022 Assessed Valuation	7.81 %
Direct and Estimated Overlapping Debt Ratios:	
As a Percentage of the 2022 Assessed Valuation	12.48 %
System Debt Service Fund Balance (as of January 16, 2023)	$ 3,545,690 (b)
Road Debt Service Fund Balance (as of January 16, 2023)	$ 1,503,627 (c)
Park Construction Fund Balance (as of January 16, 2023)	$ 375
System Construction Fund Balance (as of January 16, 2023)	$ 1,688,831
Road Construction Fund Balance (as of January 16, 2023)	$ 5,267,824
Operating Fund Balance (as of January 16, 2023)	$ 5,390,675
2022 Tax Rate per $100 of Assessed Valuation	
System Debt Service	$ 0.430
Road Debt Service	0.165
Maintenance & Operation	0.170
Total	$ 0.765 (d)
Average Annual Debt Service Requirement on the Outstanding System Bonds, the Outstanding Park Bonds, and the Bonds (2023-2047)	$ 5,027,563 (e)
Maximum Annual Debt Service Requirement on the Outstanding System Bonds, the Outstanding Park Bonds, and the Bonds (2035)	$ 6,832,269 (e)
Tax Rate per $100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirement on the Outstanding System Bonds, the Outstanding Park Bonds, and the Bonds (2023-2047) at 95% Tax Collections: Based Upon the 2022 Assessed Valuation	$ 0.33
Tax Rate per $100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirement on the Outstanding System Bonds, the Outstanding Park Bonds, and the Bonds (2035) at 95% Tax Collections: Based Upon the 2022 Assessed Valuation	$ 0.44

Average Annual Debt Service Requirement on the Outstanding Road Bonds (2023-2046)	$	2,014,460
Maximum Annual Debt Service Requirement on the Outstanding Road Bonds (2035)	$	2,745,019
Tax Rate per $100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirement on the Outstanding Road Bonds (2023-2046) at 95% Tax Collections: Based Upon 2022 Assessed Valuation		$ 0.13
Tax Rate per $100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirement on the Outstanding Road Bonds (2035) at 95% Tax Collections: Based Upon 2022 Assessed Valuation		$ 0.18
Number of Single-Family Homes (including 70 homes in various stages of construction) as of February 1, 2022		3,787

(a) Represents the assessed valuation of all taxable property within the District as of January 1, 2022, provided by the Appraisal District (herein defined). See “TAX DATA” and “TAXING PROCEDURES.”

(b) Neither Texas law nor the Bond Resolution (herein defined) requires that the District maintain any particular sum in the System Debt Service Fund (herein defined). The funds in the System Debt Service Fund are pledged only to pay the debt service on the Outstanding System Bonds, the Outstanding Park Bonds, and the Bonds, not the Outstanding Road Bonds.

(c) Neither Texas Law nor the Bond Resolution requires that the District maintain any particular sum in the Road Debt Service Fund (herein defined). The funds in the Road Debt Service Fund are pledged only to pay the debt service on the Outstanding Road Bonds, not the Outstanding System Bonds, the Outstanding Park Bonds, or the Bonds.

(d) See “TAX DATA – Tax Rate Calculations.”

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

OFFICIAL STATEMENT

$4,320,000

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 113
(A Political Subdivision of the State of Texas, located within Montgomery County)

Unlimited Tax Park Bonds, Series 2023

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Montgomery County Municipal Utility District No. 113 (the "District") of its $4,320,000 Unlimited Tax Park Bonds, Series 2023 (the "Bonds").

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 general laws of the State of Texas ("Texas"), including Chapters 49 and 54, Texas Water Code, as amended; Chapter 8212 of the Texas Special District Local Laws Code; a resolution authorizing issuance of the Bonds (the "Bond Resolution") adopted by the Board of Directors of the District (the "Board"); and an election held within the boundaries of the District on May 10, 2008.

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

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 ONLY SUMMARIES AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT. Copies of such documents may be obtained from the District at The Muller Law Group, PLLC, 202 Century Square Boulevard, Sugar Land, Texas 77478 or during the offering period from the Financial Advisor (herein defined) Attn: Stephen Eustis, 1331 Lamar Street, Suite 1360, Houston, Texas 77010 upon payment of reasonable copying, mailing and handling charges.

THE BONDS

General

The Bonds will bear interest from Date of Delivery, and will mature on September 1 of the years and in the principal amounts, and will bear interest at the rates per annum, set forth on the inside cover. Interest on the Bonds will be paid on September 1, 2023, and on each March 1 and September 1 (each an "Interest Payment Date") thereafter until maturity or earlier redemption and will be calculated on the basis of a 360-day year composed of twelve 30-day months. The Bonds will be issued in fully registered form only, without coupons, in denominations of $5,000 of principal amount or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"), acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co., as the nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable by the paying agent to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds. The initial paying agent and registrar for the Bonds is Regions Bank, Houston, Texas, an Alabama banking corporation (the "Paying Agent/Registrar").

Record Date for Interest Payment

Interest on the Bonds will be paid to the registered owner (the "Registered Owners") appearing on the registration and transfer books (the "Register") of the Paying Agent/Registrar at the close of business on the "Record Date" (the fifteenth calendar day of the month next preceding each interest payment date) and shall be paid by the Paying Agent/Registrar (i) by check sent by United States mail, first class postage prepaid, to the address of the registered owner recorded in the registration and transfer books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the principal payment office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

In the event of non-payment of interest on a scheduled payment date and for thirty (30) days thereafter, a new record date for such interest payment (the "Special Record Date") will be established by the Paying Agent/Registrar when funds for the payment of such interest have been received. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date" which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each registered owner of a Bond appearing in the registration and transfer books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing such notice.

Redemption Provisions

Optional Redemption

The Bonds maturing on and after September 1, 2030, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on March 1, 2029, and on any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest from the most recent payment date to the date fixed for redemption. The Paying Agent/Registrar shall give written notice of redemption, by registered mail, overnight delivery, or other comparably secure means, not less than thirty (30) days prior to the redemption date, to each registered securities depository (and to each national information service that disseminates redemption notices) known to the Paying Agent/Registrar, but neither the failure to give such notice nor any defect therein shall affect the sufficiency of notice given to the Registered Owner as herein above stated. The Paying Agent/Registrar may provide written notice of redemption to DTC by facsimile.

The Bonds of a denomination larger than $5,000 may be redeemed in part ($5,000 or any multiple thereof). Any Bond to be partially redeemed must be surrendered in exchange for one or more new Bonds of the same maturity for the unredeemed portion of the principal of the Bonds so surrendered. In the event of redemption of less than all of the Bonds, the particular Bonds to be redeemed shall be selected by the District; if less than all of the Bonds of a particular maturity are to be redeemed; the Paying Agent/Registrar is required to select the Bonds of such maturity to be redeemed by lot.

Mandatory Redemption

The Bonds maturing on September 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 September 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.

$905,000 Term Bonds Maturing on September 1, 2043

Mandatory Redemption Date	Principal Amount
September 1, 2040	$ 210,000
September 1, 2041	$ 220,000
September 1, 2042	$ 230,000
September 1, 2043 (Maturity)	$ 245,000

$525,000 Term Bonds Maturing on September 1, 2045

Mandatory Redemption Date	Principal Amount
September 1, 2044	$ 255,000
September 1, 2045 (Maturity)	$ 270,000

$575,000 Term Bonds Maturing on September 1, 2047

Mandatory Redemption Date	Principal Amount
September 1, 2046	$ 280,000
September 1, 2047 (Maturity)	$ 295,000

On or before forty-five (45) days prior to each Mandatory Redemption Date set forth above, the Paying Agent/Registrar shall (i) determine the principal amount of such Term Bonds that must be mandatorily redeemed on such Mandatory Redemption Date, after taking into account deliveries for cancellation and optional redemptions as more fully provided for above, (ii) select, by lot or other customary random method, the Term Bonds or portions of the Term Bonds of such maturity to be mandatorily redeemed on such Mandatory Redemption Date, and (iii) give notice of such redemption as described in "*Optional Redemption*" and as provided in the Bond Resolution. The principal amount of the Term Bonds to be mandatorily redeemed on such Mandatory Redemption Date, either has been purchased in the open market and delivered or tendered for cancellation by or on behalf of the District to the Paying Agent/Registrar or optionally redeemed and which, in either case, has not previously been made the basis for a reduction under this sentence.

Registration, Transfer and Exchange

In the event the Book-Entry-Only System (herein defined) should be discontinued, the Bonds are transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar or its corporate trust office and such transfer or exchange shall be without expenses or service charge to the Registered Owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the principal payment office of the Paying Agent/Registrar, or sent by the United States mail, first class, postage prepaid, to the new Registered Owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the Registered Owner or assignee of the Registered Owner in not more than three (3) business days after the receipt of the Bonds to be cancelled, and the written instrument of transfer or request for exchange duly executed by the Registered Owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one (1) maturity and for a like aggregate principal amount as the Bond or Bonds surrendered for exchange or transfer. See "BOOK-ENTRY-ONLY SYSTEM" for a description of the system to be utilized initially in regard to ownership and transferability of 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, receipt of satisfactory evidence of such destruction, loss or theft, and receipt by the District and the Paying Agent/Registrar of security or indemnity to hold them harmless. Upon the issuance of a new bond the District may require payment of taxes, governmental charges and other expenses (including the fees and expenses of the Paying Agent/Registrar), bond printing and legal fees in connection with any such replacement.

Replacement of Paying Agent/Registrar

Provisions are made in the Bond Resolution for replacement of the Paying Agent/Registrar by the District. If the Paying Agent/Registrar is replaced by the District, the new Paying Agent/Registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any Paying Agent/Registrar selected by the District shall be a national or state banking institution, a corporation organized and doing business under the laws of the United States of America or of any State, authorized under such laws to exercise trust powers, and subject to supervision or examination by federal or state authority, to act as paying agent for the Bonds.

Source of Payment

While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, the District covenants to levy and annually assess and collect in due time, form and manner, and at the same time as other District taxes are assessed, levied and collected, in each year, beginning with the current year, a continuing direct annual ad valorem tax, without legal limit as to rate or amount, upon all taxable property in the District sufficient to pay the interest on the Bonds as the same becomes due and to pay each installment of the principal of the Bonds as the same matures, with full allowance being made for delinquencies and cost of collection. In the Bond Resolution, the District covenants that said taxes are irrevocably pledged to the payment of the interest on and principal of the Bonds and any unlimited tax bonds hereafter issued for the purpose of acquiring or constructing the System (defined herein) or acquiring or constructing parks and recreational facilities to serve the District. The Bonds are obligations of the District and are not the obligations of Texas; Montgomery County, Texas (the "County"); the City of Conroe, Texas (the "City"); or any other political subdivision or any entity other than the District.

Payment Record

The District has never defaulted on the timely payment of principal of and interest on its bonded indebtedness. See "THE BONDS – Source of Payment."

Authority for Issuance

The Bonds constitute the third series of unlimited tax bonds issued by the District for the purpose of acquiring or constructing parks and recreational facilities to serve the District. Voters in the District have authorized a total of $16,445,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District and for the refunding of such bonds. Additionally, the voters in the District have authorized a total of $170,220,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, wastewater, and drainage facilities to serve the District (the "System") and for the refunding of such bonds, and $47,400,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing road improvements to serve the District (the "Road System") and for the refunding of such bonds.

The Bonds are issued pursuant to an order by the TCEQ; Article XVI, Section 59 of the Texas Constitution and general laws of Texas, including Chapters 49 and 54, Texas Water Code, as amended; Chapter 8212 of the Texas Special District Local Laws Code; the Bond Resolution adopted by the Board; and an election held within the boundaries of the District on May 10, 2008.

Outstanding Bonds

The District has previously issued two (2) series of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District and for refunding purposes. Of such previously issued bonds, $11,205,000 remains outstanding as of February 1, 2023 (the "Outstanding Park Bonds").

The District has previously issued twelve (12) series of unlimited tax bonds for the purpose of acquiring or constructing the System and for refunding purposes. Of such previously issued bonds, $76,365,000 remains outstanding as of February 1, 2023 (the "Outstanding System Bonds").

The District has previously issued ten (10) series of unlimited tax bonds for the purpose of acquiring or constructing the Road System and for refunding purposes. Of such previously issued bonds, $36,565,000 remains outstanding as of February 1, 2023 (the "Outstanding Road Bonds").

The Outstanding System Bonds, the Outstanding Road Bonds, and the Outstanding Park Bonds are collectively referred to as the "Outstanding Bonds."

Issuance of Additional Debt

The District may issue additional bonds. Following the issuance of the Bonds, there will be no remaining authorization for unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District and for refunding purposes, $77,540,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the System and for refunding purposes, and $3,260,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System and for refunding purposes will remain authorized and unissued.

Following the issuance of the Bonds, the District will owe Woodforest Development, Inc. ("WDI" or the "Developer"), a Texas corporation, approximately $4,400,000 in reimbursable expenses for District projects, the funds for which were advanced by the Developer.

Based on present engineering cost estimates and on development plans provided by the Developer, in the opinion of the District's consulting engineer, LJA Engineering, Inc. (the "Engineer"), following the issuance of the Bonds, the District will have adequate authorized but unissued bonds to repay the Developer the remaining amounts owed for the existing parks and recreational, and System facilities, and to finance the extension of water, wastewater and storm drainage facilities and services to serve the remaining undeveloped land and road improvements within the District. See "DEVELOPMENT WITHIN THE DISTRICT," "THE SYSTEM," and "INVESTMENT CONSIDERATIONS – Future Debt."

Registered Owners' Remedies

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners have the right to seek a writ of mandamus, requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Bond Resolution does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. See "INVESTMENT CONSIDERATIONS – Limitation to Registered Owners' Remedies."

Legal Investment and Eligibility to Secure Public Funds in Texas

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

> "(a) All bonds, notes, and other obligations issued by a district shall be legal and authorized investments for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, and trustees, and for all interest and sinking funds and other public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic."
>
> "(b) A district's bonds, notes, and other obligations are eligible and lawful security for all deposits of public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic, to the extent of the market value of the bonds, notes, and other obligations when accompanied by any 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 Resolution provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and which mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

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

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

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by 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 Participant, (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 United States Securities and Exchange Commission (the "SEC"), and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("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 Standard & Poor's rating of AA+. The DTC rules applicable to its Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

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

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

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

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

Use of Certain Terms in Other Sections of this Official Statement

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

USE AND DISTRIBUTION OF BOND PROCEEDS

Proceeds from the Bonds will also be used to reimburse the developers for the construction of park and recreational facilities within the District, to pay developer interest, and to pay other costs associated with the issuance of the Bonds. Non-construction costs are based upon either contract amounts, or estimates of various costs by the Engineer and the Financial Advisor. The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and completion of agreed-upon procedures by the District's auditor. Totals may not sum due to rounding.

CONSTRUCTION COSTS		Total Costs
A. Developer Contribution Items		
1. Stampede Sportsplex- Phase 3 Parking Lot	$	47,425
2. Woodforest 2017 Trails		
a. Clearing and Grubbing	$	19,800
b. Construction		300,098
Subtotal	$	319,898
3. Woodforest 2019 Trails		
a. Clearing and Grubbing	$	7,250
b. Construction		722,151
Subtotal	$	729,401
4. Woodforest 2021 Trails	$	243,138
5. Christine Allen Nature Park – Electrical and Lighting	$	100,525
6. Forest Islands Tennis Courts Expansion – Construction	$	637,710
7. Woodforest 62 – Kingsley Park – Construction	$	440,674
8. Fox Trail Park		
a. Clearing and Grubbing	$	7,400
b. Construction		296,527
Subtotal	$	303,927
9. Woodforest 2022 Trails - Construction	$	268,499
10. Engineering (Items Nos 1-8)	$	237,757
11. Contingencies (Item Nos. 9)	$	36,614
Total Developer Contribution Items	$	3,365,568
TOTAL CONSTRUCTION COSTS (77.91% of BIR)	**$**	**3,365,568**
NON-CONSTRUCTION COSTS		
A. Legal Fees	$	116,400
B. Financial Advisor Fees		86,400
C. Developer Interest		497,984
D. Bond Discount		127,462
E. Bond Issuance Expenses		63,928
F. Bond Application Report Cost		45,000
G. Attorney General Fee (0.10%)		4,320
H. TCEQ Bond Issuance Cost (0.25%)		10,800
I. Contingency (a)		2,138
TOTAL NON-CONSTRUCTION COSTS (13.88% of BIR)	**$**	**954,432**
TOTAL BOND ISSUE REQUIREMENT	**$**	**4,320,000**

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

In the instance that approved estimated amounts exceed actual costs, the difference comprises a surplus which may be expended for uses approved by the TCEQ. In the instance that actual costs exceed previously approved estimated amounts and contingencies, additional TCEQ approval and the issuance of additional bonds may be required. The Engineer has advised the District that proceeds of the sale of the Bonds should be sufficient to pay the costs of the above-described facilities. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

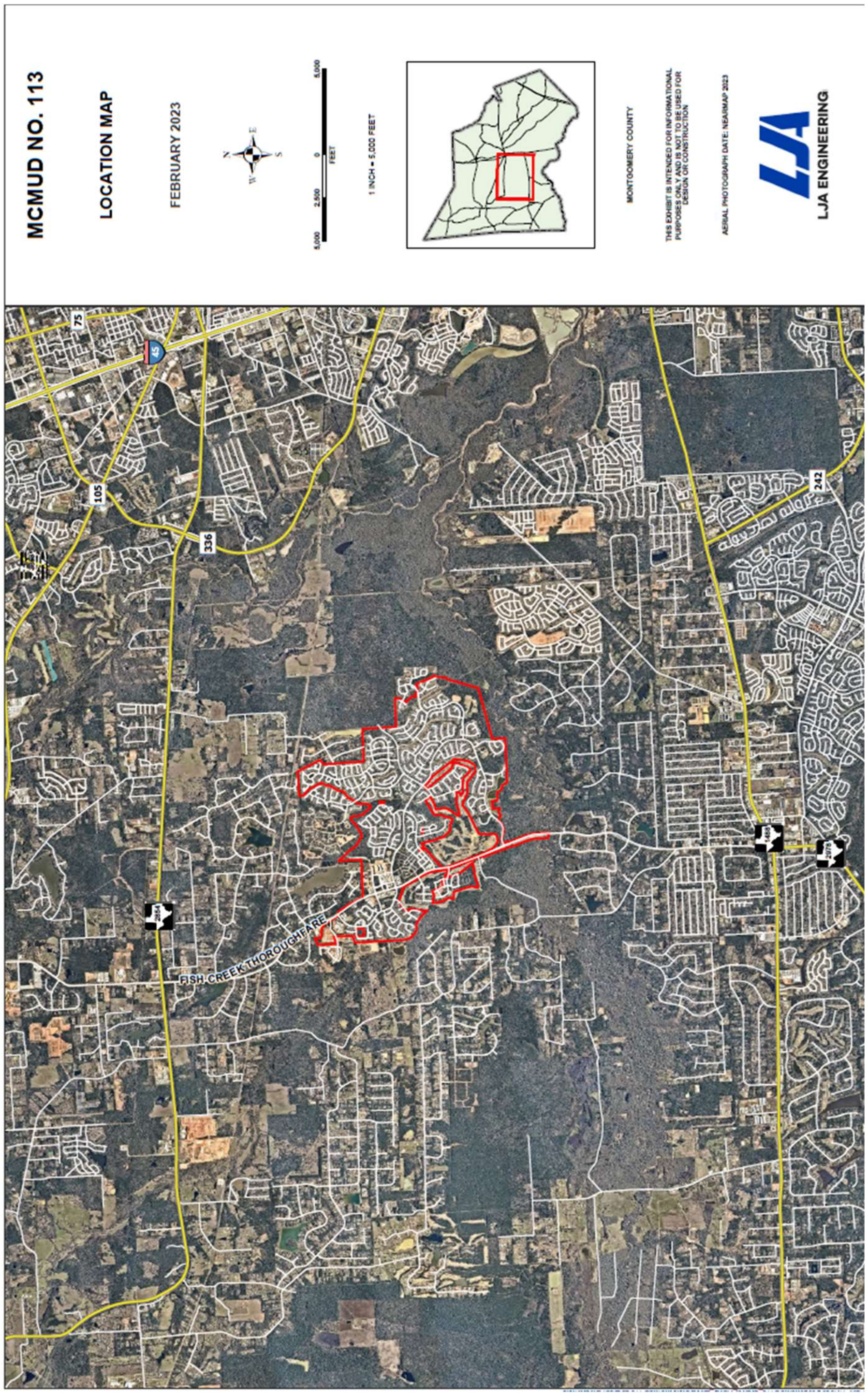
PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(January 2023)




PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(January 2023)




LOCATION MAP



THE DISTRICT

General

The District is a political subdivision of Texas, operating as a municipal utility district pursuant to Article III, Section 52 and Article XVI, Section 59 of the Texas Constitution and Chapter 8212 of the Texas Special District Local Laws Code. The District is vested with all the rights, privileges, authority and functions conferred by the laws of Texas applicable to municipal utility districts, including without limitation to those conferred by Chapters 49 and 54, Texas Water Code, as amended. The District is empowered to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water, among other things. The District is also empowered to finance certain road improvements, as long as they meet the County or City criteria for a thoroughfare, arterial, or collector road. The District may also provide solid waste collection and disposal service and operate, maintain and construct recreational facilities.

