OFFICIAL STATEMENT DATED APRIL 29, 2024

Insured Rating (AGM): Moody's "A1"
Insured Rating (AGM): S&P "AA"
Underlying Rating: Moody's "A3"

NEW ISSUE BOOK-ENTRY-ONLY

See "MUNICIPAL BOND RATINGS" and "BOND INSURANCE" herein

In the opinion Bond Counsel, under existing law, and assuming compliance with certain covenants and the accuracy of certain representations, interest on the Bonds described herein is typically excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. See *"TAX MATTERS—Opinion"*.

THE DISTRICT HAS DESIGNATED THE BONDS AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS**.**

$10,000,000
PORTER SPECIAL UTILITY DISTRICT
(A Political Subdivision of the State of Texas Located in Montgomery County, Texas)
WATERWORKS SYSTEM REVENUE BONDS, SERIES 2024

Dated: May 1, 2024 **Due: December 1, as shown on page 2**

The $10,000,000 Waterworks System Revenue Bonds, Series 2024 (the "Bonds") are special obligations of the Porter Special Utility District (the "District") issued pursuant to the Constitution and laws of the State of Texas, particularly, Chapters 49 and 65, Texas Water Code, and an Order authorizing the issuance of the Bonds (the "Bond Order or the "Order") adopted by the Board of Directors (the "Board") of the Porter Special Utility District (the "District"). The Bonds are special obligations of the District payable solely from and, together with the Outstanding Bonds (defined herein), secured by and payable from a first lien on and pledge of the Net Revenues (as defined in the Order) of the District's Waterworks System (hereinafter referred to as the "System"). Except for the pledge of the Net Revenues to secure the payment of the Bonds, the District has not given a mortgage or other security interest in its facilities or assets for the benefit of the holders of the Bonds. ***The Bonds do not constitute a general obligation of the District, and the holders of the Bonds shall not have the right to demand payment thereof from any funds raised or to be raised by taxation. The District currently has no taxing power.*** See "THE BONDS – Source of Payment" herein. Bond purchasers are encouraged to read this entire Official Statement prior to making an investment decision, including particularly the section titled "INVESTMENT CONSIDERATIONS".

Interest on the Bonds will accrue from the delivery date (the "Date of Delivery"), estimated to be on or about May 29, 2024, and be payable on December 1, 2024 and on each June 1 and December 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. The Bonds will be issued in fully registered form only, without coupons, in 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 ("DTC"), New York, New York, acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds 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/Registrar to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds. The initial Paying Agent/Registrar for the Bonds is BOKF,NA, Dallas, Texas (the "Paying Agent/Registrar").

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

Proceeds from the sale of the Bonds will be used (i) to finance (a) Ferne Water Plant Improvements (b) Ford Road Waterline Improvements (items (a) and (b) collectively the "Project"); and (ii) to pay the costs related to the issuance of the Bonds.

MATURITY SCHEDULE
(Shown on Page 2)

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

The Bonds are offered by 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 and the approving opinion of the Attorney General of Texas and the opinion of Polley Garza PLLC, Texas, Bond Counsel. Delivery of the Bonds through DTC is expected on or about May 29, 2024, in Houston, Texas.

MATURITY SCHEDULE
(Due December 1)

CUSIP Prefix: 736292 (c)

Principal Amount	Interest Rate (a)	Due	Initial Reoffering Yield (b)	CUSIP Suffix	Principal Amount	Interest Rate (a)	Due	Initial Reoffering Yield (b)	CUSIP Suffix
$310,000	5.125%	2024	3.900	EL3	$470,000	4.000%	2035*	3.750	EX7
265,000	5.125	2025	3.800	EM1	500,000	4.000	2036*	3.850	EY5
280,000	5.125	2026	3.700	EN9	530,000	4.000	2037*	3.880	EZ2
295,000	5.125	2027	3.600	EP4	560,000	4.000	2038*	3.900	FA6
315,000	5.125	2028	3.550	EQ2	595,000	4.000	2039*	4.030	FB4
335,000	5.125	2029	3.500	ER0	630,000	4.000	2040*	4.080	FC2
355,000	5.125	2030	3.450	ES8	670,000	4.000	2041*	4.130	FD0
375,000	5.000	2031	3.450	ET6	710,000	3.250	2042*	4.300	FE8
395,000	5.000	2032*	3.500	EU3	750,000	4.000	2043*	4.230	FF5
420,000	5.000	2033*	3.550	EV1	795,000	2.125	2044*	4.600	FG3
445,000	4.000	2034*	3.650	EW9					

*Optional Redemption Provisions: The District reserves the right to redeem, prior to maturity, in integral multiples of $5,000, those Bonds maturing on December 1 of the years 2032 through 2044, both inclusive, in whole or from time to time in part, on December 1, 2031, and on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption. See "THE BONDS - Redemption Provisions".

(a) After requesting competitive bids for purchase of the Bonds, the District has accepted the bid to purchase the Bonds resulting in the lowest net interest cost, bearing interest as shown, at a price of 97.018645% of par resulting in a net effective interest rate to the District of 4.0672213%.