The District may operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, if approved by the voters and the TCEQ. The District does not operate and/or maintain a fire department. However, fire protection service in the District is provided by Montgomery County Emergency Services District No. 3 ("ESD No. 3"), which has constructed a fire station in the District. ESD No. 3 levies an ad valorem tax separate and apart from the District. See "TAX DATA – Estimated Overlapping Taxes." The District is subject to the continuing supervision of the TCEQ.

Location

The District is located in the central region of the County, approximately 38 miles northwest of the downtown of the City of Houston, Texas ("Houston"), and is located entirely within the extraterritorial jurisdiction of the City of Conroe, Texas. The District lies approximately 6.5 miles west of Interstate Highway 45 and approximately 4 miles north of FM 1488. The District is generally bordered on the north by existing Ridge Lake Shores Development, on the east by Fish Creek, on the south by Lake Creek and on the west by Mound Creek. See "LOCATION MAP."

Management of the District

- Board of Directors -

The District is governed by the Board, consisting of five directors, which has control over and management and supervision of all affairs of the District. Directors serve staggered four year terms, with elections held within the District on the second Saturday in May in each even numbered year. All five directors are residents of the District.

Name	Title	Precinct	Term Expires May
Chris Uzelmeier	President	3	2024
Robert Green	Vice President	1	2026
Valerie Rupp	Secretary/ Treasurer	4	2024
Ryan Wade	Assistant Vice President	5	2026
Cato McDaniel	Assistant Secretary	2	2026

- Consultants -

Tax Assessor/Collector – Land and improvements in the District are being appraised by the Montgomery Central Appraisal District (the "Appraisal District"). The Tax Assessor/Collector for the District is Assessments of the Southwest, Inc.

Bookkeeper – The District contracts with Myrtle Cruz, Inc. as Bookkeeper for the District.

Engineer – The District's consulting engineer is LJA Engineering, Inc.

Auditor – As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which annual audit is filed with the TCEQ. A copy of the District's financial statements, audited by McGrath & Co., PLLC for the fiscal year ending May 31, 2022, is included as APPENDIX A to this Official Statement.

Financial Advisor – Robert W. Baird & Co. Incorporated serves as the District's financial advisor ("the "Financial Advisor"). The fee for services rendered in connection with the issuance of the Bonds is based on the percentage of the Bonds actually issued, sold and delivered and, therefore, such fee is contingent upon the sale and delivery of the Bonds. 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.

Bond & General Counsel – The District has engaged The Muller Law Group, PLLC, Sugar Land, Texas, as bond counsel ("Bond Counsel") in connection with the issuance of the District's Bonds. The fees of Bond Counsel are based on the percentage of the Bonds actually issued, sold and delivered and, therefore, such fee is contingent upon the sale and delivery of the Bonds. The Muller Law Group, PLLC, Sugar Land, Texas, also serves as the District's general counsel.

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

THE DEVELOPER AND PRINCIPAL LANDOWNER

The Role of a Developer

In general, the activities of a developer in a municipal utility district such as the District include purchasing the land within the District, designing the subdivision, designing the utilities and streets to be constructed in the subdivisions, designing any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, wastewater, and drainage facilities pursuant to the rules of the TCEQ, as well as gas, telephone, and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. In certain instances, the developer will be required to pay up to 30% of the cost of constructing certain water, wastewater and drainage facilities in a municipal utility district pursuant to the rules of the TCEQ. The relative success or failure of a developer to perform such activities in development of property within a municipal utility district may have a profound effect on the security of the unlimited tax bonds issued by a district. A developer is generally under no obligation to a district to develop the property which it owns in the district. Furthermore, there is no restriction on a developer's right to sell any or all of the land which it owns within a district. In addition, a developer is ordinarily the major taxpayer within a municipal utility district during the development phase of the property.

Description of the Developer and Principal Landowner

The District is part of an approximately 3,150 acre master-planned community known as "Woodforest." The Developer is a principal taxpayer in the District. Its president is Michael Smith of Johnson Development Corp. Woodforest Partners, L.P. ("WPLP"), a Texas limited partnership whose general partner is Woodforest GP L.L.C. and whose limited partner is Riverway 2006 Partners, L.P., is an affiliated entity of WDI. Together, these two entities currently own approximately 288.61 acres in Woodforest.

Development Financing

In April 2007, the Developer and WPLP obtained a revolving credit development loan for the Woodforest project from Woodforest National Bank. The loan, which was modified in September 30, 2020, may have a maximum principal balance of $14,000,000, bears interest at 1.00% over the Wall Street Journal Prime Rate and matures on September 30, 2023. The loan is secured by a first lien deed of trust on approximately 2,800 acres within the Woodforest project, owned by the Developer and WPLP. The outstanding balance on the loan as of February 1, 2023, was approximately $2,627,977. According to the Developer, the borrowers are in compliance with all material conditions of the loan.

In August 2006, the Developer and WPLP obtained a $41,340,400 mezzanine loan from Residential Funding Corporation ("RFC") to finance the acquisition of the property within the Woodforest project. This loan was sold by RFC to FC Houston Note, LLC and modified simultaneously with the modification of the Woodforest National Bank development loan to extend the term of the loan until the earlier of the sale of all property within the Woodforest project or December 31, 2026. This loan is fully funded and no additional borrowings are permitted. According to the Developer, the borrowers are in compliance with all material conditions of this loan. In August 2012, FC Houston Note, LLC sold the loan to JP Woodforest, LP.

In addition to the loans described above, simultaneously with the modification of the Woodforest National Bank development loan and the modification of the mezzanine loan now owned by JP Woodforest, LP, the Developer and WPLP obtained a $9,800,000 loan from Woodforest Second Lien Holder, LP ("Woodforest Second Lien Holder"), the proceeds of which were used primarily to pay down the principal balance of the Woodforest National Bank loan. This loan is secured by a deed of trust lien on the property within the Woodforest project subordinate to the liens which secure the Woodforest National Bank loan, bears interest at the rate of 10% per annum and has a maturity date of the earlier of the sale of all property within the Woodforest project or December 31, 2026. This loan is fully funded and no additional borrowings are permitted. The principal balance of the loan was paid off in January 2015, but there are continuing participations to be paid based upon further cash flows. According to the Developer, the borrowers are in compliance with all material conditions of this loan. The partners of Woodforest Second Lien Holder are entities affiliated with the estate of Larry D. Johnson and PAR Real Estate Holdings, LLC, a Houston area investor group and an affiliate of Woodforest National Bank.

Lot Sales Contracts

The Developer has entered into current lot sales contracts with the following homebuilders: Gracepoint Homes, Highland Homes, Ltd., Lennar Homes, Perry Homes, Chesmar Homes, David Weekley Homes, and Westin Homes. The homebuilders have contracted to purchase 4,057 lots since the inception of the District. As of February 1, 2023, the homebuilders have purchased 3,885 of such lots. According to the Developer, all of the homebuilders are in compliance with their respective lot sales contracts. The Developer has also entered into lot sales contracts with the following custom homebuilders in Pine Island at Woodforest Sections 1 and 2: Jeff Paul Custom Homes and Tipler Design & Build. The Developer has a program of selling lots to individuals, under which the individual must begin construction of a home within two years. As of February 1, 2023, the custom homebuilders and various individuals have purchased 32 lots. As of February 1, 2023, there are 4 custom homes under construction in the District. According to the Developer, all of the custom homebuilders are in compliance with their respective lot sales contracts.

On December 21, 2012, WDI entered into a lot sale contract to sell 703 lots to Taylor Morrison Homes of Texas, Inc. ("Taylor Morrison") to be developed as Bonterra at Woodforest, an active adult community. To date, Taylor Morrison has purchased all of such lots. Taylor Morrison is a publicly traded company on the New York Stock Exchange and a national homebuilder, which is actively building homes in six states. For more information, visit www.taylormorrison.com. Development of Bonterra at Woodforest, Sections 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10 is complete. Taylor Morrison has constructed 9 model homes and a members-only, 10,000 square foot clubhouse that is currently open for the Bonterra at Woodforest Active-Adult Community.

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DEVELOPMENT WITHIN THE DISTRICT

Land within the District has been developed as the single-family subdivision of Woodforest, Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 49, 50, 51, 52, 53, 54, 55, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 69, 70, 71, 72, 73, 93, 94, 99, 100, 103, and 107; Kingsley Square, Section 1 & 2; Elk Trace Golf Estates, Section 1; Pine Island at Woodforest, Sections 1 and 2; and Bonterra at Woodforest, Sections 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10 (aggregating approximately 1,499.00 acres and 3,971 single-family lots). As of February 1, 2023, the District consisted of 3,692 complete and occupied homes, 18 complete and unoccupied homes, 7 model homes, 70 homes under construction and 184 vacant developed lots. Conroe Independent School District has constructed an elementary school on approximately 15.40 acres. A fire station has been constructed on 1.18 acres. The District contains approximately 114 acres for commercial development that has either been developed or set aside for future development. Current commercial tenants include a grocery store (Harvest Market Woodforest), gas stations/convenience stores (Exxon, 7-Eleven, and Star Stop 99), restaurants (Crust Pizza Company, Wister's Bar & Grill, Sage Café, Domino's Pizza, and Beerforest Bar), medical offices (Scott Family Dental and Hanigan and Johnson Orthodontics), a gym (Anytime Fitness), a drug store (CVS), and varies other businesses. In addition, the District contains approximately 60.00 undeveloped but developable acres and approximately 477.09 undevelopable acres.

WOODFOREST

All residential development within Woodforest has occurred within the District and Montgomery County Municipal Utility District No. 121. Within Woodforest, the Developer has facilitated the construction of 10 parks and open playgrounds; an approximately 15-mile trail system; 5 fountains; 4 lakes; a baseball field; 3 soccer fields; a dog park; a multi-sport sportsplex center; a driving range; 27-hole golf course, including a renovated clubhouse; and a nature park. The Developer has also constructed Forest Island, a 20-acre recreational facility that includes a 6,500 square foot resort-style pool; a 10,000 square foot pool deck; a 5-lane lap pool; 2 water slides; a basketball court; a 5,000 square foot splash pad; 6 tennis courts; restroom facilities; a playground area; and a food vending area. There is also a member-only 10,000 square foot clubhouse for the Bonterra at Woodforest Active-Adult Community. In addition, Conroe Independent School District has constructed an elementary school within Woodforest. Fire protection service within Woodforest is provided by Montgomery County Emergency Services District No. 3, which has constructed a fire station within Woodforest. The Church at Woodforest, hosted financially by The Woodlands United Methodist Church, has occupied its Phase I (19,000 square foot) worship center. Other Retail/Commercial development includes 282,708 square feet of mixed-use development, with an additional 150,250 square feet of mixed-use retail in construction. 332 Class A apartments are under construction.

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DISTRICT DEBT

System Debt Service Requirement Schedule

The following schedule sets forth the principal and interest requirements for the Bonds and the debt service requirements for the Outstanding System Bonds and the Outstanding Park Bonds. Totals may not sum due to rounding.

Calendar Year	Outstanding Debt Service (a)	Plus: the Bonds Principal	Plus: the Bonds Interest	Plus: the Bonds Debt Service	Total Debt Service
2023	$ 6,059,719	$ 45,000	$ 79,328	$ 124,328	$ 6,184,047
2024	6,115,569	95,000	176,688	271,688	6,387,256
2025	6,154,844	100,000	172,888	272,888	6,427,731
2026	6,202,706	105,000	168,888	273,888	6,476,594
2027	6,262,006	110,000	163,638	273,638	6,535,644
2028	6,292,456	115,000	158,138	273,138	6,565,594
2029	6,326,619	125,000	152,388	277,388	6,604,006
2030	6,378,631	130,000	146,138	276,138	6,654,769
2031	6,418,150	135,000	142,238	277,238	6,695,388
2032	6,452,075	140,000	138,188	278,188	6,730,263
2033	6,472,363	150,000	133,813	283,813	6,756,175
2034	6,513,725	155,000	127,813	282,813	6,796,538
2035	6,545,656	165,000	121,613	286,613	6,832,269
2036	6,299,031	175,000	115,013	290,013	6,589,044
2037	6,201,288	180,000	108,013	288,013	6,489,300
2038	5,882,713	190,000	100,813	290,813	6,173,525
2039	4,702,000	200,000	93,213	293,213	4,995,213
2040	3,095,300	210,000	85,213	295,213	3,390,513
2041	3,100,450	220,000	76,288	296,288	3,396,738
2042	2,335,563	230,000	66,938	296,938	2,632,500
2043	2,335,350	245,000	57,163	302,163	2,637,513
2044	1,297,725	255,000	46,750	301,750	1,599,475
2045	791,575	270,000	35,913	305,913	1,097,488
2046	429,525	280,000	24,438	304,438	733,963
2047	—	295,000	12,538	307,538	307,538
Total	$ 118,665,038	$ 4,320,000	$ 2,704,040	$ 7,024,040	$ 125,689,078

(a) Outstanding debt as of February 1, 2023. Includes only the Outstanding System Bonds and Outstanding Park Bonds

Average Annual Debt Service Requirement
on the Outstanding System Bonds, the Outstanding Park Bonds,
and the Bonds (2023-2047) $5,027,563

Maximum Annual Debt Service Requirement
on the Outstanding System Bonds, the Outstanding Park Bonds,
and the Bonds (2035) $6,832,269

Road Debt Service Requirement Schedule

The following schedule sets forth the debt service requirements for the Outstanding Road Bonds. Totals may not sum due to rounding.

Calendar Year	Outstanding Principal	Outstanding Interest	Total Outstanding Debt Service (a)
2023	$ 1,480,000	$ 1,089,450	$ 2,569,450
2024	1,545,000	1,048,706	2,593,706
2025	1,605,000	1,005,856	2,610,856
2026	1,660,000	958,906	2,618,906
2027	1,725,000	908,106	2,633,106
2028	1,805,000	855,294	2,660,294
2029	1,875,000	799,438	2,674,438
2030	1,940,000	744,775	2,684,775
2031	2,020,000	685,475	2,705,475
2032	2,085,000	628,225	2,713,225
2033	2,145,000	568,281	2,713,281
2034	2,235,000	505,844	2,740,844
2035	2,305,000	440,019	2,745,019
2036	2,110,000	370,931	2,480,931
2037	1,915,000	307,838	2,222,838
2038	1,630,000	249,450	1,879,450
2039	1,425,000	194,638	1,619,638
2040	1,105,000	147,900	1,252,900
2041	1,150,000	113,538	1,263,538
2042	1,190,000	77,713	1,267,713
2043	710,000	40,588	750,588
2044	295,000	20,363	315,363
2045	300,000	13,725	313,725
2046	310,000	6,975	316,975
Total	$ 36,565,000	$ 11,782,031	$ 48,347,031

(a) Outstanding debt as of February 1, 2023. Includes only the Outstanding Road Bonds.

Average Annual Debt Service Requirement
on the Outstanding Road Bonds (2023-2046) .... $ 2,014,460

Maximum Annual Debt Service Requirement
on the Outstanding Road Bonds (2035) .... $ 2,745,019

DISTRICT FINANCIAL DATA

2022 Assessed Valuation	$1,645,803,404	(a)
(100% of market value as of January 1, 2022)		
Direct Debt:		
The Outstanding System Bonds (as of February 1, 2023)	$ 76,365,000	
The Outstanding Road Bonds (as of February 1, 2023)	36,565,000	
The Outstanding Park Bonds (as of February 1, 2023)	11,205,000	
The Bonds	4,320,000	
Total	$ 128,455,000	
Estimated Overlapping Debt	$ 76,915,394	
Total Direct and Estimated Overlapping Debt	$ 205,370,394	
Direct Debt Ratios:		
As a Percentage of the 2022 Assessed Valuation	7.81 %	
Direct and Estimated Overlapping Debt Ratios:		
As a Percentage of the 2022 Assessed Valuation	12.48 %	
System Debt Service Fund Balance (as of January 16, 2023)	$ 3,545,690	(b)
Road Debt Service Fund Balance (as of January 16, 2023)	$ 1,503,627	(c)
Park Construction Fund Balance (as of January 16, 2023)	$ 375	
System Construction Fund Balance (as of January 16, 2023)	$ 1,688,831	
Road Construction Fund Balance (as of January 16, 2023)	$ 5,267,824	
Operating Fund Balance (as of January 16, 2023)	$ 5,390,675	

(a) Represents the assessed valuation of all taxable property within the District as of January 1, 2022, provided by the Appraisal District. See "TAX DATA" and "TAXING PROCEDURES."

(b) Neither Texas Law nor the Bond Resolution requires that the District maintain any particular sum in the System Debt Service Fund (herein defined). The funds in the System Debt Service Fund are pledged only to pay the debt service on the Outstanding System Bonds, the Outstanding Park Bonds, and the Bonds, not to the Outstanding Road Bonds.

(c) Neither Texas Law nor the Bond Resolution requires that the District maintain any particular sum in the Road Debt Service Fund (herein defined). The funds in the Road Debt Service Fund are pledged only to pay the debt service on the Outstanding Road Bonds, not the Outstanding System Bonds, the Outstanding Park Bonds, or the Bonds.

Unlimited Tax Bonds Authorized but Unissued

Election Date	Purpose	Authorized	Issued to Date	Unissued
05/10/2008	WS&D and Refunding	$ 170,220,000	$ 92,680,000	$ 77,540,000
05/10/2008	Roads and Refunding	47,400,000	44,140,000	3,260,000
05/10/2008	Parks and Refunding	16,445,000	16,445,000 (a)	—

(a) Includes the Bonds.

Investment Authority and Investment Practices of the District

The District has adopted an Investment Policy (the "Policy") as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act"). The District's goal is to preserve principal and maintain liquidity in a diversified portfolio while securing a competitive yield on its portfolio. Funds of the District are to be invested only in accordance with the Policy. The Policy states that the funds of the District may be invested in short term obligations of the U.S. or its agencies or instrumentalities, in certificates of deposits insured by the Federal Deposit Insurance Corporation and secured by collateral authorized by the Act, and in TexPool and Texas Class, which are public fund investment pools rated in the highest rating category by a nationally recognized rating service.

Estimated Direct and Overlapping Debt Statement

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

Taxing Jurisdiction	Outstanding Debt as of October 31, 2022	Estimated Overlapping	
		Percent	Amount
Montgomery County	$ 464,200,000	2.28%	$ 10,581,591
Montgomery Independent School District	409,105,000	8.75%	35,804,746
Conroe Independent School District	1,616,515,000	1.66%	26,893,740
Lone Star College District	639,345,000	0.57%	3,635,317
Total Estimated Overlapping Debt			$ 76,915,394
The District			$ 128,455,000 (a)
Total Direct & Estimated Overlapping Debt			$ 205,370,394 (a)

(a) Includes the Bonds.

Debt Ratios

	Direct Debt (a)	Direct and Estimated Overlapping Debt (a)
2022 Certified Assessed Valuation ($1,645,803,404)	7.81%	12.48%

(a) Includes the Bonds.

TAX DATA

General

All taxable property within the District is subject to the assessment, levy and collection by the District of a continuing, direct, annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds (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 Resolution to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds. The actual rate of such tax will be determined from year to year as a function of the District's tax base, its debt service requirements and available funds. In addition, the District has the power and authority to assess, levy and collect ad valorem taxes, in an amount not to exceed $1.25 per $100 of assessed valuation for operation and maintenance purposes and $0.25 for road facilities maintenance. The District levied the following tax rates for the 2022 tax year: $0.430 per $100 of assessed valuation for System debt service; $0.165 per $100 of assessed valuation for Road System debt service; and $0.170 per $100 of assessed valuation for operation and maintenance purposes.

Tax Rate Limitation

System Debt Service:	Unlimited (no legal limit as to rate or amount).
Road Debt Service:	Unlimited (no legal limit as to rate or amount).
Maintenance:	$1.25 per $100 of assessed valuation.
Road Facilities Maintenance:	$0.25 per $100 of assessed valuation.

Debt Service Tax

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

In the Bond Resolution, the Board covenants to deposit to the debt service fund established to pay debt service on the Outstanding System Bonds, the Outstanding Park Bonds, and the Bonds (the "System Debt Service Fund") the proceeds from all taxes levied, appraised and collected for payment of the Outstanding System Bonds, the Outstanding Park Bonds, and the Bonds authorized by the Bond Resolution.

The District also maintains a separate debt service fund for the Outstanding Road Bonds (the "Road Debt Service Fund") that is not pledged to the Outstanding System Bonds, the Outstanding Park Bonds, or the Bonds. Funds in the Road Debt Service Fund are not available to pay principal of or interest on the Outstanding System Bonds, the Outstanding Park Bonds, or the Bonds, and the funds in the System Debt Service Fund are not available to pay principal of or interest on the Outstanding Road Bonds.

Accrued interest on the Bonds will be deposited into the System Debt Service Fund. The remaining proceeds of the Bonds will be deposited into the System Debt Service Fund, to be used for the purpose of reimbursing the Developer for certain construction costs and for paying the costs of issuance of the Bonds. Any monies remaining in the System Debt Service Fund after completion of construction of the projects funded by the Bonds will be used as permitted by the Bond Resolution and TCEQ rules.

Maintenance and Operations Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements if such maintenance tax is authorized by vote of the District's electors. On May 10, 2008, the Board was authorized to levy such maintenance and operations tax in an amount not to exceed $1.25 per $100 of assessed valuation and a road facilities maintenance tax not to exceed $0.25 per $100 of assessed valuation. The District levied a maintenance and operations tax for the 2022 tax year at the rate of $0.170 per $100 assessed valuation. Such tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the District's bonds.

Tax Exemption

For the 2022 tax year, the District has adopted an exemption from ad valorem taxation of $15,000 of the approved value of residence homestead of individuals who are disabled or are 65 years of age or older. To date, the District has not adopted a general residential homestead exemption. See "TAXING PROCEDURES."

Additional Penalties

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

Historical Collections

The following table illustrates the collection history of the District for the 2016–2022 tax years:

Tax Year	Assessed Valuation	Tax Rate Per $100	Adjusted Tax Levy	Collections Current Year	Tax Year Ending 09/30	% Collections as of 12/31/2022
2016	$ 772,204,258	$ 0.920	$ 7,104,279	99.70%	2017	100.00%
2017	877,311,311	0.900	7,895,802	99.71%	2018	99.98%
2018	974,065,841	0.890	8,669,186	99.51%	2019	99.97%
2019	1,110,615,532	0.880	9,773,417	99.94%	2020	99.98%
2020	1,237,447,026	0.870	10,765,789	99.81%	2021	99.98%
2021	1,355,452,771	0.840	11,385,803	94.48%	2022	99.69%
2022	1,645,803,404	0.765	12,590,396	(a)	2023	(a)

(a) In process of collection.

Tax Rate Distribution

	2022	2021	2020	2019	2018
System Debt Service	$0.430	$0.435	$0.475	$0.485	$0.440
Road Debt Service	0.165	0.200	0.195	0.210	0.200
Maintenance and Operations	0.170	0.205	0.200	0.185	0.250
	$0.765	$0.840	$0.870	$0.880	$0.890

Analysis of Tax Base

The following table illustrates the District's total taxable assessed valuation for the tax years by type of property.

Type of Property	2022 Assessed Valuation	2021 Assessed Valuation	2020 Assessed Valuation	2019 Assessed Valuation	2018 Assessed Valuation
Land	$ 373,226,084	$ 331,608,180	$ 288,776,310	$ 240,937,810	$ 206,085,490
Improvements	1,531,349,300	1,101,665,480	1,011,802,330	926,498,890	812,786,250
Personal Property	6,891,262	6,486,799	9,607,361	16,745,293	14,141,935
Exemptions	(265,663,242)	(84,307,688)	(72,738,975)	(73,566,461)	(58,929,834)
Total	$1,645,803,404	$1,355,452,771	$1,237,447,026	$1,110,615,532	$ 974,065,841

Principal Taxpayers

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

Taxpayer	Type of Property	Assessed Valuation 2022 Tax Roll
Woodforest Partners LP (a)	Land and Improvements	$24,767,570
Smithway Associates INC	Land and Improvements	12,300,000
Woodforest Healthcare Investments LLC	Land and Improvements	11,880,340
Woodforest Development INC (a)	Land and Improvements	8,340,530
Taylor Morrison of Texas INC (a)	Land and Improvements	7,522,840
Pointsmith Properties Pine Market Plaza LLC	Land and Improvements	6,230,000
LKE 3029 LLC	Land and Improvements	5,922,190
Magnolia H LLC	Land and Improvements	5,760,760
Pine Market PH 3 LLC	Land and Improvements	5,736,910
Darling Homes of Texas LLC	Land and Improvements	12,300,000
Total		$96,863,970
% of Respective Tax Roll		5.64%

(a) See "THE DEVELOPER AND PRINCIPAL LANDOWNER."

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 if no growth in the District occurs beyond the 2022 assessed valuation of $1,645,803,404. The foregoing further assumes collection of 95% of taxes levied and the sale of no additional bonds by the District.

Average Annual Debt Service Requirement on the Outstanding System Bonds, the Outstanding Park Bonds, and the Bonds (2023-2047)	$5,027,563
Tax Rate of $0.33 on the 2022 Assessed Valuation Produces	$ 5,159,594
Maximum Annual Debt Service Requirement on the Outstanding System Bonds, the Outstanding Park Bonds, and the Bonds (2035)........	$ 6,832,269
Tax Rate of $0.44 on the 2022 Assessed Valuation Produces	$ 6,879,458
Average Annual Debt Service Requirement on the Outstanding Road Bonds (2023-2046)	$ 2,014,460
Tax Rate of $0.13 on the 2022 Assessed Valuation Produces	$ 2,032,567
Maximum Annual Debt Service Requirement on the Outstanding Road Bonds (2035)........	$ 2,745,019
Tax Rate of $0.18 on the 2022 Assessed Valuation Produces	$2,814,324

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 Direct and Overlapping Debt Statement"), certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Set forth below is an estimation of all 2022 taxes 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 charges made by entities other than political subdivisions.

	2022 Tax Rate Per $100 of A.V.	
Taxing Jurisdiction	**Conroe ISD**	**Montgomery ISD**
The District	$0.76500	$0.76500
Montgomery County	0.37420	0.37420
Montgomery County Hospital District	0.05020	0.05020
Montgomery ISD	---	1.22890
Conroe ISD	1.11460	---
Lone Star College District	0.10780	---
Montgomery County ESD No. 3	0.10000	0.10000
Total Tax Rate	$2.51180	$2.51830

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds, the Outstanding Bonds, and any additional bonds payable from taxes which the District may hereafter issue (see "INVESTMENT CONSIDERATIONS – Future Debt"), and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Resolution to levy such a tax from year to year as described more fully above under "THE BONDS – Source of Payment." Under Texas law, the Board is also authorized to levy and collect an annual ad valorem tax for the operation and maintenance of the District and for the payment of certain contractual obligations if authorized by its voters. See "TAX DATA – Tax Rate Limitation."

Property Tax Code and County-Wide Appraisal District

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

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

Property Subject to Taxation by the District

General: Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, manufactured homes, and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; travel trailers; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years of age or older and certain disabled persons, to the extent deemed advisable by the Board. The District may be required to offer such exemptions if a majority of voters approve the same at an election. The District would be required to call an election upon petition by 20% of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax-supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, but only to the maximum extent of between $5,000 and $12,000 depending upon the disability rating of the veteran claiming the exemption. A veteran who receives a disability rating of 100% is entitled to an exemption of full value of the veteran's residential homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse, and surviving spouses of a deceased veteran who had received a disability rating of 100% are entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries. Such exemption would be transferred to a subsequent residence homestead of the surviving spouse of a deceased veteran who had received a disability rating of 100%, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. This exemption also applies, under certain conditions, to a residence homestead that was donated by a charitable organization at some cost to such veterans. Also, the surviving spouse of a member of the armed forces who was killed in action is, 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 in the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

The surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the first responder's death, and said property was the first responder's residence homestead at the time of death. Such exemption would be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State to exempt up to 20% of the appraised value of residential homesteads from ad valorem taxation. The District is authorized by statute to disregard previously granted residential homestead exemptions if granting the exemption would impair the District's obligation to pay tax-supported debt incurred prior to adoption of the exemption by the District. The adoption of a homestead exemption may be considered each year, but must be adopted by July 1. The District does not grant a residential homestead exemption at this time.

Freeport Goods and Goods-In Transit Exemption*:* A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating not later than 175 days after the person acquired or imported the property into the State.

A "Goods-in-Transit" Exemption is applicable to goods, wares, merchandise, other tangible personal property, and ores, other than oil, natural gas, petroleum products, aircraft, dealer's motor vehicle inventory, dealer's vessel and outboard motor inventory, dealer's heavy equipment inventory, or retail manufactured housing inventory, if such property is acquired in or imported into Texas only if such property is to be forwarded to another location in or outside of Texas and 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, and is transported to another location in the state or outside of the state not later than 175 days after the date the person acquired the property in or imported the property into Texas.

A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Valuation of Property for Taxation

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

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its fair market value. The Property Tax Code permits, under certain circumstances, that residential real property inventory held by a person in the trade or business be valued at the price all of such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by one political subdivision while claiming it for another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes and a 5% annual interest for the previous three years for agricultural use, open space land and timberland.

The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraisal values. The plan must provide for appraisal of all property in the Appraisal District at least once every three 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 to formally include such values on its appraisal roll.

The Property Tax Code provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% 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 (such as the District) may appeal the orders of the Appraisal Review Board by filing a timely petition for review in State district court. In such event, the property value in question may be determined by the court, or by a jury, if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda which could result in the repeal of certain tax increases. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals that are higher than renditions and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed, except set forth herein with respect to residential homesteads. A delinquent tax incurs a penalty of 6% of the amount of the tax for the first calendar month it is delinquent, plus 1% for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of 12% of the amount of the delinquent tax regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. For those taxes billed at a later date and that become delinquent on or after June 1, they will also incur an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the District and a delinquent tax attorney, 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of 1% for each month or portion of a month it remains unpaid.

The Property Tax Code makes provisions for the split payment of taxes and discounts for early payment under certain circumstances which, at the option of the District, may be rejected by taxing units. The Property Tax Code also provides for the postponement of the delinquency date of taxes in certain circumstances. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and interest, if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) 65 years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continues to accrue during the period of deferral.

Certain qualified taxpayers, including 1) owners of residential homesteads or certain properties used for residential purposes, located in a disaster or emergency area and which has been damaged by the disaster or emergency, and 2) certain qualified business entities that own or lease real and/or tangible property, located in a disaster or emergency area and which has been damaged by the disaster or emergency, are entitled to enter into a tax payment installment agreement with a taxing jurisdiction such as the District on taxes imposed on the property prior to the first anniversary of the disaster or emergency if the business entity pays at least one-fourth of the tax bill imposed on the property by the delinquency date. The remaining taxes may be paid without penalty or interest in three equal installments before the first day of the sixth month after the delinquency date.

Additionally, certain qualified business entities that own or lease real and/or tangible property located in a disaster or emergency area and which has not been damaged by the disaster or emergency, may be permitted by a taxing jurisdiction such as the District, at the taxing jurisdiction's discretion, to enter into a tax payment installment agreement on taxes imposed on the property prior to the first anniversary of the disaster or emergency under the same terms as set forth in the paragraph directly above.

Effective September 1, 2019, a property owner serving on active duty for any branch of the United States armed forces who is transferred out of the state may defer payment on property taxes without incurring any penalty or interest. Deferred tax payments are due no later than 60 days after the earliest of the following to occur: (1) the person is discharged from active military service, (2) the person returns to the state for more than 10 days, or (3) the person returns to non-active-duty status in the reserves. After the deferral period expires, any unpaid delinquent taxes will accrue interest but will not incur any penalty.

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.

Special Taxing Units

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

Developed Districts

Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions for the preceding tax year, plus any unused increment rates from the previous three tax years, 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 from the previous three tax years. 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 (the "President"), alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Special Taxing Units and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Special Taxing Units.

Developing Districts

Districts that do not meet the classification of a Special Taxing Units or a Developed District can be classified as Developing Districts. The qualified voters of these districts, upon the Other District's adoption of a total tax rate that would impose more than 1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, 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.

The District

For the 2022 tax year, the District made the determination of its status as a Developing District. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

District's Rights in the Event of Tax Delinquencies

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

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both, subject to the restrictions on residential homesteads described above under "Levy and Collection of Taxes." In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property that was used as the residence homestead of the owner, certain land designated for agricultural use, or a mineral interest sold at a tax sale to a purchaser other than a taxing unit within two years of the date on which the purchaser's deed at the foreclosure sale is filed in the county records. For all other real property, a taxpayer may redeem the property not later than the 180th day following the date on which the purchaser's or taxing unit's deed is filed for record. See "INVESTMENT CONSIDERATIONS – General" and " – Tax Collections and Foreclosure Remedies."

The District's ability to attach or foreclose a tax lien or collect penalties or interest on delinquent taxes may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended.

THE SYSTEM

General

The wastewater treatment and conveyance system, the purchase, acquisition and construction of which has been financed by the District with the proceeds of the Outstanding System Bonds, has been designed in accordance with accepted engineering practices and the recommendation of certain governmental agencies having regulatory or supervisory jurisdiction over construction and operation of such facilities. According to the Engineer, the design of the wastewater treatment and conveyance system has been approved by all governmental agencies, which have jurisdiction over the District.

Historical Operations of the System

The following is a schedule of revenues and expenditures associated with operations of the System. The figures below were obtained from the District's financial statements for the fiscal year ended May 31, 2022, a copy of which is included as "APPENDIX A" and reference to which is hereby made. The District is required by statute to have an independent certified public accountant audit the District's financial statements annually, such audited financial statements are filed with the TCEQ.

	Fiscal Year Ended May 31				
	2022	2021	2020	2019	2018
REVENUES:					
Sewer Service	$ 1,226,350	$ 1,098,357	$ 1,089,794	$ 1,011,428	$ 1,028,389
Garbage Service	828,057	712,488	669,175	591,014	395,736
Property Taxes	2,757,913	2,481,296	2,052,029	2,409,553	1,665,884
Penalties and Interest	15,888	13,648	13,648	16,552	16,364
Tap Connection & Inspection Fees	70,778	48,155	48,155	71,635	62,980
Miscellaneous	48,000	24,345	42,747	34,790	26,886
Investment Earnings	6,139	5,069	54,404	42,899	18,421
TOTAL REVENUES	$ 4,953,125	$ 4,378,570	$ 3,969,952	$ 4,177,871	$ 3,214,660
EXPENDITURES:					
Current Service Operations					
Purchased Services	788,559	$ 730,951	$ 641,600	$ 143,430	$ –
Professional Fees	197,402	200,072	226,554	341,915	369,039
Contracted Services	1,457,170	1,283,071	1,081,762	1,139,884	976,310
Repairs and Maintenance	727,505	794,798	676,585	831,709	916,009
Utilities	225,334	179,281	155,619	213,430	197,517
Leases	–	–	–	–	228,000
Administrative	133,713	118,644	114,985	112,918	110,283
Other	20,663	20,422	8,846	44,158	42,408
Capital Outlay	73,909	180,626	–	–	53,500
TOTAL EXPENDITURES	$ 3,624,255	$ 3,507,865	$ 2,905,951	$ 2,827,444	$ 2,893,066
Excess (Deficiency) of Revenues Over Expenditures	$ 1,328,870	$ 870,705	$ 1,064,001	$ 1,350,427	$ 321,594

Description of the System

- Water Supply and Distribution -

All of the District's water is provided by MSEC Enterprises, Inc. ("MSEC") which holds the Certificate of Convenience and Necessity ("CCN") for the area of the District. MSEC receives approximately 1.3 million gallons per day ("MGD") of surface water from the San Jacinto River Authority ("SJRA"). In addition to the surface water, MSEC owns and operates four water plants with a total of eight wells that serve the District, with a total capacity of 4.82 MGD, bringing the total capacity of the system to 6.12 MGD. The District has purchased sufficient water capacity to serve 3,878 equivalent single-family connections ("ESFCs") from MSEC.

- Wastewater Treatment and Conveyance System -

The District recently completed construction of a 945,000 gallon per day permanent wastewater treatment plant. According to the design engineer, Brown & Gay Engineers, the plant has a current capacity of 0.945 MGD and can serve approximately 5,588 ESFCs, based on rated capacity (170 gpd/ESFC).

- Drainage -

Stormwater runoff from the District discharges into two watersheds, Fish Creek Tributary and Mound Creek Tributary both drain to Lake Creek which ultimately drains to the West Fork of the San Jacinto River.

- 100-Year Floodplain –

According to the District Engineer, there are approximately 242 acres within the 100-year floodplain, but none of such property has been developed or is proposed for development.

- Roads -

The roads within the District vary in width in accordance with standards adopted by the City and the County, but are sized to accommodate the anticipated traffic demands of full build-out of the property within the District.

- Parks -

The District finances, operates, maintains and constructs park facilities to serve the District.

Lone Star Groundwater Conservation District

On October 10, 2017 the Lone Star Groundwater Conservation District ("Lone Star") board of directors approved new recommendations for future increases in groundwater pumping in Montgomery County, Texas based upon the results of a three-year scientific study. Lone Star commissioned its "Strategic Water Resources Planning Study" in October 2014 to evaluate the impacts to local aquifers of its 2016 groundwater pumping reductions, to evaluate whether and how additional groundwater supplies could be safely developed in the county, and to develop other related information and recommendations for use in the next five-year cycle of joint planning for establishing goals for future aquifer conditions in a multi-county region of the Gulf Coast known as Groundwater Management Area 14 ("GMA 14"). As part of the study, Lone Star surveyed all of the large water well permit holders in the county to determine how much additional declines in the water levels of the aquifers that they could tolerate in their water wells. The new recommended planning goal for the aquifers in Montgomery County, Texas would allow groundwater pumping to increase from the current goal of 64,000 acre-feet per year to 100,000 acre-feet per year. The study found that increased pumping would result in greater declines in water levels in the aquifers over the 50-year planning period than under the current goal, but that the survey results supported the board making such a policy decision because of the limited number of well owners who may have to lower their wells to accommodate the water-level declines.

The board of directors' decision was unanimous to approve the increased groundwater pumping levels and resulting aquifer conditions included in what is referred to as groundwater availability model "Run D" in the Final Report for Task 3 of the study as the board's recommended model scenario. The board of directors also approved a recommendation that Lone Star's general manager and technical consultants present the results of the study, including the board's new recommendation for Run D, to the other groundwater conservation district representatives of GMA 14, with a request that Run D be considered in the new round of joint planning for the aquifers as either an amendment to the current desired future conditions for the aquifers or as a new proposal. By law, GMA 14 must adopt desired future conditions for the aquifers at least once every five years, with the current five-year cycle ending no later than January 5, 2022. However, GMA 14 can adopt new or amended desired future conditions for the aquifers earlier than those deadlines. In order to be finally approved, any new proposal or amendment must go through a lengthy technical evaluation and public hearings process prescribed by law and must receive an affirmative vote of at least four out of the five member groundwater conservation districts in GMA 14.

In 2015, dissatisfied with the production limits Lone Star created through the rulemaking authority delegated to it by the Texas Legislature, a group of large water producers filed suit claiming that the rules Lone Star created imposing per-producer yearly production limits on their production of groundwater were invalid because they purported to regulate the production of groundwater in ways the Texas Legislature never authorized. On October 2, 2018, the 284th District Court of Montgomery County, Texas ruled that, as a matter of law, the core groundwater regulation, which Lone Star imposed on large groundwater producers, is outside of Lone Star's authority under the Texas Water Code and is not valid. Under the ruling, Lone Star could appeal directly to the Beaumont Court of Appeals for review of the decision. However, at the Lone Star board meeting held on January 23, 2019, the board announced that they unanimously agreed on a settlement offer with the large water producers, but the specifics of the settlement will not be made public until all parties have reviewed and signed it. Lone Star adopted new groundwater regulations on September 8, 2020, that repeal, supersede and replace all previously adopted rules and regulatory plans of the District.