(b) The initial reoffering yields indicated represent the lower of the yields resulting when priced to maturity or the first call date. The initial yields at which the Bonds will be priced will be established by and will be the sole responsibility of the Initial Purchaser (as herein defined). The yields may be changed at any time at the discretion of the Initial Purchaser.

(c) "CUSIP" is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems, Inc. on behalf of the American Bankers Association. The CUSIP numbers listed on the Maturity Schedule above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds, and the District makes no representation with respect to such numbers nor undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP numbers are subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Bonds. This data is not intended to create a database and does not serve in any way as a substitute for the services provided by CUSIP Global Services. The Underwriters and the District are not responsible for the selection or correctness of the CUSIP numbers set forth herein.

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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, orders, contracts, records, and engineering and other related reports set forth in the Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from SAMCO Capital Markets, Inc. for further information.

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

This Official Statement contains, in part, estimates, assumptions and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions, or matters of opinion, or 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 the other matters described herein since the date hereof. However, the District has agreed to keep this "Official Statement" current by amendment or sticker to reflect material changes in the affairs of the District, and to the extent that information actually comes to its attention, other matters described in the "Official Statement" until delivery of the Bonds to the Initial Purchaser and thereafter only as specified in "OFFICIAL STATEMENT - Updating the Official Statement During Underwriting Period".

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid of $9,701,864.50 (the "Initial Purchaser") to purchase the Bonds at the interest rates shown on the inside cover of this Official Statement at a price of 97.018645% of par. 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 prices and other terms with respect to the offering and sale of the Bonds may be changed from time-to time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts. In connection with the offering of the Bonds, the Initial Purchaser may over - allot or effect transactions which stabilize or maintain the market prices of the Bonds at levels above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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

Securities Laws

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

BOND INSURANCE

Bond Insurance Policy

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

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

Assured Guaranty Municipal Corp.

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

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

Current Financial Strength Ratings

On April 30, 2024, Moody's announced it had affirmed AGM's insurance financial strength rating of "A1" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

On October 20, 2023, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On July 13, 2023, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Capitalization of AGM

At December 31, 2023:

- The policyholders' surplus of AGM was approximately $2,646 million.
- The contingency reserve of AGM was approximately $876 million.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $2,077 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AGM, and (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK") and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

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

Incorporation of Certain Documents by Reference

Portions of AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2023 filed with the Securities and Exchange Commission (the "SEC") on February 28, 2024 that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof.

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

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

Miscellaneous Matters

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

MUNICIPAL BOND RATING

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

Moody's investor Service, Inc. ("Moody's") has assigned an underlying credit rating of "A3" to the Bonds. The District has also made application to two bond insurance companies for a guaranty insurance policy insuring the timely payment of the principal of and interest on the Bonds. **The premium for such insurance and any associated rating fees will be paid by the Initial Purchaser at such Initial Purchaser's option and expense.**

An explanation of the significance of a rating may be obtained from the company furnishing the rating. The rating reflects only the respective view of such organization, and the District makes no representation as to the appropriateness of the rating. 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 such rating company, if, in the judgment of such company circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

(Remainder of the page left intentionally blank.)

OFFICIAL STATEMENT SUMMARY

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

THE DISTRICT

The Issuer .... Porter Special Utility District (the "District"), was originally created as Porter Water Supply Corporation on December 15, 1967. On January 10, 2005, Porter Water Supply Corporation converted to a Special Utility District, by an order of the Texas Commission on Environmental Quality (the "Commission" or "TCEQ"). The Commission authorized the conversion of Porter Water Supply Corporation into the District under Article XVI, Section 59 of the Texas Constitution and Texas Water Code, Chapters 49 and 65. Pursuant to an election held on May 7, 2005, in accordance with Section 49.102, Texas Water Code, the voters of the District confirmed the District's creation and elected persons to serve as the initial directors for the District. The Board of Directors held their first meeting on May 23, 2005. Upon its creation, the District assumed all the assets and liabilities of the Porter Water Supply Corporation. See "THE DISTRICT – General."

Location .... The District, which encompasses approximately 12,655 acres of land, is located in Montgomery County, Texas. The District is approximately 24 miles northeast of the central business district of the City of Houston along U.S. Highway 59, which traverses the District from north to south. Portions of the District lie within the extraterritorial jurisdiction of the City of Houston, Texas and other portions of the District lie within the extraterritorial jurisdiction of the City of Conroe, Texas. See "THE DISTRICT."

Development within The District .... The District contains approximately 12,655 acres, of which approximately 6,425 acres are developed and approximately 3,188 acres are in the flood plain. There are approximately 3,042 remaining developable acres. As of March 2024, there were 5,872 single-family accounts and a combined 2,051 multi-family and 355 commercial accounts. There are approximately 7,276 retail single-family equivalent connections in the water system, plus an additional 2,366 wholesale single-family equivalent connections. Development within the District consists primarily of residential growth in various subdivisions throughout the District and commercial activity concentrated primarily along the U.S. Highway 59 corridor. Commercial development within the District consists of several strip and large shopping centers. There is no principal developer within the District; however, there are various development projects planned in the District. Current development activity in the District includes several single-family residential projects and multi-family developments. Current single-family development projects include Maple Heights (343 lots complete, 55 lots under construction, and 338 proposed lots on 211 total acres), Peppervine (228 completed lots on 62.8 acres), and Royal Pines/Royal Brook (876 lots on 250 acres). Ongoing multi-family development includes Canyon Crossing (276 units under construction), Altera (360 units- planning to break ground late 2024), and Territory at Porter (342 units-planning to break ground mid-2024). In addition, there are several planned commercial projects in the District. A developer has submitted an application for a master-planned residential and commercial development on 443 acres in the District to be known as The Highlands. Many smaller projects are also in design or construction. Various other developers own land in the District. Since no party has any obligation to the District to develop any of such currently undeveloped acres at any particular pace or at all, the District cannot represent that any development will be undertaken or in the District in addition to the development undertaken therein to date. See "THE DISTRICT- Status of Development." Homebuilders currently active within the District include Century Homes and Centex. Homes in these developments range in price from approximately $220,000 to approximately $300,000 and in size from approximately

1,204 square feet to approximately 2,536 square feet. See "THE DISTRICT- "Status of Development."

THE BONDS

Description............................... The Bonds in the aggregate principal amount of $10,000,000 mature annually in varying amounts on December 1 of each year from 2024 through 2044, both inclusive. Interest accrues from delivery at the rates per annum set forth on the inside cover page hereof and is payable on December 1, 2024 and on each June 1 and December 1 thereafter until maturity or earlier redemption. The Bonds are offered in fully registered form in integral multiples of $5,000 for any one maturity. See "THE BONDS – General Description."

Redemption.............................. Bonds maturing in the years 2032 through 2044, both inclusive, are subject to redemption, in whole or from time to time in part, at the option of the District on December 1, 2031, and on any date thereafter at par plus accrued interest from the most recent interest payment date to the date of redemption. See "THE BONDS – Redemption Provisions".

Source of Payment................... The Bonds are special obligations of the District payable solely from and, together with the Outstanding Bonds (defined herein), secured by and payable from a first lien on and pledge of the Net Revenues (as defined in the Bond Order) of the District's Waterworks System (hereinafter referred to as the "System"). Except for the pledge of the Net Revenues to secure the payment of the Bonds, the District has not given a mortgage or other security interest in its facilities or assets for the benefit of the holders of the Bonds. **The Bonds do not constitute a general obligation of the District, and the holders of the Bonds shall not have the right to demand payment thereof from any funds raised or to be raised by taxation. The District currently has no taxing power. The Bonds are obligations solely of the Porter Special Utility District and are not obligations of the State of Texas; Montgomery County, Texas; the City of Houston, Texas; the City of Conroe, Texas; or any other political subdivision or entity other than the District.** See "THE BONDS - Source of Payment."

Payment Record....................... The District has never defaulted on the payment of any bond obligation. See "FINANICAL STATEMENT – Outstanding Bonds".

Authority for Issuance.................................... The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas, including particularly Chapters 49 and 65 of the Texas Water Code, as amended, an order authorizing the issuance of the Bonds (the "Bond Order") adopted by the Board of Directors of the District and an order at the TCEQ. See "THE BONDS - Authority for Issuance."

Use of Proceeds .... Proceeds from the sale of the Bonds will be used to (i) finance (a) water plant improvements; (b) waterline improvements and (ii) to pay the costs related to the issuance of the Bonds. In addition, proceeds of the Bonds will be used to pay certain costs associated with the issuance of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Additional Debt Issuance .... There are no additional bonds planned for the next 12 months. The District may issue additional bonds on parity with the Bonds, with the approval of the TCEQ, necessary to provide and maintain improvements and facilities consistent with the purposes for which the District was created.

Municipal Bond Ratings and Insurance	S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned its municipal bond rating of "AA" (stable outlook) to the Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of principal of and interest on the Bonds will be issued by AGM. Moody's has also assigned an underlying credit rating of "A3" to the Bonds. An explanation of such ratings may be obtained from Moody's and S&P. The fee associated with the Moody's underlying rating will be paid by the District. The purchase of such insurance and payment of all associated costs, including the premium charged by AGM, and fees charged by any rating agencies other than Moody's will be at the expense of the Initial Purchaser. See "MUNICIPAL BOND INSURANCE" and "MUNICIPAL BOND RATING."
Obligations...............................	The District has designated the Bonds as "qualified tax-exempt obligations" pursuant to section 265(b) of the Internal Revenue Code of 1986, as amended, and will represent that the total amount of tax-exempt bonds (including the Bonds) issued by it during calendar year 2024 is not reasonably expected to exceed $10,000,000. ***See "TAX MATTERS - Qualified Tax-Exempt Obligations".***
General & Bond Counsel	Polley Garza PLLC, Houston, Texas
Disclosure Counsel..................	McCall, Parkhurst & Horton L.L.P., Houston, Texas
Financial Advisor	SAMCO Capital Markets, Inc., Austin, Texas.
District Engineer.......................	Bleyl Engineering, Conroe, Texas

INVESTMENT CONSIDERATIONS

The purchase and ownership of the Bonds involve certain investment considerations, and all prospective purchasers are urged to examine carefully this Official Statement, including particularly the section captioned "INVESTMENT CONSIDERATIONS," with respect to the investment security of the Bonds and other factors described therein.