On January 6, 2022, the GMA 14 regional regulatory representative of the TWDB approved the proposed groundwater conservation regulatory goals of Lone Star. The adopted desired future condition ("DFC") provides "[i]n each county in GMA 14, no less than 70 percent median available drawdown remaining in 2080 or no more than an average of 1.0 additional foot of subsidence between 2009 and 2080." The next DFC will be completed no later than January 5, 2027. As a result of the approval on January 6, 2022, Lone Star expects to finalize a multi-phased subsidence study to research and determine how to manage subsidence countywide most effectively and to make a strategic plan to manage subsidence going forward.

INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations of the District and are not obligations of Texas; the County; the City; or any political subdivision, will be secured by a continuing, direct, annual ad valorem tax, levied without legal limitation as to rate or amount, on all 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 on the ability of the District to collect from the property owners within the District all taxes levied against the property, or in the event of foreclosure, on the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The collection by the District of delinquent taxes owed to it and the enforcement by the registered owners of the District's obligations to collect sufficient taxes may be a costly and lengthy process. Furthermore, the District cannot and does not make any representations that continued development of property within the District will accumulate or maintain taxable values sufficient to justify continued payment by property owners or that there will be a market for the property. See "Bankruptcy Limitation to Registered Owners' Rights" below.

Economic Factors: The rate of development within the District is directly related to the vitality of the single-family housing industry in the Houston metropolitan area. New single-family housing construction can be significantly affected by factors such as interest rates, construction costs, and consumer demand. Decreased levels of such construction activity 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."

Location and Access: The District is located in an outlying area of the Houston metropolitan area, approximately 38 miles northwest from the central business district of Houston. Many of the single-family developments with which the District competes are in a more developed state and have lower taxes. As a result, particularly during times of increased competition, the Developer within the District may be at a competitive disadvantage to the developer 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."

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 Houston 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 in the sale of the 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.

Developer Under No Obligation to the District: The Developer has informed the District of its current plans to continue to develop land in the District for residential purposes. However, the Developer is not obligated to implement such plan on any particular schedule or at all. Thus, the furnishing of information related to the proposed development by the Developer should not be interpreted as such a commitment. The District makes no representation about the probability of development continuing in a timely manner or about the ability of the Developer, or any other subsequent landowners to whom a party may sell all or a portion of their holdings within the District, to implement any plan of development. Furthermore, there is no restriction on the Developer's right to sell its land. The District can make no prediction as to the effects that current or future economic or governmental circumstances may have on any plans of the Developer. Failure to construct taxable improvements on developed lots and tracts and failure of the Developer to develop its land would restrict the rate of growth of taxable value in the District. The District is also dependent upon the Developer and its affiliate, WPLP (see "TAX DATA – Principal Taxpayers") for the timely payment of ad valorem taxes, and the District cannot predict what the future financial condition of the Developer and WPLP will be or what effect, if any, such conditions may have on their collective and respective ability to pay taxes. See "THE DEVELOPER AND PRINCIPAL LANDOWNER" and "DEVELOPMENT WITHIN THE DISTRICT."

Impact on District Tax Rates: Assuming no further development or construction of taxable improvements, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners within the District to pay their taxes. The 2022 assessed valuation of property located within the District is $1,645,803,404 (see "TAX DATA"). After issuance of the Bonds, the maximum annual debt service requirement for the Outstanding System Bonds, the Outstanding Park Bonds, and the Bonds will be $6,832,269 (2035) and the average annual debt service requirement for the Outstanding System Bonds, the Outstanding Park Bonds, and the Bonds will be $5,027,563 (2023 through 2047, inclusive). Based on the 2022 assessed valuation and no use of funds on hand, a tax rate of $0.44 per $100 of assessed valuation, at a 95% collection rate, would be necessary to pay the maximum annual debt service requirement on the Outstanding System Bonds, the Outstanding Park Bonds, and the Bonds and a tax rate of $0.33 per $100 of assessed valuation, at a 95% tax collection rate, would be necessary to pay the average annual debt service requirement for the Outstanding System Bonds, the Outstanding Park Bonds, and the Bonds.

The maximum annual debt service requirement for the Outstanding Road Bonds will be $2,745,019 (2035) and the average annual debt service requirement for the Outstanding Road Bonds will be $2,014,460 (2022 through 2046, inclusive). Based on the 2022 assessed valuation and no use of funds on hand, a tax rate of $0.18 per $100 of assessed valuation, at a 95% collection rate, would be necessary to pay the maximum annual debt service requirement on the Outstanding Road Bonds and a tax rate of $0.13 per $100 of assessed valuation, at a 95% tax collection rate, would be necessary to pay the average annual debt service requirement for the Outstanding Road Bonds.

Tax Collections and Foreclosure Remedies

The District has a right to seek judicial foreclosure on a tax lien, but such remedy may prove to be costly and time consuming and, since the future market or resale market, if any, of the taxable real property within the District is uncertain, there can be no assurance that such property could be sold and delinquent taxes paid. See "TAXING PROCEDURES."

Limitation to Registered Owners' Remedies

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners have the right to seek a writ of mandamus, requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Bond Resolution does not specifically provide for remedies to protect and enforce the interest of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year.

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of registered owners of the Bonds may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Subject to the requirements of Texas law discussed below, a political subdivision such as the District may voluntarily file a petition for relief from creditors under Chapter 9 of the U.S. Bankruptcy Code, 11 USC sections 901-946. The filing of such petition would automatically stay the enforcement of Registered Owners' remedies, including mandamus and the foreclosure of tax liens upon property within the District discussed above. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismisses the petition, enters an order granting relief from the stay or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision, such as the District, may qualify as a debtor eligible to proceed in a Chapter 9 case only if it (1) is generally authorized to file for federal bankruptcy protection by applicable state law, (2) is insolvent or unable to meet its debts as they mature, (3) desires to effect a plan to adjust such debts, and (4) has either obtained the agreement of or has negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiations are impracticable. Under Texas law, a municipal utility district, such as the District, must obtain the approval of the TCEQ as a condition to seeking relief under the U.S. Bankruptcy Code. The TCEQ is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under federal bankruptcy law only if such district has fully exercised its right and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

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

If a petitioning district were allowed to proceed voluntarily under Chapter 9 of the U.S. Bankruptcy Code, it could file a plan for an adjustment of its debts. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect a Registered Owner by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of the registered owner's claim against a district. A district cannot be placed into bankruptcy involuntarily.

Environmental Regulations

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

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

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

Air Quality Issues: Air quality control measures required by the United States Environmental Protection Agency (the "EPA") and the TCEQ may impact new industrial, commercial and residential development in the Houston area. Under the Clean Air Act ("CAA") Amendments of 1990, the eight-county Houston Galveston area ("HGB area") – Harris, Galveston, Brazoria, Chambers, Fort Bend, Waller, Montgomery and Liberty counties – 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 HGB area, the HGB area remains subject to CAA nonattainment requirements.

While the EPA has revoked the 1997 Ozone Standards, EPA historically has not formally redesignated nonattainment areas for a revoked standard. As a result, the HGB area remained subject to continuing severe nonattainment area "anti-backsliding" requirements, despite the fact that HGB area air quality has been attaining the 1997 Ozone Standards since 2014. In late 2015, EPA approved the TCEQ's "redesignation substitute" for the HGB area under the revoked 1997 Ozone Standards, leaving the HGB area subject only to the nonattainment area requirements under the 2008 Ozone Standard (and later, the 2015 Ozone Standard).

In February 2018, the U.S. Court of Appeals for the District of Columbia Circuit issued an opinion in *South Coast Air Quality Management District v. EPA*, 882 F.3d 1138 (D.C. Cir. 2018) vacating the EPA redesignation substitute rule that provided the basis for EPA's decision to eliminate the anti-backsliding requirements that had applied in the HGB area under the 1997 Ozone Standard. The court has not responded to EPA's April 2018 request for rehearing of the case.

To address the uncertainty created by the South Coast court's ruling, the TCEQ developed a formal request that the HGB Area be redesignated to attainment under the 1997 Ozone Standards. The TCEQ Commissioners adopted the request and maintenance plan for the 1997 one-hour and eight-hour standards on December 12, 2018. On May 16, 2019, the EPA proposed a determination that the HGB Area has met the redesignation criteria and continues to attain the 1997 one-hour and eight-hour standards, the termination of the anti-backsliding obligations, and approval of the proposed maintenance plan.

On October 7, 2022, the EPA published final notice reclassifying the HGB Area from "serious" to "severe" under the 2008 Ozone Standard, effective November 7, 2022. The "severe" nonattainment area 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. The attainment deadline for the HGB Area under the 2008 Ozone Standard is July 20, 2027, with an attainment year of 2026.

On October 7, 2022, the EPA published final notice reclassifying the HGB Area from "marginal" to "moderate" under the 2015 Ozone Standard, effective November 7, 2022. For purposes of the 2015 Ozone Standard, the HGB Area consists of only six counties: Brazoria, Chambers, Fort Bend, Galveston, Harris, and Montgomery Counties. The attainment deadline for the HGB 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 HGB Area setting emission control requirements, some of which regulate the inspection and use of automobiles. These types of measures could impact how people travel, what distances people are willing to travel, where people choose to live and work, and what jobs are available in the HGB Area. These SIP requirements can negatively impact business due to the additional permitting/regulatory constraints that accompany this designation and because of the community stigma associated with a nonattainment designation. It is possible that additional controls will be necessary to allow the HGB Area to reach attainment with the ozone standards by the EPA's attainment deadlines. These additional controls could have a negative impact on the HGB Area's economic growth and development. As a result of the HGB 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 HGB 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.

The TCEQ issued the General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit") on January 24, 2019. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. While the District is currently not subject to the MS4 Permit, if the District's inclusion were required at a future date, the District could incur substantial costs to develop, implement, and maintain the necessary plans as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff in order to comply with the MS4 Permit.

In 2015, the EPA and the United States Army Corps of Engineers ("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 expands the scope of the federal government's CWA jurisdiction over intrastate water bodies and wetlands. The CWR could have an adverse impact on municipal utility districts, including the District, particularly with respect to jurisdictional wetland determinations, and could increase the size and scope of activities requiring USACE permits. The CWR has been challenged in various jurisdictions, including the Southern District of Texas, and the litigation challenging the CWR is still pending.

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; and (k) waste treatment systems. The NWPR is effective June 22, 2020, and is currently the subject of ongoing litigation.

On July 30, 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 ongoing rulemaking activity, as well as 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.

Potential Impact of Natural Disaster

The District is located approximately 95 miles from the Texas Gulf Coast and, as it has in the past, could be impacted by wide-spread fires, earthquakes, or weather events such as hurricanes, tornadoes, 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 valuation 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 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.

Potential Effects of Oil Price Declines on the Houston Area

The recent declines in oil prices in the U.S. and globally, which at times have led to the lowest such prices in three (3) decades, may lead to adverse conditions in the oil and gas industry, including but not limited to reduced revenues, declines in capital and operating expenditures, business failures, and layoffs of workers. The economy of the Houston area has, in the past, been particularly affected by adverse conditions in the oil and gas industry, and such conditions and their spillover effects into other industries could result in declines in the demand for residential and commercial property in the Houston area and could reduce or negatively affect property values or homebuilding activity within the District. As previously stated, the Bonds are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the District's share of operations and maintenance expenses payable from ad valorem taxes.

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 (the "State") because of the effects of COVID-19. Subsequently, in response to a rise in COVID-19 infections in the State and pursuant to the 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.

Marketability

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

Bond Insurance Risk Factors

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

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

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

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

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 Initial Purchaser has made independent investigation into the claims paying ability of the bond insurer and no assurance or representation regarding the financial strength or projected financial strength of the bond insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of the bond insurer, particularly over the life of the investment. See "MUNICIPAL BOND 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.

Continuing Compliance with Certain Covenants

Failure of the District to comply with such covenants contained in the Bond Resolution 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 issue. See "TAX EXEMPTION."

Future Debt

After the issuance of the Bonds, the District will have no remaining authorization of unlimited tax bonds authorized but unissued for the purpose of acquiring or constructing parks and recreational facilities to serve the District and for refunding purposes, $77,540,000 principal amount of unlimited tax bonds authorized but unissued for the purpose of acquiring or constructing the System and for refunding purposes, $3,260,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System and for refunding purposes (see "THE BONDS – Issuance of Additional Debt"), and such additional bonds as may hereafter be approved by both the Board and voters of the District. The District also has the right to issue certain other additional bonds, special project bonds, and other obligations described in the Bond Resolution. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

Following the issuance of the Bonds, the District will owe the Developer approximately $4,400,000 in reimbursable expenses for District projects, the funds for which were advanced by the Developer. See "THE SYSTEM" and "DEVELOPMENT WITHIN THE DISTRICT."

Annexation by and Strategic Partnership Agreement with the City

The District lies within the extraterritorial jurisdiction of the City and may be annexed by the City under certain circumstances. Under general law, with certain exceptions, annexation of land by the City is subject to three procedures that allow for annexation: (i) on request of a landowner; (ii) for areas with a population of less than 200, by petition of voters and, if voter petitioners do not own more than 50% of the land in the area, by petition of a majority of the property owners in the area; or (iii) for areas with a population of 200 or more, by election of voters and, if voters do not own more than 50% of the land in the area, by petition of a majority of the property owners in the area. However, the foregoing provisions do not apply to areas that are subject to a Strategic Partnership Agreement under Section 43.0751, Texas Local Government Code.

The District and the City entered into a Strategic Partnership Agreement (the "Agreement") to establish the conditions of annexation. Under the Agreement, the City has the right to annex the District for "limited purposes," specifically for the levy of the City's sales and use tax within the District's boundaries. The limited purpose annexation shall be converted to a full purpose annexation upon the earlier of the following dates: (i) the date on which all of the debt of the District that is payable from ad valorem taxes is fully paid and the District has fully reimbursed any developers within the District in accordance with any written reimbursement agreement or (ii) December 31, 2037. On the full purpose annexation date, the land included within the boundaries of the District shall be deemed to be within the full purpose boundary limits of the City without the need for any further action. Upon such date, all taxable property within the territory of the District shall become subject to ad valorem taxation by the City. If debt of the District remains outstanding on the full purpose annexation date or if the District has not fully reimbursed any developers within the District in accordance with any written reimbursement agreement, then the District shall become a "limited district." The "limited district" shall continue to be known as Montgomery County Municipal Utility District No. 113 and shall continue for a term not to exceed 10 years or until all outstanding debt (including reimbursement obligations) of the limited district has been fully paid. The City may extend the existence of the limited district for successive 10 year terms for so long as any debt of the limited district remains. The powers of the "limited district" are restricted to the levy and collection of ad valorem taxes sufficient to meet the outstanding debt service requirements. The "limited district" ceases to exist 60 days after all debt is paid at which time title to all assets and improvements formerly owned by the District vests in the City.

Continuation of the District as a limited District by the City is a policy-making matter within the discretion of the governing body of the City, and therefore, the District makes no representation regarding the dissolution of the District and the City's assumption of its debt. Moreover, no representation is made concerning the ability of the City to make debt service payments should annexation occur.

Consolidation

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

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, nor does he pass upon the adequacy or accuracy of the information contained in this Official Statement.

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.

Reappraisal of Property

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

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.

LEGAL MATTERS

Legal Opinions

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

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

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

No Material Adverse Change

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

No-Litigation Certificate

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

TAX EXEMPTION

Opinion of Bond Counsel

In the opinion of Bond Counsel, under current law, interest on the Bonds (a) is not included in gross income for federal income tax purposes, (b) is not an item of tax preference for purposes of the federal alternative minimum income tax, and (c) may have to be taken into account by applicable corporations (as defined in Section 59(k) of the Code for the alternative minimum tax imposed on such corporations. No other opinion is expressed by Bond Counsel regarding the tax consequences of the ownership of or the receipt or accrual of interest on the Bonds.

Bond Counsel's opinion is given in reliance upon certifications by representatives of the District as to certain facts relevant to both the opinion and requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and is subject to the condition that there is compliance subsequent to the issuance of the Bonds with all requirements of the Code that must be satisfied in order for interest thereon to remain excludable from gross income for federal income tax purposes. The District has covenanted to comply with the current provisions of the Code regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds and the timely payment to the United States of any arbitrage rebate amounts with respect to the Bonds. Failure by the District to comply with such covenants, among other things, could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to their date of issue.

Customary practice in the giving of legal opinions includes not detailing in the opinion all the assumptions, limitations and exclusions that are a part of the conclusions therein. See "Statement on the Role of Customary Practice in the Preparation and Understanding of Third-Party Legal Opinions", 63 Bus. Law. 1277 (2008) and "Legal Opinion Principles", 53 Bus. Law. 831 (May 1998). Purchasers of the Bonds should seek advice or counsel concerning such matters as they deem prudent in connection with their purchase of Bonds.

Bond Counsel's opinion represents its legal judgment based in part upon the representations and covenants referenced therein and its review of current law, but is not a guarantee of result or binding on the Internal Revenue Service (the "Service") or the courts. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may come to Bond Counsel's attention after the date of its opinion or to reflect any changes in law or the interpretation thereof that may occur or become effective after such date.

Alternative Minimum Tax

Individuals – Bond Counsel's opinion states that under current law interest on the Bonds is not an item of reference and is not subject to the alternative minimum tax on individuals.

Applicable Corporations – Bond Counsel's opinion also states that under current law interest on the Bonds may have to be taken into account by applicable corporations (as defined in Section 59(k) of the Code) for the alternative minimum tax imposed on such corporations. Under current law, an "applicable corporation" generally is a corporation with average annual adjusted financial statement income for a 3-taxable-year period ending after December 31, 2021 that exceeds $1 billion.

Other Tax Matters

In addition to the matters addressed above, prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including without limitation financial institutions, property and casualty insurance companies, S corporations, foreign corporations subject to the branch profits tax, recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to the applicability and impact of such consequences.

Prospective purchasers of the Bonds should consult their own tax advisors as to the status of interest on the Bonds under the tax laws of any state, local, or foreign jurisdiction.

The Service has a program to audit state and local government obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the Service does audit the Bonds, under current Service procedures, the Service will treat the District as the taxpayer and the owners of the Bonds will have only limited rights, if any, to participate.

There are many events that could affect the value and liquidity or marketability of the Bonds after their issuance, including but not limited to public knowledge of an audit of the Bonds by the Service, a general change in interest rates for comparable securities, a change in federal or state income tax rates, federal or state legislative or regulatory proposals affecting state and local government securities and changes in judicial interpretation of existing law. In addition, certain tax considerations relevant to owners of Bonds who purchase Bonds after their issuance may be different from those relevant to purchasers upon issuance. Neither the opinion of Bond Counsel nor this Official Statement purports to address the likelihood or effect of any such potential events or such other tax considerations and purchasers of the Bonds should seek advice concerning such matters as they deem prudent in connection with their purchase of Bonds.

Original Issue Discount

Some of the Bonds may be sold at initial sale prices that are less than their respective stated redemption prices payable at maturity (collectively, the "Discount Bonds"). The excess of (i) the stated redemption price at maturity of each maturity of the Discount Bonds, over (ii) the initial offering price to the public (excluding bond houses and brokers) at which a substantial amount of each maturity of the Discount Bonds is sold will constitute original issue discount. Original issue discount will accrue for federal income tax purposes on a constant-yield-to-maturity method based on regular compounding; and a holder's basis in such a Bond will be increased by the amount of original issue discount treated for federal income tax purposes as having accrued on the Bond while the holder holds the Bond.

Under the Code, for purposes of determining a holder's adjusted basis in a Discount Bond, original issue discount treated as having accrued while the holder holds the Bond will be added to the holder's basis. Original issue discount will accrue on a constant-yield-to-maturity method based on semiannual compounding. The adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of a Discount Bond.

Prospective purchasers of Discount Bonds should consult their own tax advisors as to the calculation of accrued original issue discount and the state and local tax consequences of owning or disposing of such Bonds.

Bond Premium

Bonds purchased, whether upon issuance or otherwise, for an amount (excluding any amount attributable to accrued interest) in excess of their principal amount will be treated for federal income tax purposes as having amortizable bond premium. A holder's basis in such a Bond must be reduced by the amount of premium which accrues while such Bond is held by the holder. No deduction for such amount will be allowed, but it generally will offset interest on the Bonds while so held. Purchasers of such Bonds should consult their own tax advisors as to the calculation, accrual and treatment of amortizable bond premium and the state and local tax consequences of holding such Bonds.

Not Qualified Tax-Exempt Obligations

The Bonds have NOT been designated as "qualified tax-exempt obligations" for financial institutions within the meaning of Section 265(b) of the Code.

CONTINUING DISCLOSURE

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

Annual Reports

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

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

The District's current fiscal year end is May 31. Accordingly, it must provide updated information by November 30 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify EMMA of the change.

Material 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 SEC Rule 15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or 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 the financial obligation of the District or obligated person, any of which reflect financial difficulties. The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. The term “financial obligation” when used in this paragraph shall have the meaning ascribed to it under federal securities laws including meaning a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term “financial obligation” does not include municipal securities for which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule. Neither the Bonds nor the Bond Resolution makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from EMMA

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

Limitations and Amendments

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

Compliance With Prior Undertakings

The District is not aware of any other failure to comply, in the last five years, with any other continuing disclosure agreements made by them in accordance with the Rule. A review of the District’s disclosure undertakings and filings history, beginning in 2010, is available at www.emma.msrb.org.

OFFICIAL STATEMENT

Preparation

The information in this Official Statement has been obtained from sources as set forth herein under the following captions:

"THE DISTRICT" and "THE SYSTEM, – LJA Engineering, Inc.;" "THE DEVELOPER AND PRINCIPAL LANDOWNER," and "DEVELOPMENT WITHIN THE DISTRICT – Woodforest Development, Inc.;" "TAX DATA – Estimated Overlapping Debt Statement" – Municipal Advisory Council of Texas; "TAX DATA – Assessments of the Southwest, Inc." and "INVESTMENT CONSIDERATIONS – Annexation by and Strategic Partnership Agreement with City of Conroe," "THE BONDS", "CONTINUING DISCLOSURE", "TAXING PROCEDURES", "LEGAL MATTERS" and "TAX EXEMPTION – The Muller Law Group, PLLC."

Experts

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

The Engineer: The information contained in the Official Statement relating to engineering matters and to the description of the System and, in particular, that information included in the sections entitles "THE DISTRICT," and "THE SYSTEM," has been provided by LJA Engineering, Inc., and has been included in reliance upon the authority of said firm as experts in the field of civil engineering.

Tax Assessor/Collector and Appraisal District: The information in the Official Statement relating to principal taxpayers and tax collection rates and the certified assessed valuation of property in the District and, in particular such information contained in the sections captioned "TAX DATA" has been provided by the Assessments of the Southwest, Inc. and Montgomery Central Appraisal District, in reliance upon their authority as experts in appraising and tax assessing.

Updating of Official Statement

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

Certification as to Official Statement

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

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 Directors of Montgomery County Municipal Utility District No. 113 as of the date shown on the cover of this Official Statement.

Chris Uzelmeier
President, Board of Directors
Montgomery County Municipal Utility District No. 113

ATTEST:

Valerie Rupp
Secretary, Board of Directors
Montgomery County Municipal Utility District No. 113

APPENDIX A

FINANCIAL STATEMENTS OF THE DISTRICT

EXHIBIT B

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 113

MONTGOMERY COUNTY, TEXAS

FINANCIAL REPORT

May 31, 2022

Table of Contents

McGRATH & CO., PLLC

Certified Public Accountants
2900 North Loop West, Suite 880
Houston, Texas 77092

Independent Auditor's Report

Board of Directors
Montgomery County Municipal Utility District No. 113
Montgomery County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Montgomery County Municipal Utility District No. 113 (the "District"), as of and for the year ended May 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 Montgomery County Municipal Utility District No. 113, as of May 31, 2022, and the respective changes in financial position thereof 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 budgetary comparison information 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.

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 Texas Supplementary Information schedules are presented for purposes of additional analysis and are 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 information 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 Texas Supplementary Information schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

McGrath & Co, PLLC

Houston, Texas
September 19, 2022

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Management's Discussion and Analysis

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Using this Annual Report

Within this section of the financial report of Montgomery County Municipal Utility District No. 113 (the "District"), the District's Board of Directors provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended May 31, 2022. This analysis should be read in conjunction with the independent auditor's report and the basic financial statements that follow this section.

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

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

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

Financial Analysis of the District as a Whole

The District's net position at May 31, 2022, was negative $27,655,129. The District's net position is negative because the District incurs debt to construct public roads which it conveys to Montgomery County. A comparative summary of the District's overall financial position, as of May 31, 2022 and 2021, is as follows:

	2022	2021
Current and other assets	$ 27,404,841	$ 19,056,761
Capital assets	80,936,344	79,419,512
Total assets	108,341,185	98,476,273
Total deferred outflows of resources	801,866	671,372
Current liabilities	6,540,974	6,003,509
Long-term liabilities	130,257,206	123,105,700
Total liabilities	136,798,180	129,109,209
Net position		
Net investment in capital assets	(16,347,773)	(16,689,676)
Restricted	9,602,891	8,858,841
Unrestricted	(20,910,247)	(22,130,729)
Total net position	$ (27,655,129)	$ (29,961,564)

The total net position of the District increased during the current fiscal year by $2,306,435. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	2022	2021
Revenues		
Sewer and garbage service	$ 2,054,407	$ 1,810,845
Participant billings	841,358	792,822
Property taxes, penalties and interest	11,488,214	10,833,076
Other	144,159	105,136
Total revenues	14,528,138	13,541,879
Expenses		
Current service operations	4,662,529	4,500,057
Debt interest and fees	3,966,189	4,001,731
Developer interest	280,247	172,760
Debt issuance costs	1,316,851	526,563
Depreciation	2,446,246	2,382,356
Total expenses	12,672,062	11,583,467
Change in net position before other item	1,856,076	1,958,412
Other item		
Transfers to other governments	(268,009)	(670,976)
Capital receovery fees	718,368	617,911
Loss from sale of capital assets		(12,450)
Change in net position	2,306,435	1,892,897
Net position, beginning of year	(29,961,564)	(31,854,461)
Net position, end of year	$ (27,655,129)	$ (29,961,564)

Financial Analysis of the District's Funds

The District's combined fund balances, as of May 31, 2022, were $25,991,494, which consists of $7,223,231 in the General Fund, $10,343,727 in the Debt Service Fund, and $8,424,536 in the Capital Projects Fund.

General Fund

A comparative summary of the General Fund's financial position as of May 31, 2022 and 2021 is as follows:

	2022	2021
Total assets	$ 7,598,993	$ 6,255,692
Total liabilities	$ 317,553	$ 322,183
Total deferred inflows	58,209	39,148
Total fund balance	7,223,231	5,894,361
Total liabilities, deferred inflows and fund balance	$ 7,598,993	$ 6,255,692

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

	2022	2021
Total revenues	$ 4,953,125	$ 4,378,570
Total expenditures	(3,624,255)	(3,507,865)
Revenues over expenditures	1,328,870	870,705
Other changes in fund balance		25,000
Net change in fund balance	$ 1,328,870	$ 895,705

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

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. Property tax revenues increased from prior year because the District increased the maintenance and operations component of the levy and because assessed values increased from prior year.
- Sewer and garbage service revenues are dependent upon the number of connections in the District.

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of May 31, 2022 and 2021 is as follows:

	2022	2021
Total assets	$ 10,590,742	$ 9,839,813
Total liabilities	$ 30,015	$ 12,168
Total deferred inflows	217,000	156,775
Total fund balance	10,343,727	9,670,870
Total liabilities, deferred inflows and fund balance	$ 10,590,742	$ 9,839,813

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

	2022	2021
Total revenues	$ 8,647,563	$ 8,421,205
Total expenditures	(8,728,692)	(7,868,833)
Revenues over/(under) expenditures	(81,129)	552,372
Other changes in fund balance	753,986	
Net change in fund balance	$ 672,857	$ 552,372

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

During the current year, the District issued $10,240,000 in unlimited tax road and refunding bonds to refund $4,375,000 of its outstanding Series 2013 road bonds. This refunding will save the District $1,187,908 in future debt service payments.

During the current year, the District also issued $4,575,000 unlimited tax utility refunding bonds to refund $4,640,000 of its outstanding Series 2013 bonds. This refunding will save the District $1,217,709 in future debt service payments.

Capital Projects Fund

A comparative summary of the Capital Projects Fund's financial position as of May 31, 2022 and 2021 is as follows:

	2022	2021
Total assets	$ 9,130,438	$ 2,886,980
Total liabilities	$ 705,902	$ 581,078
Total fund balance	8,424,536	2,305,902
Total liabilities and fund balance	$ 9,130,438	$ 2,886,980

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

	2022	2021
Total revenues	$ 6,805	$ 4,750
Total expenditures	(7,612,672)	(6,274,362)
Revenues under expenditures	(7,605,867)	(6,269,612)
Other changes in fund balance	13,724,501	3,126,911
Net change in fund balance	$ 6,118,634	$ (3,142,701)

The District has had considerable capital asset activity in the last two years, which was financed with proceeds from the issuance of its Series 2021 Unlimited Tax Road Improvement and Refunding Bonds, Series 2021 Bond Anticipation Note and Series 2022 Unlimited Tax Bonds in the current year and issuance of its Series 2020 Unlimited Tax Park Bonds in the prior year.

Joint Wastewater Treatment Plant Fund

A special revenue fund was established to account for the operations of the joint regional wastewater treatment plant pursuant to the District's agreement with Montgomery County Municipal Utility District No. 121 (Note 13). A comparative summary of the Joint Wastewater Treatment Plant Fund's financial position as of May 31, 2022 and 2021 is as follows:

	2022	2021
Total assets	$ 84,668	$ 74,276
Total liabilities	$ 84,668	$ 74,276

A comparative summary of activities for the Joint Wastewater Treatment Plant Fund's current and prior fiscal year is as follows

	2022	2021
Total revenues	$ 841,358	$ 810,223
Total expenditures	(841,358)	(810,223)
Revenues over/(under) expenditures	$ -	$ -

Revenues in the Joint Wastewater Treatment Plant Fund primarily consist of charges to participants. The amount the District charges is based upon the actual cost of providing services. Consequently, revenues will equal expenditures each year.

General Fund Budgetary Highlights

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board amended the budget during the year to reflect changes in anticipated revenues and expenditures.

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was $800,578 greater than budgeted. The *Budgetary Comparison Schedule* on page 44 of this report provides variance information per financial statement line item.

Capital Assets

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

Capital assets held by the District at May 31, 2022 and 2021 are summarized as follows:

	2022	2021
Capital assets not being depreciated		
Land and improvements	$ 2,000,033	$ 1,923,553
Construction in progress	2,591,517	1,037,322
	4,591,550	2,960,875
Capital assets being depreciated		
Sewer and drainage systems	77,613,132	75,856,696
Parks and recreational facilities	12,086,811	11,850,425
Landscaping improvements	2,602,480	2,262,899
	92,302,423	89,970,020
Less accumulated depreciation		
Sewer and drainage systems	(12,454,190)	(10,701,310)
Parks and recreational facilities	(3,129,526)	(2,568,934)
Landscaping improvements	(373,913)	(241,139)
	(15,957,629)	(13,511,383)
Depreciable capital assets, net	76,344,794	76,458,637
Capital assets, net	$ 80,936,344	$ 79,419,512

Capital asset additions during the current year include the following:

- Pine Market Phase 3B-2, Phase 2
- Fish Creek Thoroughfare, Phase 3
- Effluent reuse force main
- Kingsley Square at Woodforest Section 1 – utilities
- Commercial Tracts 1N-2 and 1N-3 – utilities
- Central Pine Street & Pine Market Avenue, Phase 3 - utilities
- Kingsley Square Boulevard (From FCT to Bungalow Drive) - utilities
- Woodforest 2021 trails

The District's construction in progress is for the construction of:

- Kingsley Square Boulevard (FCT to Bungalow Drive) – paving
- Wastewater Treatment Plant Digester Addition
- Pine Market at Woodforest, Phase 3 – paving
- Kingsley Square Boulevard, Phase 2/ Cypress Pond Rd – paving
- Central Pine St Extension (New Day Avenue to Bridge) – paving

Montgomery County assumes responsibility (after a one-year maintenance period) for public road facilities constructed within the boundaries of the County. Accordingly, these facilities are not considered assets of the District. The estimated value of these assets is recorded as transfers to other governments upon completion of construction. This estimated cost is trued-up when the developer is reimbursed. For the year ended May 31, 2022, capital assets in the amount of $268,009 have been recorded as transfers to other governments in the government-wide statements. Additional information is presented in Note 10.

Long-Term Debt and Related Liabilities

As of May 31, 2022, the District owes approximately $6,863,678 to developers for completed projects. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. As discussed in Note 7, the District has an additional commitment in the amount of $1,370,413 for projects under construction by the developers. As noted, the District will owe its developers for these projects upon completion of construction. The District intends to reimburse the developers from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developers are trued up when the developers are reimbursed.

At May 31, 2022 and 2021, the District had total bonded debt outstanding as shown below:

Series	2022	2021
2012	$ -	$ 55,000
2012 Road		120,000
2013		4,830,000
2013 Road	190,000	4,745,000
2014	13,965,000	14,490,000
2014 Road	3,255,000	3,385,000
2015	20,510,000	21,280,000
2015 Road	4,695,000	4,875,000
2016 Refunding	2,495,000	2,525,000
2016 Road Refunding	2,440,000	2,470,000
2017	10,295,000	10,620,000
2017 Road	7,275,000	7,495,000
2018 Park	5,270,000	5,415,000
2019	9,605,000	9,875,000
2019 Road	6,385,000	6,565,000
2019 Refunding	1,995,000	2,140,000
2019 Road Refunding	3,510,000	3,660,000
2019A	8,345,000	8,595,000
2020 Park	6,275,000	6,425,000
2021 Refunding	4,575,000	
2021 Road and Refunding	10,240,000	
2022	7,260,000	
	$ 128,580,000	$ 119,565,000

During the current year, the District issued $4,575,000 in unlimited tax refunding bonds, $10,240,000 in unlimited tax road and refunding bonds, and $7,260,000 in unlimited tax bonds. At May 31, 2022, the District had $77,540,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the wastewater and storm drainage systems within the District and the refunding of such bonds; $4,320,000 for parks and recreational facilities and the refunding of such bonds; and $3,260,000 for road improvements and the refunding of such bonds.

During the current year, the District issued a $1,920,000 bond anticipation note (BAN) to provide short-term financing for developer reimbursements. The District repaid the BAN with proceeds from the issuance of its Series 2022 Unlimited Tax Bonds. See Note 6 for additional information.

Next Year's Budget

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

	2022 Actual	2023 Budget
Total revenues	$ 4,953,125	$ 4,821,000
Total expenditures	(3,624,255)	(4,582,680)
Revenues over expenditures	1,328,870	238,320
Beginning fund balance	5,894,361	7,223,231
Ending fund balance	$ 7,223,231	$ 7,461,551

Property Taxes

The District's property tax base increased approximately $241,073,000 for the 2022 tax year from $1,355,771,247 to $1,596,844,269. This increase was primarily due to new construction in the District and increased property values.

Basic Financial Statements

Montgomery County Municipal Utility District No. 113
Statement of Net Position and Governmental Funds Balance Sheet
May 31, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Joint Wastewater Treatment Plant Fund	Total
Assets					
Cash	$ 973,226	$ 220,486	$ 452,350	$ 8,721	$ 1,654,783
Investments	7,024,751	10,162,833	8,027,275		25,214,859
Taxes receivable	58,209	217,000			275,209
Customer service receivables	178,192				178,192
Due from other governments				12,677	12,677
Internal balances	(670,583)	(9,686)	616,999	63,270	
Other receivables	551	109	33,814		34,474
Prepaid items	5,597				5,597
Operating reserve - JWWTP	29,050				29,050
Capital assets not being depreciated					
Capital assets, net					
Total Assets	$ 7,598,993	$ 10,590,742	$ 9,130,438	$ 84,668	$ 27,404,841
Deferred Outflows of Resources					
Deferred difference on refunding					
Liabilities					
Accounts payable	$ 309,339	$ -	$ 526,283	$ 49,668	$ 885,290
Retainage payable			179,619		179,619
Other payables	6,898	18,545			25,443
Operating reserve - JWWTP				35,000	35,000
Due to other governments	1,316				1,316
Accrued interest payable		11,470			11,470
Due to developers					
Long-term debt					
Due within one year					
Due after one year					
Total Liabilities	317,553	30,015	705,902	84,668	1,138,138
Deferred Inflows of Resources					
Deferred property taxes	58,209	217,000			275,209
Fund Balances/Net Position					
Fund Balances					
Nonspendable	34,647				34,647
Restricted		10,343,727	8,424,536		18,768,263
Unassigned	7,188,584				7,188,584
Total Fund Balances	7,223,231	10,343,727	8,424,536		25,991,494
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 7,598,993	$ 10,590,742	$ 9,130,438	$ 84,668	$ 27,404,841
Net Position					
Net investment in capital assets					
Restricted for debt service					
Unrestricted					
Total Net Position					

See notes to basic financial statements.

Adjustments	Statement of Net Position
$ -	$ 1,654,783
	25,214,859
	275,209
	178,192
	12,677
	34,474
	5,597
	29,050
4,591,550	4,591,550
76,344,794	76,344,794
80,936,344	108,341,185
801,866	801,866
	885,290
	179,619
	25,443
	35,000
	1,316
957,836	969,306
6,863,678	6,863,678
4,445,000	4,445,000
123,393,528	123,393,528
135,660,042	136,798,180
(275,209)	
(34,647)	
(18,768,263)	
(7,188,584)	
(25,991,494)	
(16,347,773)	(16,347,773)
9,602,891	9,602,891
(20,910,247)	(20,910,247)
$ (27,655,129)	$ (27,655,129)

Montgomery County Municipal Utility District No. 113
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended May 31, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Joint Wastewater Treatment Plant Fund	Total
Revenues					
Sewer service	$ 1,226,350	$ -	$ -	$ -	$ 1,226,350
Participant billings				841,358	841,358
Garbage service	828,057				828,057
Property taxes	2,757,913	8,559,263			11,317,176
Penalties and interest	15,888	75,863			91,751
Tap connection and inspection	70,778				70,778
Miscellaneous	48,000				48,000
Investment earnings	6,139	12,437	6,805		25,381
Total Revenues	4,953,125	8,647,563	6,805	841,358	14,448,851
Expenditures/Expenses					
Current service operations					
Purchased services	788,559				788,559
Professional fees	197,402		98,614	3,000	299,016
Contracted services	1,457,170	159,116		282,993	1,899,279
Repairs and maintenance	727,505			403,955	1,131,460
Utilities	225,334			130,212	355,546
Administrative	133,713	10,095		21,198	165,006
Other	20,663	3,000			23,663
Capital outlay	73,909		6,550,422		6,624,331
Debt service					
Principal		4,045,000			4,045,000
Interest and fees		3,864,363	13,656		3,878,019
Developer interest			280,247		280,247
Debt issuance costs		647,118	669,733		1,316,851
Depreciation					
Total Expenditures/Expenses	3,624,255	8,728,692	7,612,672	841,358	20,806,977
Revenues Over (Under) Expenditures/Expenses	1,328,870	(81,129)	(7,605,867)		(6,358,126)
Other Financing Sources/(Uses)					
Proceeds from sale of bonds		9,068,867	13,006,133		22,075,000
Bond premium		700,119			700,119
Payment to refunded bond escrow agent		(9,015,000)			(9,015,000)
Proceeds from bond anticipation note			1,920,000		1,920,000
Repayment of bond anticipation note			(1,920,000)		(1,920,000)
Other Items					
Transfers to other governments					
Capital recovery fees			718,368		718,368
Net Change in Fund Balances	1,328,870	672,857	6,118,634		8,120,361
Change in Net Position					
Fund Balance/Net Position					
Beginning of the year	5,894,361	9,670,870	2,305,902		17,871,133
End of the year	$ 7,223,231	$ 10,343,727	$ 8,424,536	$ -	$ 25,991,494

See notes to basic financial statements.