OFFICIAL STATEMENT

relating to

$10,000,000

PORTER SPECIAL UTILITY DISTRICT
(A Political Subdivision of the State of Texas located in Montgomery County, Texas)
Waterworks System Revenue Bonds, Series 2024

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Porter Special Utility District (the "District") of its $10,000,000 Waterworks System Revenue Bonds, Series 2024 (the "Bonds").

The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including Chapters 49 and 65 of the Texas Water Code, as amended, an order authorizing the issuance of the Bonds (the "Bond Order") adopted by the Board of Directors of the District on the date of the sale of the Bonds, and an approving order of the Texas Commission on Environmental Quality (the "TCEQ" or "Commission").

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

Included in this Official Statement are descriptions of the Bonds and certain information about the District and its finances. ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT. Copies of such documents may be obtained from the District at Polley Garza PLLC, 2929 Allen Parkway, Suite 3450, Houston, Texas 77019 or during the offering period from the District's Financial Advisor, SAMCO Capital Markets, Inc., Attn: Christina M. Lane, 6805 Capital of Texas Highway, Suite 350, Austin, Texas 78731 upon payment of reasonable copying, mailing and handling charges.

THE BONDS

General Description

The Bonds will bear interest from delivery and will mature on December 1 of the years and in the principal amounts, and will bear interest at the rates per annum, set forth on the inside cover hereof. Interest on the Bonds will be paid on December 1, 2024 and on each June 1 and December 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 the denomination 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 ("DTC"), New York, New York, acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds will be available to purchasers in book-entry form only. The initial Paying Agent/Registrar for the Bonds is BOKF, NA, Dallas, Texas ("Paying Agent/Registrar"). 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/Registrar to DTC, which will be solely responsible for such payment to the beneficial owners of the Bonds.

Redemption Provisions

Optional Redemption. . . The Bonds maturing on and after December 1, 2031, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on December 1, 2032, or on any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest from the most recent Interest Payment Date to the date fixed for redemption.

Notice of Redemption… The Paying Agent/Registrar will give written notice of redemption, by first class mail, overnight delivery, or other comparably secure means, not less than thirty (30) days prior to the redemption date, to the registered owner of each Bond to be redeemed in whole or in part at the address shown on the register, but neither the failure to give such notice nor any defect therein shall affect the sufficiency of notice given to the registered owner as hereinabove 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 (in maturities of $5,000). 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 will 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 such random method as Paying Agent/Registrar shall deem fair and appropriate.

Termination of Book-Entry-Only System

The Bonds are subject to the book-entry-only system administered by DTC. See "BOOK-ENTRY-ONLY SYSTEM." In the event the book-entry-only system is discontinued by DTC or the District, the following provisions will be applicable to the Bonds:

Payment… Principal of the Bonds will be payable at maturity to the owners of the Bonds, as shown by the registration books maintained by the Paying Agent/Registrar (individually, a "Bondholder" and collectively, the "Bondholders") upon presentation and surrender of the Bonds to the Paying Agent/Registrar at the designated office for payment of the Paying Agent/Registrar in Houston, Texas (the "Designated Payment/Transfer Office"). Interest on the Bonds will be payable by check or draft, dated as of the applicable interest payment date, sent by the Paying Agent/Registrar by United States mail, first class, postage prepaid, to the Bondholders at their respective addresses shown on such records, or by such other method acceptable to the Bondholder and the Paying Agent/Registrar at the risk and expense of such Bondholder. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close, then the date for such payment shall be the next succeeding business day, and payment on such date shall for all purposes be deemed to have been made on the original date payment was due.

Registration… The Bonds may be transferred and re-registered on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar at the Designated Payment/Transfer Office. A Bond also may be exchanged for a Bond or Bonds of same maturity and interest and having a like aggregate principal amount upon presentation and surrender at the Designated Payment/Transfer Office. All Bonds surrendered for transfer or exchange must be endorsed for assignment by the execution by the Bondholder or his duly authorized agent of an assignment form on the Bonds or other instruction of transfer acceptable to the Paying Agent/Registrar. Transfer and exchange for Bonds will be without expense or service charged to the Bondholder, except for any tax or other governmental charges required to be paid with respect to such transfer or exchange. A new Bond or Bonds, in lieu of the Bond being transferred or exchanged, will be delivered by the Paying Agent/Registrar to the Bondholder, at the Designated Payment/Transfer Office of the Paying Agent/Registrar or by United States mail, first-class, postage prepaid. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the Bondholder not more than three (3) business days after the receipt of the Bonds to be canceled in the exchange or transfer in the denominations of $5,000 or any integral multiple thereof.

Limitation on Transfer of Bonds…Neither the District nor the Paying Agent/Registrar shall be required to make any transfer, conversion or exchange to an assignee of the Bondholder (i) during the period commencing on the close of business on the 15th calendar day of the month preceding each Interest Payment Date (the "Record Date") and ending with the opening of business on the next following principal or Interest Payment Date, or (ii) with respect to any Bond called for redemption, in whole or in part, within forty-five (45) days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the Bondholder of the uncalled balance of a Bond.

Replacement Bonds…If a Bond is mutilated, the Paying Agent/Registrar will provide a replacement Bond in exchange for the mutilated Bond. If a Bond is lost, stolen, or destroyed the Paying Agent/Registrar will provide a replacement Bond upon (i) the filing by the Bondholder with the Paying Agent/Registrar of evidence satisfactory to the Paying Agent/Registrar of the destruction, loss or theft of the Bond and the authenticity of the Bondholder's ownership, and (ii) the furnishing to the Paying Agent/Registrar of indemnification in an amount satisfactory to hold the District and the Paying Agent/Registrar harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Bond must be borne by the Bondholder. The provisions of the

Bond Order relating to the replacement Bonds are exclusive and to the extent lawful, preclude all other rights and remedies with respect to the replacement and payment of mutilated, destroyed, lost or stolen Bonds.

Source of Payment

The Bonds are special obligations of the District payable solely from and, together with the Outstanding Bonds (identified and described below under Outstanding Debt), secured by and payable from a first lien on and pledge of the Net Revenues (as defined in the Bond Order) of the District's Waterworks System (hereinafter referred to as the "System"). The term "Net Revenues" as defined in the Bond Order means all income or increment which may grow out of the ownership and operation of the District's plants, facilities and improvements (as same as purchased, constructed, or otherwise acquired), being the gross revenue income less such amount necessary to provide for the administration, efficient operation, and adequate maintenance of the District's plants, improvements, and facilities, and less the portion thereof derived from contracts with private corporations, municipalities, or political subdivisions which, under the terms of the authorizing orders, may be pledged for the requirements of the District's revenue bonds issued particularly to finance the facilities needed in performing any such contracts.

In accordance with the Bond Order, depreciation and payments into the Bond Fund and the Reserve Fund (each as defined and described under "Funds" herein) shall never be considered as expenses of operation and maintenance. State law and the Bond Order provide that contractual obligations of the District for the supply of water constitute expenses of operation and maintenance. The District has not given a mortgage or other security interest in its facilities or assets for the benefit of the holders of the Bonds. ***The Bonds do not constitute a general obligation of the District, and the holders of the Bonds shall not have the right to demand payment thereof from any funds raised or to be raised by taxation. The District currently has no taxing power.***

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

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Outstanding Debt

The District has outstanding bonds (the "Outstanding Bonds") secured by and payable from Net Revenues on a parity with the Bonds as follows as of March, 2024:

Dated Date	Outstanding Amount	Issue Description
04/01/2007(a)	$ 460,000	Water System Revenue Bonds, Series 2007 ("Series 2007 Bonds") (Installments)
11/01/2012	$ 255,000	Waterworks System Revenue Refunding Bonds, Series 2012
09/01/2019	$12,230,000	Waterworks System Revenue Bonds, Series 2019

Payment Record

The District has never defaulted on any of its debt service payments.

Funds

Bond Fund: The Bond Order establishes the District's Bond Fund. The Bond Fund will be kept separate and apart from all other funds and accounts of the District and will be used only for paying the interest on and principal of the Bonds. In addition, Net Revenues budgeted to make payments of principal of and interest on the Bonds must be deposited into the Bond Fund one business day prior to the Interest Payment Date on which such payments are due. During each year while any of the principal of or interest on or maturing amounts of (as appropriate) the Bonds are outstanding and unpaid, the District will compute and ascertain a rate and amount of revenue which will be sufficient to raise and produce the money required to pay the interest on the Bonds as such interest becomes due and the principal on the Bonds as such principal matures, taking into consideration whether the District reasonably expects to have surplus revenues or other revenue or receipts from other sources which are legally available for payment of principal and interest.

Operating Fund: The Bond Order confirms the establishment of the District's Operating Fund, including the GRP Fund, which is an account within the Operating Fund. The Operating Fund is used for operating and maintaining the System and paying general and administrative expenses of the District. The District shall deposit to the credit of the Operating Fund all income or increment which may grow out of ownership and operation of the System unless derived from contracts with other persons, including private corporations, municipalities, and political subdivisions which, under the terms of the authorizing orders, may be pledged for requirements of the District's revenue bonds issued particularly to finance the portion of the System needed in performing any such contracts. The Operating Fund shall be used solely to pay the obligations of the District and to the extent required for the following uses and in the order of priority shown:

FIRST: Pay all reasonable expenses of the administration, efficient operation, and adequate maintenance of the System or required by statute to be a first charge on and claim against the income and revenues of the System.

SECOND: Transfer the amounts of Net Revenues required to be deposited to the Bond Fund for payment of the Bonds, the Outstanding Bonds and any Additional Bonds (as such term is defined in "THE BONDS – Issuance of Additional Debt") for the payment of principal and interest on such obligations as same becomes due and payable.

THIRD: Transfer the amounts required to be deposited in the Reserve Fund created and to be maintained for the benefit and security of the Bonds, the Outstanding Bonds and any Additional Bonds in accordance with the provisions of the Bond Order or any other order relating to the issuance of bonds of the District.

Any Net Revenues remaining in the Operating Fund after satisfying the foregoing payments or making adequate and sufficient provision for the payment thereof, may remain or be transferred to the Operating Fund and appropriated and used for any other purpose now or hereafter permitted by law.