Adjustments	Statement of Activities
$ -	$ 1,226,350
	841,358
	828,057
68,825	11,386,001
10,462	102,213
	70,778
	48,000
	25,381
79,287	14,528,138
	788,559
	299,016
	1,899,279
	1,131,460
	355,546
	165,006
	23,663
(6,624,331)	
(4,045,000)	
88,170	3,966,189
	280,247
	1,316,851
2,446,246	2,446,246
(8,134,915)	12,672,062
8,214,202	1,856,076
(22,075,000)	
(700,119)	
9,015,000	
(1,920,000)	
1,920,000	
(268,009)	(268,009)
	718,368
(8,120,361)	
2,306,435	2,306,435
(47,832,697)	(29,961,564)
$ (53,646,623)	$ (27,655,129)

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Note 1 – Summary of Significant Accounting Policies

The accounting policies of Montgomery County Municipal Utility District No. 113 (the "District") conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB"). The following is a summary of the most significant policies:

Creation

The District was organized, created and established pursuant to Senate Bill No. 1963 in the 80th Regular Session of the Texas Legislature, codified as Chapter 8212, Special District Local Laws Code (the "Act") dated June 15, 2007, in accordance with Article III, Section 52 and Article XVI, Section 59 of the Texas Constitution and the Act. The Board of Directors held its first meeting on August 31, 2007, and the first bonds were issued on December 1, 2010.

The District's primary activities include construction, maintenance and operation of wastewater, drainage, roads, parks and recreational facilities. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

Reporting Entity

The District is a political subdivision of the State of Texas governed by an elected five-member board. The GASB has established the criteria for determining the reporting entity for financial statement reporting purposes. To qualify as a primary government, a government must have a separately elected governing body, be legally separate, and be fiscally independent of other state and local governments, while a component unit is a legally separate government for which the elected officials of a primary government are financially accountable. Fiscal independence implies that the government has the authority to adopt a budget, levy taxes, set rates, and/or issue bonds without approval from other governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District's financial statements as component units.

Government-Wide and Fund Financial Statements

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

Note 1 – Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements (continued)

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

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

- The General Fund is used to account for the operations of the District's sewer system and all other financial transactions not reported in other funds. The principal sources of revenue are property taxes and sewer and garbage service fees. Expenditures include costs associated with the daily operations of the District.
- The Debt Service Fund is used to account for the payment of interest and principal on the District's general long-term debt. The primary source of revenue for debt service is property taxes. Expenditures include costs incurred in assessing and collecting these taxes.
- The Capital Projects Fund is used to account for the expenditures of bond proceeds for the construction of the District's sewer, drainage, parks and road facilities.
- The Joint Wastewater Treatment Plant Fund is used to account for revenues received from participating districts that are restricted for the operation and maintenance of a joint regional wastewater plant. See Note 13 for additional information.

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

Measurement Focus and Basis of Accounting

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

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued)

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

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

Use of Restricted Resources

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

Prepaid Items

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

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At May 31, 2022, an allowance for uncollectible accounts was not considered necessary.

Interfund Activity

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

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost of $50,000 or more and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

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

Assets	Useful Life
Sewer and drainage system	45 years
Parks and recreational facilities	20-30 years
Landscaping improvements	20 years

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

Deferred Inflows and Outflows of Financial Resources

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

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

Deferred outflows of financial resources at the government-wide level are from refunding bond transactions in which the amount required to repay the old debt exceeded the net carrying amount of the old debt. This amount is being amortized to interest expense.

Net Position – Governmental Activities

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

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

Note 1 – Summary of Significant Accounting Policies (continued)

Net Position – Governmental Activities (continued)

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

Unrestricted – resources not included in the other components.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District's nonspendable fund balance consists of prepaid items and an operating reserve paid to the Joint Wastewater Treatment Plant Fund.

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

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

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

Unassigned - all other spendable amounts in the General Fund.

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

Note 1 – Summary of Significant Accounting Policies (continued)

Use of Estimates

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

Note 2 – Adjustment from Governmental to Government-wide Basis

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

Total fund balance, governmental funds		$ 25,991,494
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	$ 96,893,973	
Less accumulated depreciation	(15,957,629)	
Change due to capital assets		80,936,344
The difference between the face amount of bonds refunded and the amount paid to the escrow agent is recorded as a deferred difference on refunding in the *Statement of Net Position* and amortized to interest expense. It is not recorded in the fund statements because it is not a financial resource.		801,866
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of:		
Bonds payable, net	(127,838,528)	
Interest payable	(957,836)	
Change due to long-term debt		(128,796,364)
Amounts due to the District's developers for prefunded construction and operating advances are recorded as a liability in the *Statement of Net Position.*		(6,863,678)
Property taxes receivable and related penalties and interest have been levied and are due, but are not available soon enough to pay current period expenditures and, therefore, are deferred in the funds.		
Property taxes receivable	239,776	
Penalty and interest receivable	35,433	
Change due to property taxes		275,209
Total net position - governmental activities		$ (27,655,129)

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

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

Net change in fund balances - total governmental funds		$ 8,120,361
Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for property taxes and related penalties and interest.		79,287
Governmental funds report capital outlays for developer reimbursements and construction costs as expenditures in the funds; however, in the *Statement of Activities,* the cost of capital assets is charged to expense over the estimated useful life of the asset.		
Capital outlays	$ 6,624,331	
Depreciation expense	(2,446,246)	
		4,178,085
Montgomery County assumes responsibility for the maintenance of public roads constructed within the boundaries of the District. Since these improvements are funded by the developer, financial resources are not expended in the fund financial statements; however, in the *Statement of Activities*, these amounts are reported as transfers to other governments.		(268,009)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal uses current financial resources. However, neither transaction has any effect on net assets. Other elements of debt financing are reported differently between the fund and government wide statements.		
Issuance of long-term debt	(22,075,000)	
Proceeds from issuance of bond anticipation note	(1,920,000)	
Bond premium	(700,119)	
Payment to refunded bond escrow agent	9,015,000	
Principal payments	4,045,000	
Repayment of bond anticipation note	1,920,000	
Interest expense accrual	(88,170)	
		(9,803,289)
Change in net position of governmental activities		$ 2,306,435

Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

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

Investments

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

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

Note 3 – Deposits and Investments (continued)

Investments (continued)

As of May 31, 2022, the District's investments consist of the following:

Type	Fund	Carrying Value	Percentage of Total	Rating	Weighted Average Maturity
Certificates of deposit	Debt Service	$ 244,215	1%	N/A	N/A
TexSTAR	General	7,024,751			
	Debt Service	9,918,618			
	Capital Projects	8,027,275			
		24,970,644	99%	AAAm	48 days
Total		$ 25,214,859	100%		

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

TexSTAR

The District participates in Texas Short Term Asset Reserve fund (TexSTAR) which is managed by Hilltop Securities, Inc., and J.P. Morgan Investment Management, Inc. Hilltop Securities provides participant and marketing services while J.P. Morgan provides investment management services. Custodial and depository services are provided by J.P. Morgan Chase Bank N.A. or its subsidiary.

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

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

Investment Credit and Interest Rate Risk

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

Note 4 – Interfund Balances and Transactions

Amounts due to/from other funds at May 31, 2022, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
General Fund	Debt Service Fund	$ 9,686	Maintenance tax collections not remitted as of year end and bond issuance costs paid by the General Fund.
Capital Projects Fund	General Fund	616,999	Overreimbursement from the General Fund for construction costs
Joint Wastewater Treatment Plant Fund	General Fund	63,270	District's share of joint wastewater treatment plant expenses

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

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended May 31, 2022, is as follows:

	Beginning Balances	Additions/ Adjustments	Retirements	Ending Balances
Capital assets not being depreciated				
Land and improvements	$ 1,923,553	$ 76,480	$ -	$ 2,000,033
Construction in progress	1,037,322	1,979,521	(425,326)	2,591,517
	2,960,875	2,056,001	(425,326)	4,591,550
Capital assets being depreciated				
Sewer and drainage systems	75,856,696	1,756,436		77,613,132
Parks and recreational facilities	11,850,425	236,386		12,086,811
Landscaping improvements	2,262,899	339,581		2,602,480
	89,970,020	2,332,403		92,302,423
Less accumulated depreciation				
Sewer and drainage systems	(10,701,310)	(1,752,880)		(12,454,190)
Parks and recreational facilities	(2,568,934)	(560,592)		(3,129,526)
Landscaping improvements	(241,139)	(132,774)		(373,913)
	(13,511,383)	(2,446,246)		(15,957,629)
Subtotal depreciable capital assets, net	76,458,637	(113,843)		76,344,794
Capital assets, net	$ 79,419,512	$ 1,942,158	$ (425,326)	$ 80,936,344

Depreciation expense for the current year was $2,446,246.

Note 5 – Capital Assets (continued)

The District has contractual commitments for construction projects as follows:

	Contract Amount	Percentage complete
Kingsley Square Boulevard (From FCT to Bungalow Drive) - paving	$ 581,300	96.9%
Pine Market at Woodforest, Phase 3 - paving	831,789	87.7%
Kingsley Square Boulevard, Phase 2/Cypress Road Pond - paving*	359,985	0.0%
Wastewater Treatment Plant Digester Addition	1,920,000	18.8%
	$ 3,693,074	

*District's estimated share of contract

Note 6 – Bond Anticipation Note

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

On June 28, 2021, the District issued a $1,920,000 BAN with an interest rate of 0.88%, which is due on June 27, 2022. The district paid this BAN on April 19, 2022, with proceeds from the issuance of its Series 2022 Unlimited Tax Bonds.

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

Beginning balance	$ -
Amount borrowed	1,920,000
Amount repaid	(1,920,000)
Ending balance	$ -

Note 7 – Due to Developers

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

Note 7 – Due to Developers (continued)

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

Due to developers, beginning of year	$ 9,256,922
Developer reimbursements	(4,208,011)
Developer funded construction and adjustments	1,814,767
Due to developers, end of year	$ 6,863,678

In addition, the District will owe the developers approximately $1,370,413, which is included in the following schedule of contractual commitments. The exact amount is not known until approved by the TCEQ and verified by the District's auditor. As previously noted, these projects will be reported in the government-wide financial statements upon completion of construction.

	Contract Amount	Percentage complete
Pine Market at Woodforest, Phase 3 - utilities*	$ 608,225	80.8%
Kingsley Square Boulevard Alley	65,182	0.0%
Kingsley Square Boulevard, Phase 2/Cypress Road Pond - utilities*	207,832	57.8%
Kingsley Square Section 2 - utilties	489,174	0.0%
	$ 1,370,413	

*District's estimated share of contract

Note 8 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	$ 128,580,000
Unamortized discounts	(1,406,218)
Unamortized premium	664,746
	$ 127,838,528
Due within one year	$ 4,445,000

The District's bonds payable at May 31, 2022, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2013 Road	$ 190,000	$ 5,650,000	3.0% - 5.0%	September 1, 2015 - 2037	September 1, March 1	September 1, 2021
2014	13,965,000	17,200,000	2.0% - 4.0%	September 1, 2015 - 2038	September 1, March 1	September 1, 2022

Note 8 – Long-Term Debt (continued)

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2014 Road	3,255,000	4,100,000	2.0% - 4.0%	September 1, 2015 - 2038	September 1, March 1	September 1, 2022
2015	20,510,000	24,910,000	2.0% - 3.625%	September 1, 2016 - 2039	September 1, March 1	September 1, 2023
2015 Road	4,695,000	5,745,000	2.0% - 4.0%	September 1, 2016 - 2039	September 1, March 1	September 1, 2023
2016 Refunding	2,495,000	2,705,000	2.0% - 3.25%	September 1, 2016 - 2035	September 1, March 1	September 1, 2023
2016 Road Refunding	2,440,000	2,645,000	2.0% - 3.25%	September 1, 2016 - 2035	September 1, March 1	September 1, 2023
2017	10,295,000	11,930,000	2.0% - 3.75%	September 1, 2017 - 2041	September 1, March 1	September 1, 2024
2017 Road	7,275,000	8,100,000	3.0% - 3.5%	September 1, 2018 - 2042	September 1, March 1	September 1, 2024
2018 Park	5,270,000	5,700,000	3.0% - 3.75%	September 1, 2019 - 2043	September 1, March 1	September 1, 2023
2019	9,605,000	10,480,000	2.0% - 4.0%	September 1, 2019 - 2043	September 1, March 1	September 1, 2023
2019 Road	6,385,000	6,780,000	2.0% - 4.5%	September 1, 2019 - 2043	September 1, March 1	September 1, 2023
2019 Refunding	1,995,000	2,165,000	2.0% - 3.0%	September 1, 2020 - 2036	September 1, March 1	September 1, 2024
2019 Road Refunding	3,510,000	3,690,000	2.0% - 3.0%	September 1, 2020 - 2036	September 1, March 1	September 1, 2024
2019A	8,345,000	8,915,000	2.0% - 3.0%	September 1, 2020 - 2044	September 1, March 1	September 1, 2024
2020 Park	6,275,000	6,425,000	2.0% - 2.25%	September 1, 2021 - 2045	September 1, March 1	September 1, 2025
2021 Refunding	4,575,000	4,575,000	2.0% - 4.0%	September 1, 2022 - 2037	September 1, March 1	September 1, 2028
2021 Road & Refunding	10,240,000	10,240,000	2.0% - 4.0%	September 1, 2022 - 2046	September 1, March 1	September 1, 2028
2022	7,260,000	7,260,000	3.0% - 3.5%	September 1, 2023 - 2046	September 1, March 1	April 1, 2027
	$ 128,580,000					

Note 8 – Long-Term Debt (continued)

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

At May 31, 2022, the District had authorized but unissued bonds in the amount of $77,540,000 for wastewater and storm drainage facilities and the refunding of such bonds; $4,320,000 for park and recreational facilities and the refunding of such bonds; and $3,260,000 for road improvements and the refunding of such bonds.

On June 8, 2021, the District issued its $4,575,000 Series 2021 Unlimited Tax Refunding Bonds at a net effective interest rate of 2.150396% to refund $4,640,000 of outstanding Series 2013 bonds. The District refunded the bonds to reduce total debt service payments over future years by approximately $1,217,709 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately $1,021,130. Proceeds of the bonds were placed in an escrow account with an escrow agent and irrevocably pledged to the payment of future debt service payments through September 1, 2021, the redemption date of the bonds. As of May 31, 2022, the bonds have all been redeemed and are no longer outstanding.

On June 8, 2021, the District also issued its $10,240,000 Series 2021 Unlimited Tax Road Improvement and Refunding Bonds at a net effective interest rate of 2.136475% to refund $4,375,000 of outstanding Series 2013 road improvement bonds. The District refunded the bonds to reduce total debt service payments over future years by approximately $1,187,908 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately $997,259. Proceeds of the bonds were placed in an escrow account with an escrow agent and irrevocably pledged to the payment of future debt service payments through September 1, 2021, the redemption date of the bonds. As of May 31, 2022, the bonds have all been redeemed and are no longer outstanding.

On April 19, 2022, the District issued its $7,260,000 Series 2022 Unlimited Tax Bonds at a net effective interest rate of 3.396432%. Proceeds of the bonds were used to reimburse developers for the cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds and to pay BAN interest and other costs associated with the issuance of the BAN and the bonds.

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

Bonds payable, beginning of year	$ 119,565,000
Bonds issued	22,075,000
Bonds retired	(4,045,000)
Bonds refunded	(9,015,000)
Bonds payable, end of year	$ 128,580,000

Note 8 – Long-Term Debt (continued)

As of May 31, 2022, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2023	$ 4,445,000	$ 3,832,885	$ 8,277,885
2024	4,840,000	3,726,721	8,566,721
2025	5,045,000	3,597,485	8,642,485
2026	5,235,000	3,461,159	8,696,159
2027	5,430,000	3,315,861	8,745,861
2028	5,655,000	3,156,435	8,811,435
2029	5,880,000	2,984,405	8,864,405
2030	6,105,000	2,807,236	8,912,236
2031	6,345,000	2,623,517	8,968,517
2032	6,595,000	2,426,564	9,021,564
2033	6,830,000	2,232,973	9,062,973
2034	7,055,000	2,028,007	9,083,007
2035	7,340,000	1,800,121	9,140,121
2036	7,605,000	1,565,323	9,170,323
2037	7,335,000	1,327,046	8,662,046
2038	7,215,000	1,090,646	8,305,646
2039	6,790,000	854,402	7,644,402
2040	5,585,000	642,421	6,227,421
2041	3,800,000	486,094	4,286,094
2042	3,940,000	358,628	4,298,628
2043	3,310,000	239,606	3,549,606
2044	2,900,000	139,513	3,039,513
2045	1,520,000	71,694	1,591,694
2046	1,055,000	35,902	1,090,902
2047	725,000	10,751	735,751
	$ 128,580,000	$ 44,815,395	$ 173,395,395

Note 9 – Property Taxes

On May 10, 2008, the voters of the District authorized the District's Board of Directors to levy taxes annually for use in financing general operations limited to $1.25 per $100 of assessed value, and used in financing the maintenance of road facilities, limited to $0.25 per $100 of assessed value. The District's bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

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

Note 9 – Property Taxes (continued)

Property taxes are collected based on rates adopted in the year of the levy. The District's 2022 fiscal year was financed through the 2021 tax levy, pursuant to which the District levied property taxes of \$0.84 per \$100 of assessed value, of which \$0.205 was allocated to maintenance and operations, \$0.435 was allocated to water, sewer, drainage, and parks debt service, and \$0.20 was allocated to road debt service. The resulting tax levy was \$11,388,479 on the adjusted taxable value of \$1,355,771,247.

Property taxes receivable, at May 31, 2022, consisted of the following:

Current year taxes receivable	$ 219,945
Prior years taxes receivable	19,831
	239,776
Penalty and interest receivable	35,433
Property taxes receivable	$ 275,209

Note 10 – Transfers to Other Governments

Montgomery County assumes responsibility for the maintenance of public roads constructed within the county limits. Accordingly, road facilities are considered to be capital assets of Montgomery County, not the District. The estimated cost of each road project is recorded as a transfer to other government upon completion of construction. This cost is trued-up when the developer is subsequently reimbursed. For the year ended May 31, 2022, the District recorded transfers to other governments in the amount of \$268,009 for road facilities constructed by a developer within the District.

Note 11 – Strategic Partnership Agreement

Effective September 23, 2008, the District and the City of Conroe (the "City") entered into a Strategic Partnership Agreement under which the City may annex the District for limited purposes. The District continues (1) to exercise all powers and functions of a municipal utility district and (2) to provide certain services described in the agreement, and the City agrees to remit one half of all retail sales tax collected from retailers located within the District's boundaries. The City has not yet annexed the District for limited purposes. Accordingly, the City has not yet imposed a sales tax in the District and therefore, no rebate was due or paid.

The City agrees that it will not annex all or part of the District during the initial ten year term of this agreement. The District will be converted to full purpose annexation upon the earlier of the following dates: (1) the date on which all debt of the District that is payable from ad valorem taxes is fully paid and the District has fully reimbursed the developers within the District in accordance with any written reimbursement agreement or (2) December 31, 2037. On the full purpose annexation date, the land included within the boundaries of the District shall be deemed to be within the full purpose boundary limits of the City without the need for any further action. Upon such date, all taxable property within the territory of the District shall become subject to ad valorem taxation by the City.

Note 11 – Strategic Partnership Agreement (continued)

If debt of the District remains outstanding on the full purpose annexation conversion date or if the District has not fully reimbursed any developers within the District in accordance with any written reimbursement agreement, then the District shall become a "limited district". The "limited district" shall be known as Montgomery Utility District No. 113 and shall continue for a term through the earlier of ten additional years or all outstanding debt has been fully paid. The powers of the "limited district" are restricted to the levy and collection of ad valorem taxes sufficient to meet the outstanding debt service requirements.

The City may extend the existence of the "limited district" for successive ten year terms for so long as any debt of the "limited district" remains. The "limited district" ceases to exist 60 days after all debt is paid and title to all assets and improvements vests in the City.

Note 12 – Water Supply Agreement

MSEC Enterprises ("MSEC") supplies water to District residents pursuant to an agreement with the District's developer. MSEC owns, constructs, operates and maintains the water supply and water distribution systems that serve residents within the District. The District's developer has committed to pay all capital connection fees.

Note 13 – Agreements with Municipal Utility District No. 121

Joint Construction and Operation of Regional Facilities

On August 20, 2018, The District entered into a fifty-year agreement with Montgomery County Municipal Utility District No. 121 ("MUD 121"). This was amended and restated on May 20, 2019. The purpose of the agreement is to establish a wastewater collection and treatment system, a drainage system and parks. Each of these projects are referred to as an Element and is planned to be designed, constructed and funded in Segments. MUD 121 will reimburse the District for its proportionate share of the construction costs, plus interest, of certain completed and funded Elements of the project that were originally paid by the District. Each District agrees to fund its portion of future project costs on or before the due date by depositing its proportionate share in a separate account dedicated to payment of construction costs. The District is responsible for the design and construction of all Elements. During the current year, the District received $718,368 from MUD 121 for payments due under such agreement.