Reserve Fund: In the Bond Order, the District has provided for the funding of a Reserve Fund to be held at a depository of the District, solely for the payment of principal and interest on the Bonds, the Outstanding Bonds and any Additional Bonds. The Bond Order requires the District to maintain an amount (the "Reserve Fund Balance") equal to the lesser of (i) the average annual principal and interest requirements for the Bonds, the Outstanding Bonds and any Additional Bonds, as determined on the date each series of Additional Bonds is delivered or incurred, as the case may be, or (ii) the maximum amount in a reasonably required reserve fund that can be invested without restriction as to yield pursuant to Subsection (d) of Section 148 of the Internal Revenue Code of 1986, as amended, and regulations promulgated there under. Upon the issuance of the Bonds or any Additional Bonds, the Bond Order requires the District to fund the resulting increase in the required Reserve Fund Balance by either (i) by depositing to the credit of the Reserve Fund (immediately after the delivery of the Bonds or the then proposed Additional Bonds) cash or (ii) at the option of the District, by making monthly deposits from funds in the Operating Fund on or before the 25^{th} day of each month following the month of delivery of the Bonds or the then proposed Additional Bonds, of not less than $1/60^{th}$ of the additional amount to be maintained in said Fund by reason of the issuance of the Additional Bonds then being issued or $1/60^{th}$ of the balance of the additional amount not deposited immediately in cash or provided by a surety bond or insurance policy). The District intends to fund the required Reserve Fund Balance by making monthly deposits from the Operating Fund of not less than $1/60^{th}$ of the additional amount to be maintained in the Reserve Fund as a result of the issuance of the Bonds.

Escrow Fund: The Bond Order establishes the District's Escrow Fund. The Escrow Fund is the fund into which a portion of the proceeds of the Bonds shall be placed, and a portion of the District's Outstanding Bonds have been placed, until the TCEQ has approved the release of money from the Escrow Fund, from time to time, for deposit into the Construction Fund.

Construction Fund: The Bond Order establishes the District's Construction Fund. The Construction Fund is the fund into which a portion of the proceeds of the Bonds shall be placed on the date of delivery of the Bonds, and into which the money in the Escrow Fund will be deposited, from time to time, upon approval of the TCEQ. The Construction Fund shall be used to pay the cost of the Project. Amounts remaining in the Construction Fund upon completion of the Project, subject to the TCEQ's approval and that of nationally-recognized bond counsel, may be transferred to the Bond Fund or used for other similar projects of the District. See "USE AND DISTRIBUTION OF BOND PROCEEDS" for a more complete description of the use of Bond proceeds and the projects related thereto.

Rate Covenants

So long as any of the District's bonds remain Outstanding Bonds, the Bond Order provides that the District shall at all times fix, maintain, charge and collect for services rendered by the System, rates and charges which will produce Gross Revenues at least sufficient to pay all expenses of operation and maintenance of the System, and to provide Net Revenues adequate to pay promptly all of the principal and interest on the Outstanding Bonds, and to make all deposits required to be made into the Funds heretofore created and confirmed by the Bond Order.

Authority for Issuance

By order dated February 15, 2024 (the "TCEQ Order"), the TCEQ approved the issuance and sale of the Bonds by the District subject to certain restrictions, including restrictions on the use of Bond proceeds as summarized in "USE AND DISTRIBUTION OF BOND PROCEEDS".

The Bonds are issued by the District pursuant to the TCEQ Order, and the terms and conditions of the Bond Order; Article XVI, Section 59 of the Constitution of the State of Texas; Chapters 49 and 65 of the Texas Water Code, as amended; general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas; and City of Houston Ordinance No. 2001-6802 (consenting to the District's Creation).

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

Replacement of Paying Agent/Registrar

Provision is made in the Bond Order 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 will act in the same capacity as the previous Paying Agent/Registrar. Any Paying Agent/Registrar selected by the District must 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/Registrar for the Bonds.

Issuance of Additional Debt

The District has expressly reserved the right to issue in one or more installments, for the purpose of completing, repairing, improving, extending, enlarging or replacing the System, any additional bonds (the "Additional Bonds") as may hereafter be authorized for any lawful purpose, including refunding bonds, which when issued and delivered, shall be payable from and secured by a first lien on and pledge of the Net Revenues of the system covered in the same manner and to the same extent as the Bonds. Additional Bonds may only be issued if Net Revenues are at least 1.25 times the average annual debt service requirements after giving effect to the Additional Bonds when Net Revenues are (a) determined from the last complete fiscal year or a 12-consecutive-month-period ending not more than ninety (90) days preceding the adoption of the Additional Bonds as certified by a certified public accountant, or (b) determined from projected net revenues for a twelve-month-period based on rates or charges in effect for at least sixty (60) days prior to the month in which the issuance of the additional debt is authorized, as certified by a certified public accountant or professional engineer.

The District further reserves the right to issue bonds, notes, or other obligations of inferior liens and bonds, notes or other obligations payable from sources other than the Net Revenues.

The Bond Order imposes no limitation on the amount of Additional Bonds which may be authorized for issuance by the District or the amount ultimately issued by the District. See "INVESTMENT CONSIDERATIONS - Future Debt."

Consolidation

A district (such as the District) has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its assets, such as cash and the utility system, with the water and wastewater systems of the district(s) with which it is consolidating as well as its liabilities (which would include the Bonds). The District has no current plans to consolidate with another district. However, no representation is made concerning the likelihood of consolidation in the future.

Conversion to Municipal Utility District

A district (such as the District) has the legal authority to convert into a municipal utility district. Upon such conversion, a district would operate pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. The District has considered the possibility of such conversion in the past and may choose to so convert in the future, but currently has no such plans. However, any such decision would not impact the validity of or the security for the Bonds, as described in the Bond Order.

Legal Investment and Eligibility to Secure Public Funds in Texas

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that bonds, such as the Bonds, are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for banks, savings banks, trust companies, building and loan association, savings and loan associations, insurance companies, fiduciaries, and trustees, and for the sinking fund of cities, towns, villages, school districts, and other political subdivisions or public agencies of the State of Texas. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act (Chapter 2256, Texas Government Code) requires that the Bonds be assigned a rating of "A" or its equivalent, by a national rating agency. See "MUNICIPAL BOND RATINGS AND INSURANCE" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with at least $1 million of capital, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State of Texas, its agencies, and political subdivisions, and are legal security for those deposits to the extent of their market value.

The District has made no investigation of other laws, rules, regulations, or investment criteria that might apply to such institutions and entities or that might limit the suitability of the Bonds for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Bonds for such purposes. The District has made no review of laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

Defeasance

The Bond Order provides that the District may discharge its obligations to the Bondholders/Beneficial Owners (the "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/Registrar) of the Bonds or other obligations of the District payable from revenues, or from ad valorem taxes or both, and with a commercial bank or trust company designated in the proceeding authorizing such discharge, amounts sufficient to provide for the payment and/or redemption of the Bonds; such deposits may be invested and reinvested only in (a) direct non-callable obligations of the United States of America, (b) non-callable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, and (c) non-callable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment firm not less than "AAA" or its equivalent. The foregoing obligations may be in book-entry form and will mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds. If any such Bonds are to be redeemed prior to their respective dates of maturity, provision must have been made for giving notice of redemption as provided in the Bond Order.

Upon such deposit as described above, such Bonds will 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; however, 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. Because the Bond Order does not contractually limit such investments, Owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality of those currently permitted under Texas law.

Specific Tax Covenants

In the Bond Order, the District has covenanted with respect to, among other matters, the use of the proceeds of the Bonds and the use of facilities financed therewith by persons other than state or local governmental units, and the manner in which the proceeds of the Bonds are to be invested. The District may cease to comply with any such covenant if it has received a written opinion of a nationally recognized bond counsel to the effect that regulations or rulings hereafter promulgated modify or expand provisions of the Internal Revenue Code of 1986, as amended (the "Code"), so that such covenant is ineffective or inapplicable or compliance with such covenant adversely affects the exclusion from gross income of interest on the Bonds under Section 103 of the Code.

Additional Covenants

The District has additionally covenanted in the Bond Order that it will keep accurate records and accounts and employ an independent certified public accountant to audit and report on its financial affairs at the close of each fiscal year, such audits to be in accordance with applicable law, rules and regulations and open to inspection in the office of the District.

Amendment to Bond Order

The Bond Order contains provisions to the effect that the District may, without the consent of or notice to any Owners, amend, change or modify the Bond Order as may be required (a) by the provisions of the Bond Order, (b) for the purpose of curing any ambiguity, inconsistency, or formal defect or omission in the Bond Order, or (c) in connection with any other change that does not in any respect materially and adversely affect the interest of the Owners of the

Bonds. Except for such amendments, changes or modifications, the District may not amend, change or modify the Bond Order in any manner without the consent of 51% the Owners in aggregate principal amount of the outstanding Bonds.

Alteration of Boundaries

In certain circumstances, under Texas law the District may alter its boundaries to: (1) upon satisfying certain conditions, annex additional territory; and (2) exclude land that is not served by District facilities. No representation is made concerning the likelihood that the District would affect any additional changes in its boundaries.

BOOK-ENTRY-ONLY SYSTEM

The Bonds will be available only in book-entry form. Consequently, purchasers of ownership interests in the Bonds will not receive certificates representing their respective interests in the Bonds. This section describes how ownership of the Bonds is to be transferred and how the payments of principal of and interest on the Bonds are to be paid to and accredited by Depository Trust Company, New York, New York ("DTC"), while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District believes the source of such information to be reliable but takes no responsibility for the accuracy or completeness thereof.

The District cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission ("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 requested by an authorized representative of DTC. One fully-registered security certificate will be issued for each issue of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

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

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

Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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 the County 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).

Principal, interest payments, premium, if any, and redemption proceeds 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 respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend 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.

A Beneficial Owner shall give notice to elect to have its Bonds purchased, through its Participant, to the Paying Agent/Registrar, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Paying Agent/Registrar. The requirement for physical delivery of Bonds in connection with a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Paying Agent/Registrar's DTC account.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent/Registrar as set forth in the Order. 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 Bondholders.

The information in this 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.