The District will hold legal title to the facilities for the benefit of both districts and is designated as the operator of the facilities. However, each District will have an equitable interest in their share of purchased capacity. During the prior year, the District established a separate fund to account for the operation, maintenance, and construction costs of the wastewater plant.

Note 13 – Agreements with Municipal Utility District No. 121 (continued)

Joint Construction and Operation of Regional Facilities (continued)

Pursuant to the amended and restated agreement, the District established an initial deposit balance in the Joint Wastewater Treatment Plant Fund of $20,000 to pay operating expenses as they become due. The District contributed 83% of the initial balance, and MUD 121 contributed 17% of the initial balance. During the course of three (3) years, the initial balance will increase in the following manner: 1) to $30,000 after the first year the balance was established, 2) to $35,000 after the second year, and 3) to $40,000 or an amount equal to three month's operating expenses, based on the annual budget prepared and adopted, after the third year, whichever amount is higher. As of May 31, 2022, the District has paid $29,050 for its share of the initial deposit. This amount is recognized as an "operating reserve" on the *Statement of Net Position.*

The participating districts are billed the cost of operating expenses based upon a ratio of each District's active connections to the total active connections. During the current year, the District paid $788,559 for its share of operating expenses.

Reimbursement Allocation Agreements

On September 16, 2019, and subsequently amended on October 19, 2020, the District entered into a Reimbursement Allocation Agreement (the "Agreement") with MUD 121 for the construction of recreational trails within the Woodforest Community ("Project"). The project was completed as of May 31, 2021 and the district's share of construction cost were $350,748, which Woodforest Development, Inc. ("WDI") made on the behalf of the District. Each district will own and operate their portion of the project. Additionally, the District is responsible for reimbursing WDI from the proceeds of future bond issues, pursuant to the Development Financing Agreement between the District and WDI.

On January 18, 2021, the District entered into a Reimbursement Allocation Agreement (the "Agreement") with MUD 121 for the construction of recreational trails within the Woodforest Community ("Project"), the total cost of constructing the recreational trails is $346,656. The project was completed as of May 31, 2022 and the District's share of construction cost is $214,896, which Woodforest Development, Inc. ("WDI") made on the behalf of the District. Each district will own and operate their portion of the project. Additionally, the District is responsible for reimbursing WDI from the proceeds of future bond issues, pursuant to the Development Financing Agreement between the District and WDI.

Note 14 – Risk Management

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

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Required Supplementary Information

Montgomery County Municipal Utility District No. 113
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended May 31, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Sewer service	$ 1,000,000	$ 1,050,000	$ 1,226,350	$ 176,350
Garbage service	1,000,000	1,050,000	828,057	(221,943)
Property taxes	2,000,000	2,650,000	2,757,913	107,913
Penalties and interest			15,888	15,888
Tap connection and inspection	25,000	25,000	70,778	45,778
Miscellaneous	35,000	35,000	48,000	13,000
Investment earnings	5,000	5,000	6,139	1,139
Total Revenues	4,065,000	4,815,000	4,953,125	138,125
Expenditures				
Current service operations				
Purchased services	846,450	846,450	788,559	57,891
Professional fees	231,000	231,000	197,402	33,598
Contracted services	1,460,000	1,675,000	1,457,170	217,830
Repairs and maintenance	928,258	1,028,258	727,505	300,753
Utilities	100,000	100,000	225,334	(125,334)
Administrative	127,000	127,000	133,713	(6,713)
Other	29,000	29,000	20,663	8,337
Capital outlay	100,000	250,000	73,909	176,091
Total Expenditures	3,821,708	4,286,708	3,624,255	662,453
Revenues Over Expenditures	243,292	528,292	1,328,870	800,578
Fund Balance				
Beginning of the year	5,894,361	5,894,361	5,894,361	
End of the year	$ 6,137,653	$ 6,422,653	$ 7,223,231	$ 800,578

Budgets and Budgetary Accounting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The budget was amended during the year to reflect changes in anticipated revenues and expenditures.

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Texas Supplementary Information

Montgomery County Municipal Utility District No. 113
TSI-1. Services and Rates
May 31, 2022

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

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

[ ] Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)

[ ] Other (Specify): ____________________

2. Retail Service Providers

a. Retail Rates for a 5/8" meter (or equivalent):

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels		
Wastewater:	$ 50.15	-0-	Y	N/A	-0-	to	unlimited

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

Total charges per 10,000 gallons usage: Water ______ Wastewater $ 50.15

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered			x 1.0	
less than 3/4"			x 1.0	
1"			x 2.5	
1.5"			x 5.0	
2"			x 8.0	
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water				
Total Wastewater	3,735	3,652	x 1.0	3,652

See accompanying auditor's report.

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

Gallons pumped into system: N/A

Gallons billed to customers: N/A

Water Accountability Ratio: (Gallons billed / Gallons pumped) N/A

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

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

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

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

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

5. Location of District:

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

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

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

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

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

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

ETJs in which the District is located: City of Conroe

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

If Yes, by whom? ____________

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 113
TSI-2 General Fund Expenditures
For the Year Ended May 31, 2022

Purchased services	$ 788,559
Professional fees	
Legal	128,500
Audit	18,000
Engineering	50,902
	197,402
Contracted services	
Bookkeeping	32,800
Operator	165,857
Garbage collection	844,722
Tap connection and inspection	30,355
Security	383,436
	1,457,170
Repairs and maintenance	727,505
Utilities	225,334
Administrative	
Directors fees	11,400
Printing and office supplies	88,021
Insurance	22,097
Other	12,195
	133,713
Other	20,663
Capital outlay	73,909
Total expenditures	$ 3,624,255

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 113
TSI-3. Investments
May 31, 2022

Fund	Interest Rate	Maturity Date	Balance at End of Year	Interest Receivable
General				
TexSTAR	Variable	N/A	$ 7,024,751	$ -
Debt Service				
TexSTAR	Variable	N/A	6,872,800	
TexSTAR	Variable	N/A	3,045,818	
Certificate of deposit	1.25%	05/18/23	244,215	
			10,162,833	
Capital Projects				
TexSTAR	Variable	N/A	2,116,366	
TexSTAR	Variable	N/A	5,910,834	
TexSTAR	Variable	N/A	75	
			8,027,275	
Total - All Funds			$ 25,214,859	$ -

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 113
TSI-4. Taxes Levied and Receivable
May 31, 2022

	Maintenance Taxes	W-S-D Debt Service Taxes	Road Debt Service Taxes	Totals
Taxes Receivable, Beginning of Year	$ 39,148	$ 93,223	$ 38,577	$ 170,948
Adjustments	(1,814)	(4,319)	(1,761)	(7,894)
Adjusted Receivable	37,334	88,904	36,816	163,054
2021 Original Tax Levy	2,722,876	5,777,811	2,656,465	11,157,152
Adjustments	56,455	119,794	55,078	231,327
Adjusted Tax Levy	2,779,331	5,897,605	2,711,543	11,388,479
Total to be accounted for	2,816,665	5,986,509	2,748,359	11,551,533
Tax collections:				
Current year	2,725,654	5,783,705	2,659,175	11,168,534
Prior years	32,802	78,207	32,214	143,223
Total Collections	2,758,456	5,861,912	2,691,389	11,311,757
Taxes Receivable, End of Year	$ 58,209	$ 124,597	$ 56,970	$ 239,776
Taxes Receivable, By Years				
2021	$ 53,677	$ 113,900	$ 52,368	$ 219,945
2020	2,364	5,614	2,305	10,283
2019	1,107	2,901	1,256	5,264
2018 and prior	1,061	2,182	1,041	4,284
Taxes Receivable, End of Year	$ 58,209	$ 124,597	$ 56,970	$ 239,776

	2021	2020	2019	2018
Property Valuations				
Land	$ 331,608,180	$ 288,776,310	$ 240,937,810	$ 206,085,490
Improvements	1,101,681,300	1,011,802,330	926,517,170	812,786,530
Personal Property	6,809,615	9,607,361	16,745,293	14,141,935
Exemptions	(84,327,848)	(72,731,975)	(73,561,461)	(58,924,834)
Total Property Valuations	$ 1,355,771,247	$ 1,237,454,026	$ 1,110,638,812	$ 974,089,121
Tax Rates per $100 Valuation				
Maintenance tax rates	$ 0.205	$ 0.200	$ 0.185	$ 0.25
Debt service tax rates				
Road	0.200	0.195	0.210	0.20
Water, sewer and drainage	0.435	0.475	0.485	0.44
	$ 0.840	$ 0.870	$ 0.880	$ 0.89
Adjusted Tax Levy:	$ 11,388,479	$ 10,765,850	$ 9,773,622	$ 8,669,393
Percentage of Taxes Collected to Taxes Levied **	98.07%	99.90%	99.95%	99.97%

* Maximum Maintenance Tax Rate Approved by Voters: $1.25 on May 10, 2008
* Maximum Road Maintenance Tax Rate Approved by Voters: $0.25 on May 10, 2008

** Calculated as taxes collected for a tax year divided by taxes levied for that tax year.

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 113
TSI-5. Long-Term Debt Service Requirements
Series 2013 Road--by Years
May 31, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2023	$ 190,000	$ 3,800	$ 193,800

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 113
TSI-5. Long-Term Debt Service Requirements
Series 2014--by Years
May 31, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2023	$ 550,000	$ 474,856	$ 1,024,856
2024	580,000	457,906	1,037,906
2025	605,000	440,131	1,045,131
2026	635,000	421,532	1,056,532
2027	665,000	402,031	1,067,031
2028	695,000	381,632	1,076,632
2029	730,000	359,344	1,089,344
2030	765,000	335,050	1,100,050
2031	800,000	309,119	1,109,119
2032	840,000	280,919	1,120,919
2033	880,000	250,819	1,130,819
2034	920,000	219,319	1,139,319
2035	965,000	185,728	1,150,728
2036	1,010,000	149,300	1,159,300
2037	1,055,000	110,581	1,165,581
2038	1,110,000	68,600	1,178,600
2039	1,160,000	23,200	1,183,200
	$ 13,965,000	$ 4,870,067	$ 18,835,067

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 113
TSI-5. Long-Term Debt Service Requirements
Series 2014 Road--by Years
May 31, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2023	$ 135,000	$ 109,762	$ 244,762
2024	145,000	105,563	250,563
2025	150,000	101,137	251,137
2026	155,000	96,563	251,563
2027	160,000	91,837	251,837
2028	165,000	86,963	251,963
2029	175,000	81,862	256,862
2030	180,000	76,313	256,313
2031	190,000	70,300	260,300
2032	195,000	63,800	258,800
2033	205,000	56,800	261,800
2034	210,000	49,406	259,406
2035	220,000	41,612	261,612
2036	230,000	33,313	263,313
2037	240,000	24,500	264,500
2038	245,000	15,100	260,100
2039	255,000	5,100	260,100
	$ 3,255,000	$ 1,109,931	$ 4,364,931

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 113
TSI-5. Long-Term Debt Service Requirements
Series 2015--by Years
May 31, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2023	$ 800,000	$ 621,712	$ 1,421,712
2024	830,000	605,413	1,435,413
2025	865,000	587,381	1,452,381
2026	900,000	567,525	1,467,525
2027	935,000	545,713	1,480,713
2028	975,000	519,400	1,494,400
2029	1,010,000	489,625	1,499,625
2030	1,050,000	458,725	1,508,725
2031	1,095,000	426,550	1,521,550
2032	1,140,000	392,312	1,532,312
2033	1,185,000	355,244	1,540,244
2034	1,230,000	316,000	1,546,000
2035	1,280,000	274,412	1,554,412
2036	1,330,000	230,369	1,560,369
2037	1,385,000	183,687	1,568,687
2038	1,440,000	134,250	1,574,250
2039	1,500,000	82,800	1,582,800
2040	1,560,000	28,275	1,588,275
	$ 20,510,000	$ 6,819,393	$ 27,329,393

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 113
TSI-5. Long-Term Debt Service Requirements
Series 2015 Road--by Years
May 31, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2023	$ 190,000	$ 154,194	$ 344,194
2024	195,000	150,222	345,222
2025	200,000	145,900	345,900
2026	210,000	140,500	350,500
2027	215,000	134,125	349,125
2028	225,000	127,525	352,525
2029	235,000	120,625	355,625
2030	245,000	113,119	358,119
2031	250,000	105,075	355,075
2032	260,000	96,625	356,625
2033	270,000	87,512	357,512
2034	280,000	77,887	357,887
2035	290,000	67,731	357,731
2036	300,000	57,038	357,038
2037	315,000	45,694	360,694
2038	325,000	33,694	358,694
2039	340,000	20,800	360,800
2040	350,000	7,000	357,000
	$ 4,695,000	$ 1,685,266	$ 6,380,266

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 113
TSI-5. Long-Term Debt Service Requirements
Series 2016 Refunding--by Years
May 31, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2023	$ 30,000	$ 75,400	$ 105,400
2024	35,000	74,425	109,425
2025	35,000	73,375	108,375
2026	35,000	72,325	107,325
2027	200,000	68,800	268,800
2028	215,000	62,575	277,575
2029	220,000	56,050	276,050
2030	225,000	49,375	274,375
2031	230,000	42,550	272,550
2032	240,000	35,500	275,500
2033	250,000	28,150	278,150
2034	250,000	20,650	270,650
2035	260,000	12,837	272,837
2036	270,000	4,388	274,388
	$ 2,495,000	$ 676,400	$ 3,171,400

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 113
TSI-5. Long-Term Debt Service Requirements
Series 2016 Road Refunding--by Years
May 31, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2023	$ 30,000	$ 73,738	$ 103,738
2024	30,000	72,837	102,837
2025	35,000	71,862	106,862
2026	35,000	70,812	105,812
2027	195,000	67,362	262,362
2028	200,000	61,437	261,437
2029	215,000	55,213	270,213
2030	220,000	48,688	268,688
2031	225,000	42,013	267,013
2032	235,000	35,112	270,112
2033	245,000	27,912	272,912
2034	250,000	20,488	270,488
2035	260,000	12,675	272,675
2036	265,000	4,306	269,306
	$ 2,440,000	$ 664,455	$ 3,104,455

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 113
TSI-5. Long-Term Debt Service Requirements
Series 2017--by Years
May 31, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2023	$ 335,000	$ 329,843	$ 664,843
2024	350,000	322,993	672,993
2025	365,000	315,388	680,388
2026	380,000	307,007	687,007
2027	400,000	297,731	697,731
2028	415,000	286,507	701,507
2029	430,000	273,831	703,831
2030	450,000	260,632	710,632
2031	470,000	246,831	716,831
2032	490,000	232,125	722,125
2033	510,000	215,862	725,862
2034	530,000	197,981	727,981
2035	555,000	178,994	733,994
2036	580,000	159,132	739,132
2037	605,000	138,016	743,016
2038	630,000	116,025	746,025
2039	655,000	92,719	747,719
2040	685,000	67,594	752,594
2041	715,000	41,344	756,344
2042	745,000	13,969	758,969
	$ 10,295,000	$ 4,094,524	$ 14,389,524

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 113
TSI-5. Long-Term Debt Service Requirements
Series 2017 Road--by Years
May 31, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2023	$ 230,000	$ 233,511	$ 463,511
2024	235,000	226,538	461,538
2025	245,000	219,337	464,337
2026	255,000	211,838	466,838
2027	265,000	204,037	469,037
2028	275,000	195,938	470,938
2029	290,000	187,463	477,463
2030	300,000	178,613	478,613
2031	310,000	169,463	479,463
2032	325,000	159,938	484,938
2033	335,000	149,828	484,828
2034	350,000	138,906	488,906
2035	365,000	127,287	492,287
2036	380,000	114,944	494,944
2037	395,000	101,866	496,866
2038	410,000	88,025	498,025
2039	425,000	73,413	498,413
2040	445,000	58,188	503,188
2041	460,000	42,350	502,350
2042	480,000	25,900	505,900
2043	500,000	8,750	508,750
	$ 7,275,000	$ 2,916,133	$ 10,191,133

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 113
TSI-5. Long-Term Debt Service Requirements
Series 2018 Park--by Years
May 31, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2023	$ 150,000	$ 179,688	$ 329,688
2024	155,000	175,113	330,113
2025	165,000	170,313	335,313
2026	170,000	165,288	335,288
2027	175,000	160,113	335,113
2028	185,000	154,713	339,713
2029	190,000	149,088	339,088
2030	200,000	143,113	343,113
2031	210,000	136,575	346,575
2032	220,000	129,588	349,588
2033	225,000	122,216	347,216
2034	235,000	114,306	349,306
2035	245,000	105,906	350,906
2036	255,000	97,156	352,156
2037	265,000	87,891	352,891
2038	280,000	78,013	358,013
2039	290,000	67,500	357,500
2040	305,000	56,344	361,344
2041	315,000	44,719	359,719
2042	330,000	32,625	362,625
2043	345,000	19,969	364,969
2044	360,000	6,750	366,750
	$ 5,270,000	$ 2,396,987	$ 7,666,987

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 113
TSI-5. Long-Term Debt Service Requirements
Series 2019--by Years
May 31, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2023	$ 280,000	$ 303,181	$ 583,181
2024	290,000	294,681	584,681
2025	305,000	288,731	593,731
2026	315,000	282,138	597,138
2027	330,000	274,881	604,881
2028	340,000	266,069	606,069
2029	355,000	255,644	610,644
2030	370,000	244,769	614,769
2031	385,000	233,444	618,444
2032	400,000	221,669	621,669
2033	415,000	209,444	624,444
2034	430,000	196,500	626,500
2035	450,000	182,750	632,750
2036	465,000	168,163	633,163
2037	485,000	152,422	637,422
2038	505,000	135,400	640,400
2039	525,000	117,375	642,375
2040	545,000	98,650	643,650
2041	570,000	78,781	648,781
2042	590,000	57,756	647,756
2043	615,000	35,531	650,531
2044	640,000	12,000	652,000
	$ 9,605,000	$ 4,109,979	$ 13,714,979

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 113
TSI-5. Long-Term Debt Service Requirements
Series 2019 Road--by Years
May 31, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2023	$ 185,000	$ 183,444	$ 368,444
2024	195,000	177,331	372,331
2025	200,000	173,381	373,381
2026	210,000	169,281	379,281
2027	220,000	164,706	384,706
2028	225,000	159,700	384,700
2029	235,000	154,378	389,378
2030	245,000	148,525	393,525
2031	255,000	141,638	396,638
2032	265,000	133,838	398,838
2033	275,000	125,738	400,738
2034	285,000	117,338	402,338
2035	300,000	108,563	408,563
2036	310,000	99,413	409,413
2037	325,000	89,888	414,888
2038	335,000	79,988	414,988
2039	350,000	69,494	419,494
2040	365,000	58,094	423,094
2041	375,000	46,069	421,069
2042	395,000	33,553	428,553
2043	410,000	20,475	430,475
2044	425,000	6,906	431,906
	$ 6,385,000	$ 2,461,741	$ 8,846,741

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 113
TSI-5. Long-Term Debt Service Requirements
Series 2019 Refunding--by Years
May 31, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2023	$ 210,000	$ 51,187	$ 261,187
2024	220,000	44,737	264,737
2025	230,000	37,987	267,987
2026	240,000	32,138	272,138
2027	80,000	28,938	108,938
2028	85,000	27,288	112,288
2029	90,000	25,481	115,481
2030	90,000	23,513	113,513
2031	95,000	21,075	116,075
2032	100,000	18,150	118,150
2033	100,000	15,150	115,150
2034	105,000	12,075	117,075
2035	115,000	8,775	123,775
2036	115,000	5,325	120,325
2037	120,000	1,800	121,800
	$ 1,995,000	$ 353,619	$ 2,348,619

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 113
TSI-5. Long-Term Debt Service Requirements
Series 2019 Road Refunding--by Years
May 31, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2023	$ 285,000	$ 91,275	$ 376,275
2024	295,000	82,575	377,575
2025	315,000	73,425	388,425
2026	325,000	65,450	390,450
2027	170,000	60,500	230,500
2028	180,000	57,000	237,000
2029	180,000	53,288	233,288
2030	190,000	49,238	239,238
2031	195,000	44,175	239,175
2032	210,000	38,100	248,100
2033	215,000	31,725	246,725
2034	220,000	25,200	245,200
2035	235,000	18,375	253,375
2036	245,000	11,175	256,175
2037	250,000	3,750	253,750
	$ 3,510,000	$ 705,251	$ 4,215,251

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 113
TSI-5. Long-Term Debt Service Requirements
Series 2019A--by Years
May 31, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2023	$ 255,000	$ 224,112	$ 479,112
2024	265,000	216,312	481,312
2025	275,000	208,212	483,212
2026	280,000	201,287	481,287
2027	290,000	195,587	485,587
2028	300,000	189,688	489,688
2029	305,000	183,638	488,638
2030	315,000	177,438	492,438
2031	325,000	170,834	495,834
2032	335,000	163,613	498,613
2033	345,000	155,747	500,747
2034	355,000	146,325	501,325
2035	365,000	135,525	500,525
2036	380,000	124,350	504,350
2037	390,000	112,800	502,800
2038	400,000	100,950	500,950
2039	410,000	88,800	498,800
2040	425,000	76,275	501,275
2041	440,000	63,300	503,300
2042	450,000	49,950	499,950
2043	465,000	36,225	501,225
2044	480,000	22,050	502,050
2045	495,000	7,425	502,425
	$ 8,345,000	$ 3,050,443	$ 11,395,443

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 113
TSI-5. Long-Term Debt Service Requirements
Series 2020 Park--by Years
May 31, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2023	$ 190,000	$ 128,513	$ 318,513
2024	195,000	124,663	319,663
2025	200,000	120,713	320,713
2026	205,000	116,663	321,663
2027	210,000	112,513	322,513
2028	215,000	108,263	323,263
2029	220,000	103,913	323,913
2030	225,000	99,463	324,463
2031	235,000	94,863	329,863
2032	240,000	90,113	330,113
2033	245,000	85,263	330,263
2034	255,000	80,263	335,263
2035	260,000	75,113	335,113
2036	270,000	69,813	339,813
2037	275,000	64,363	339,363
2038	280,000	58,813	338,813
2039	290,000	53,113	343,113
2040	300,000	47,213	347,213
2041	305,000	40,781	345,781
2042	315,000	33,806	348,806
2043	325,000	26,606	351,606
2044	330,000	19,238	349,238
2045	340,000	11,700	351,700
2046	350,000	3,939	353,939
	$ 6,275,000	$ 1,769,704	$ 8,044,704

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 113
TSI-5. Long-Term Debt Service Requirements
Series 2021 Refunding--by Years
May 31, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2023	$ 220,000	$ 121,900	$ 341,900
2024	230,000	115,150	345,150
2025	240,000	108,100	348,100
2026	245,000	99,600	344,600
2027	255,000	89,600	344,600
2028	265,000	79,200	344,200
2029	280,000	68,300	348,300
2030	290,000	58,350	348,350
2031	300,000	49,500	349,500
2032	305,000	41,950	346,950
2033	315,000	35,750	350,750
2034	315,000	29,450	344,450
2035	320,000	23,100	343,100
2036	325,000	16,650	341,650
2037	335,000	10,050	345,050
2038	335,000	3,350	338,350
	$ 4,575,000	$ 950,000	$ 5,525,000

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 113
TSI-5. Long-Term Debt Service Requirements
Series 2021 Road and Refunding--by Years
May 31, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2023	$ 180,000	$ 262,487	$ 442,487
2024	385,000	254,012	639,012
2025	400,000	242,237	642,237
2026	415,000	227,937	642,937
2027	435,000	210,937	645,937
2028	455,000	193,137	648,137
2029	475,000	174,537	649,537
2030	495,000	157,612	652,612
2031	515,000	142,462	657,462
2032	530,000	124,037	654,037
2033	540,000	118,738	658,738
2034	550,000	113,238	663,238
2035	565,000	96,688	661,688
2036	575,000	85,288	660,288
2037	585,000	73,688	658,688
2038	600,000	61,838	661,838
2039	260,000	53,238	313,238
2040	265,000	47,988	312,988
2041	270,000	42,300	312,300
2042	275,000	36,169	311,169
2043	280,000	29,925	309,925
2044	285,000	23,569	308,569
2045	295,000	17,044	312,044
2046	300,000	10,350	310,350
2047	310,000	3,488	313,488
	$ 10,240,000	$ 2,802,944	$ 13,042,944

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 113
TSI-5. Long-Term Debt Service Requirements
Series 2022--by Years
May 31, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2023	$ -	$ 210,282	$ 210,282
2024	210,000	226,250	436,250
2025	215,000	219,875	434,875
2026	225,000	213,275	438,275
2027	230,000	206,450	436,450
2028	240,000	199,400	439,400
2029	245,000	192,125	437,125
2030	250,000	184,700	434,700
2031	260,000	177,050	437,050
2032	265,000	169,175	434,175
2033	275,000	161,075	436,075
2034	285,000	152,675	437,675
2035	290,000	144,050	434,050
2036	300,000	135,200	435,200
2037	310,000	126,050	436,050
2038	320,000	116,600	436,600
2039	330,000	106,850	436,850
2040	340,000	96,800	436,800
2041	350,000	86,450	436,450
2042	360,000	74,900	434,900
2043	370,000	62,125	432,125
2044	380,000	49,000	429,000
2045	390,000	35,525	425,525
2046	405,000	21,613	426,613
2047	415,000	7,263	422,263
	$ 7,260,000	$ 3,374,758	$ 10,634,758

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 113
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
May 31, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2023	$ 4,445,000	$ 3,832,885	$ 8,277,885
2024	4,840,000	3,726,721	8,566,721
2025	5,045,000	3,597,485	8,642,485
2026	5,235,000	3,461,159	8,696,159
2027	5,430,000	3,315,861	8,745,861
2028	5,655,000	3,156,435	8,811,435
2029	5,880,000	2,984,405	8,864,405
2030	6,105,000	2,807,236	8,912,236
2031	6,345,000	2,623,517	8,968,517
2032	6,595,000	2,426,564	9,021,564
2033	6,830,000	2,232,973	9,062,973
2034	7,055,000	2,028,007	9,083,007
2035	7,340,000	1,800,121	9,140,121
2036	7,605,000	1,565,323	9,170,323
2037	7,335,000	1,327,046	8,662,046
2038	7,215,000	1,090,646	8,305,646
2039	6,790,000	854,402	7,644,402
2040	5,585,000	642,421	6,227,421
2041	3,800,000	486,094	4,286,094
2042	3,940,000	358,628	4,298,628
2043	3,310,000	239,606	3,549,606
2044	2,900,000	139,513	3,039,513
2045	1,520,000	71,694	1,591,694
2046	1,055,000	35,902	1,090,902
2047	725,000	10,751	735,751
	$ 128,580,000	$ 44,815,395	$ 173,395,395

See accompanying auditor's report.

	Bond Issue			
	Series 2012	Series 2012 Road	Series 2013	Series 2013 Road
Interest rate	3.0% - 5.0%	2.50% - 4.20%	2.50% - 5.00%	3.0% - 5.0%
Dates interest payable	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1
Maturity dates	9/1/13 - 9/1/21	9/1/14 - 9/1/21	9/1/14 - 9/1/21	9/1/15 - 9/1/22
Beginning bonds outstanding	$ 55,000	$ 120,000	$ 4,830,000	$ 4,745,000
Bonds issued				
Bonds refunded			(4,640,000)	(4,375,000)
Bonds retired	(55,000)	(120,000)	(190,000)	(180,000)
Ending bonds outstanding	$ -	$ -	$ -	$ 190,000
Interest paid during fiscal year	$ 990	$ 1,980	$ 112,330	$ 113,013

Paying agent's name and city
All other Series: Regions Bank, an Alabama banking corporation, Houston, TX

Bond Authority:	Water, Sewer and Drainage and Refunding Bonds	Road and Road Refunding Bonds	Park Bonds
Amount Authorized by Voters	$ 170,220,000	$ 47,400,000	$ 16,445,000
Amount Issued	(92,680,000)	(44,140,000)	(12,125,000)
Remaining To Be Issued	$ 77,540,000	$ 3,260,000	$ 4,320,000

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

Debt Service Fund cash and investment balances as of May 31, 2022: $ 10,383,319

Average annual debt service payment (principal and interest) for remaining term of all debt: $ 6,935,816

See accompanying auditor's report.

	Bond Issue			
	Series 2014	Series 2014 Road	Series 2015	Series 2015 Road
Interest rate	2.0% - 4.0%	2.0% - 4.0%	2.0% - 3.625%	2.0% - 4.0%
Dates interest payable	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1
Maturity dates	9/1/15 - 9/1/38	9/1/15 - 9/1/38	9/1/16 - 9/1/39	9/1/16 - 9/1/39
Beginning bonds outstanding	$ 14,490,000	$ 3,385,000	$ 21,280,000	$ 4,875,000
Bonds issued				
Bonds refunded				
Bonds retired	(525,000)	(130,000)	(770,000)	(180,000)
Ending bonds outstanding	$ 13,965,000	$ 3,255,000	$ 20,510,000	$ 4,695,000
Interest paid during fiscal year	$ 490,981	$ 113,738	$ 637,413	$ 157,894

See accompanying auditors' report.

Bond Issue					
Series 2016 Refunding	Series 2016 Road Refunding	Series 2017	Series 2017 Road	Series 2018 Park	Series 2019
2.0% - 3.25%	2.0% - 3.25%	2.0% - 3.75%	3.0% - 3.5%	3.0%-3.75%	2.0% - 4.0%
9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1
9/1/16 - 9/1/35	9/1/16 - 9/1/35	9/1/17 - 9/1/41	9/1/18 - 9/1/42	9/1/19 - 9/1/43	9/1/19 - 9/1/43
$ 2,525,000	$ 2,470,000	$ 10,620,000	$ 7,495,000	$ 5,415,000	$ 9,875,000
(30,000)	(30,000)	(325,000)	(220,000)	(145,000)	(270,000)
$ 2,495,000	$ 2,440,000	$ 10,295,000	$ 7,275,000	$ 5,270,000	$ 9,605,000
$ 76,300	$ 74,638	$ 336,444	$ 240,263	$ 184,113	$ 314,181

	Bond Issue			
	Series 2019 Road	Series 2019 Refunding	Series 2019 Road Refunding	Series 2019A
Interest rate	2.0% - 4.5%	2.0% - 3.0%	2.0% - 3.0%	2.0% - 3.0%
Dates interest payable	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1
Maturity dates	9/1/19 -	9/1/20 -	9/1/20 -	9/1/20 -
Maturity dates	9/1/43	9/1/36	9/1/36	9/1/44
Beginning bonds outstanding	$ 6,565,000	$ 2,140,000	$ 3,660,000	$ 8,595,000
Bonds issued				
Bonds refunded				
Bonds retired	(180,000)	(145,000)	(150,000)	(250,000)
Ending bonds outstanding	$ 6,385,000	$ 1,995,000	$ 3,510,000	$ 8,345,000
Interest paid during fiscal year	$ 191,656	$ 56,513	$ 97,800	$ 231,688

See accompanying auditors' report.

Bond Issue				
Series 2020 Park	Series 2021 Refunding	Series 2021 Road and Refunding	Series 2022	Totals
2.0% - 2.25% 9/1; 3/1 9/1/21 - 9/1/45	2.0% - 4.0% 9/1; 3/1 9/1/22 - 9/1/37	2.0% - 4.0% 9/1; 3/1 9/1/22 - 9/1/46	3.0% - 3.5% 9/1; 3/1 9/1/23 - 9/1/46	
$ 6,425,000	$ -	$ -	$ -	$ 119,565,000
	4,575,000	10,240,000	7,260,000	22,075,000
				(9,015,000)
(150,000)				(4,045,000)
$ 6,275,000	$ 4,575,000	$ 10,240,000	$ 7,260,000	$ 128,580,000
$ 131,913	$ 93,900	$ 198,891	$ -	$ 3,856,639

Montgomery County Municipal Utility District No. 113
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2022	2021	2020	2019	2018
Revenues					
Sewer service	$ 1,226,350	$ 1,098,357	$ 1,089,794	$ 1,011,428	$ 1,028,389
Garbage service	828,057	712,488	669,175	591,014	395,736
Property taxes	2,757,913	2,481,296	2,052,029	2,409,553	1,665,884
Penalties and interest	15,888	13,480	13,648	16,552	16,364
Tap connection and inspection	70,778	43,535	48,155	71,635	62,980
Miscellaneous	48,000	24,345	42,747	34,790	26,886
Investment earnings	6,139	5,069	54,404	42,899	18,421
Total Revenues	4,953,125	4,378,570	3,969,952	4,177,871	3,214,660
Expenditures					
Current service operations					
Purchased services	788,559	730,951	641,600	143,430	
Professional fees	197,402	200,072	226,554	341,915	369,039
Contracted services	1,457,170	1,283,071	1,081,762	1,139,884	976,310
Repairs and maintenance	727,505	794,798	676,585	831,709	916,009
Utilities	225,334	179,281	155,619	213,430	197,517
Lease					228,000
Administrative	133,713	118,644	114,985	112,918	110,283
Other	20,663	20,422	8,846	44,158	42,408
Capital outlay	73,909	180,626			53,500
Total Expenditures	3,624,255	3,507,865	2,905,951	2,827,444	2,893,066
Revenues Over Expenditures	$ 1,328,870	$ 870,705	$ 1,064,001	$ 1,350,427	$ 321,594
Total Active Retail Wastewater Connections	3,652	3,352	3,352	3,155	2,811

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues				
2022	2021	2020	2019	2018
25%	25%	28%	24%	31%
17%	16%	17%	14%	12%
56%	57%	52%	58%	52%
*	*	*	*	1%
1%	1%	1%	2%	2%
1%	1%	1%	1%	1%
*	*	1%	1%	1%
100%	100%	100%	100%	100%
16%	17%	16%	3%	
4%	5%	6%	8%	11%
29%	29%	27%	27%	30%
15%	18%	17%	20%	28%
5%	4%	4%	5%	6%
				7%
3%	3%	3%	3%	3%
*	*	*	1%	1%
1%	4%			2%
73%	80%	73%	67%	88%
27%	20%	27%	33%	12%

Montgomery County Municipal Utility District No. 113
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Last Five Fiscal Years

	Amounts				
	2022	2021	2020	2019	2018
Revenues					
Property taxes	$ 8,559,263	$ 8,326,900	$ 7,665,853	$ 6,213,300	$ 6,231,925
Penalties and interest	75,863	84,269	47,505	44,680	46,897
Investment earnings	12,437	10,036	88,371	115,562	61,866
Total Revenues	8,647,563	8,421,205	7,801,729	6,373,542	6,340,688
Expenditures					
Tax collection services	169,211	187,956	132,625	130,318	121,745
Other	3,000			10,000	7,500
Debt service					
Principal	4,045,000	3,820,000	3,290,000	2,635,000	2,480,000
Interest and fees	3,864,363	3,856,302	3,658,809	3,103,337	3,032,756
Debt issuance costs	647,118	4,575	226,719		
Total Expenditures	8,728,692	7,868,833	7,308,153	5,878,655	5,642,001
Revenues Over/(Under) Expenditures	$ (81,129)	$ 552,372	$ 493,576	$ 494,887	$ 698,687

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues				
2022	2021	2020	2019	2018
99%	99%	98%	97%	98%
1%	1%	1%	1%	1%
*	*	1%	2%	1%
100%	100%	100%	100%	100%
2%	2%	2%	2%	2%
*			*	*
47%	45%	42%	41%	39%
45%	46%	47%	49%	48%
7%	*	3%		
101%	93%	94%	92%	89%
(1%)	7%	6%	8%	11%

Montgomery County Municipal Utility District No. 113
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended May 31, 2022

Complete District Mailing Address:	202 Century Square Boulevard, Sugar Land, TX 77478
District Business Telephone Number:	(281) 500-6050
Submission Date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	May 18, 2020
Limit on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution -- TWC Section 49.0600)	$ 7,200

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid*	Expense Reimburse-ments	Title at Year End
Board Members				
Chris Uzelmeier	05/20 - 05/24	$ 3,300	$ -	President
Robert Green	05/18 - 05/26	1,800		Vice President
Valerie Rupp	05/20 - 05/24	900		Secretary
Kenneth Ryan Wade	02/19 - 05/26	2,100		Assistant Vice President
Cato McDaniel	05/18 - 05/26	2,400		Assistant Secretary
David Garrett	05/20 - 11/21	900	231	Former Director
		Amounts Paid		
Consultants				
The Muller Law Group, PLLC	03/14			Attorney
General legal fees		$ 149,493		
Bond counsel		437,650		
Municipal Operations & Consulting, Inc.	12/16	332,799		Operator
Myrtle Cruz, Inc.	08/07	55,118		Bookkeeper
Assessments of the Southwest, Inc.	08/07	50,418		Tax Collector
Montgomery Central Appraisal District	Legislation	87,680		Property Valuation
Perdue, Brandon, Fielder, Collins & Mott, LLP	04/09	18,127		Delinquent Tax Attorney
LJA Engineering, Inc.	08/07			Engineer
Amounts paid directly by district		305,005		
Amounts paid from developer reimbursements		771,440		
McGrath & Co., PLLC	2009	32,600		Auditor
Robert W. Baird & Co.	02/15	376,515		Financial Advisor
TBG Partners, Inc.	10/07			Landscape Architect
Amounts paid directly by district		5,627		
Amounts paid from developer reimbursements		18,202		

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

McGRATH & CO., PLLC
Certified Public Accountants
2900 North Loop West, Suite 880
Houston, Texas 77092

September 19, 2022

Board of Directors
Montgomery County Municipal Utility District No. 113
Montgomery County, Texas

In planning and performing our audit of the financial statements of governmental activities and each major fund of Montgomery County Municipal Utility District No. 113 (the "District"), as of and for the year ended May 31, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal controls exists when the design or operation of a control does not allow management, in the normal course of performing their assigned functions, to prevent, detect or correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis.

The District's management consists of an elected Board of Directors (the "Directors"). Day-to-day operations are performed by private companies ("Consultants") under contract with the District. The Directors of the District supervise the performance of the Consultants; however, although the Consultants can be part of the District's system of internal control, the Consultants are not members of management. Ultimately, the Directors of the District are responsible for the design and implementation of the system of internal control.

Material Weaknesses

We observed the following matters that we consider to be material weaknesses:

- As is common within the system of internal control of most small organizations, the accounting function of the District does not prepare the financial statements complete with footnotes in accordance with accounting principles generally accepted in the United States of America. This could result in the District's financial statements and related note disclosures not fully or accurately presenting the District's financial position and changes in financial position during the fiscal year in conformity with accounting principles generally accepted in the United States of America.

- During the course of performing an audit, it is not unusual for the auditor to prepare various journal entries to present the financial statements on both the fund basis and the government-wide basis of accounting. Management's reliance upon the auditor to detect and make these necessary adjustments could result in misstatements in the District's financial statements.

- The District's Management relies on the District's auditor to prepare the capital asset schedules and post adjustments related to the presentation of the capital assets in the government-wide financial statements. This reliance on the auditor to perform this function could result in the understatement or overstatement of capital assets and due to developer on the District's *Statement of Net Position* or an error in the amount reported as depreciation expense in the *Statement of Activities*.

Management's Response

The District's financial statements have been prepared in a manner that is consistent with prior years. The Board engages a bonded bookkeeper who possesses industry knowledge and expertise, including a concentration in special districts accounting. The Board also engages a financial advisor and tax assessor/collector who possess industry knowledge and expertise, as well as legal and professional engineering services. The Board has consulted with its independent auditor concerning this "management letter" and the auditor does not recommend any change in the Board's bookkeeping or audit procedures at this time. To the best of its knowledge, the Board conducts the District's business affairs in the same manner as other similarly situated special districts, and, based on the recommendations of its auditor, does not believe that the addition of an employee to oversee the monthly and annual financial reporting process or to prepare financial statements or that undertaking an additional annual audit is necessary or cost effective.

Conclusion

Management's written response to the material weaknesses identified in our audit has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

This communication is intended solely for the information and use of management, Board of Directors and the Texas Commission on Environmental Quality and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

McGrath & Co, PLLC

McGrath & Co., PLLC-CPAs
Houston, Texas

APPENDIX B

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

MUNICIPAL BOND
INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

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

Effective Date: _________

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

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

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

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

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

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

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ____

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

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