EXTRATERRITORIAL JURISDICTION AND ANNEXATION

Portions of the District lie within the extraterritorial jurisdiction ("ETJ") of the City of Houston, while other portions lie within the City of Conroe's ETJ. Under Texas law, a city may annex a special district located within its extraterritorial jurisdiction pursuant to certain statutory provisions, including without limitation, Chapter 43, Texas Local Government Code, as amended, in which case the special district may be dissolved by the annexing city. If such special district is dissolved, the annexing city succeeds to the powers, duties, assets, and obligations of the special district. Such annexation requirements include the annexing city to hold an election within the special district whereby the qualified voters of such district must approve the proposed annexation in order for the city to annex the special district. Annexation of territory by a city is a policy matter within the discretion of a city's Mayor and City Council. No representation is made by the District concerning the annexation of the District by either the City of Houston or the City of Conroe or either such city's ability to make debt service payments on the Bonds or Outstanding Bonds should annexation occur.

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USE AND DISTRIBUTION OF BOND PROCEEDS

The presently estimated use and distribution of Bond proceeds is set forth below.

Construction Costs:			Amount
A.			
	1.	Ferne Water Plant Improvements	$5,727,400
	2.	Ford Road Waterline Relocation	2,569,472
	3.	Contingencies	1,248,259
	4.	Engineering	818,040
		Total District Items	10,363,171
		TOTAL CONSTRUCTION COSTS	10,363,171
	Less Surplus Funds		(1,275,000)
NET TOTAL CONSTRUCTION COSTS (90.88% of Bond Issue):			**$9,088,171**
Non-Construction Costs:			
	A.	Legal Fees (2%)	$200,000
	B.	Fiscal Agent Fees (2%)	200,000
	C.	Bond Issuance Expense	77,329
	D.	Bond Application Report Cost	100,000
	E.	Bond Discount	162,756
	F.	Attorney General Fee (0.10% or Max $9,500)	9,500
	G.	TCEQ Bond Issuance Fee (0.25%)	25,000
	G.	Surplus Funds	137,244
TOTAL NON-CONSTRUCTION COSTS:			**$911,829**
TOTAL BOND ISSUE REQUIREMENT			**$10,000,000**

INVESTMENT CONSIDERATIONS

General

The Bonds are special obligations of the District payable solely from and, together with the Outstanding Bonds (identified and defined in the Bond Order and described below), secured by and payable from a first lien on and pledge of the Net Revenues (as defined in the Bond Order) of the District's Waterworks System (hereinafter referred to as the "System"). The term "Net Revenues" as defined in the Bond Order means all income or increment which may grow out of the ownership and operation of the District's plants, facilities and improvements (as same as purchased, constructed, or otherwise acquired), being the gross revenue income less such amount necessary to provide for the administration, efficient operation, and adequate maintenance of the District's plants, improvements, and facilities, and less the portion thereof derived from contracts with private corporations, municipalities, or political subdivisions which, under the terms of the authorizing resolutions, may be pledged for the requirements of the District's revenue bonds issued particularly to finance the facilities needed in performing any such contracts. In accordance with the Bond Order, depreciation and payments into the Bond Fund and the Reserve Fund shall never be considered as expenses of operation and maintenance. State law and the Bond Order provide that contractual obligations of the District for the supply of water constitute expenses of operation and maintenance. The District has not given a mortgage or other security interest in its facilities or assets for the benefit of the holders of the Bonds. ***The Bonds do not constitute a general obligation of the District, and the holders of the Bonds shall not have the right to demand payment thereof from any funds raised or to be raised by taxation. The District currently has no taxing power.***

The Bonds are limited obligations of the District payable solely from Net Revenues and are not the obligations of the State of Texas; Montgomery District, Texas; the City of Houston, Texas; the City of Conroe, Texas; or any other political subdivision or any entity other than the District.

Extreme Weather Events

The greater Houston area, including the District, is subject to occasional severe weather events, including tropical storms and hurricanes. If the District were to sustain damage to its facilities requiring substantial repair or replacement as a result of such a weather event, the investment security of the Bonds could be adversely affected. The greater Houston area has experienced multiple storms exceeding a 0.2% probability (i.e. "500-year flood" events) since 2015, including Hurricane Harvey which made landfall along the Texas Gulf Coast on August 26, 2017, and brought historic levels of rainfall during the successive four days.

If a future weather event significantly damaged all or part of the improvements within the District, the Net Revenues of the District could be substantially reduced, which could result in and/or necessitate an increase in the District's water rate. Further, there can be no assurance that a casualty loss to property within the District will be covered by insurance (or that property owners will even carry flood or other casualty insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the District. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which Net Revenues of the District could be adversely affected.

Specific Flood Type Risks

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

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

Remedies in Event of Default

Other than a writ of mandamus and other relief authorized by law, the Bond Order does not expressly provide a specific remedy for a default. On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. In so ruling, the Court declared that statutory language such as "sue and be sued" or "plead and be impleaded", in and of itself, did not constitute a clear and unambiguous waiver of sovereign immunity. Therefore, Section 49.066, Texas Water Code, does not waive immunity of a municipal utility district for suits for money damages.

Although an Owner could presumably obtain a judgment against the District for a default in the payment of principal or interest, such judgment could not be satisfied by execution against any property of the District. If the District defaults, an Owner could petition for a writ of mandamus issued by a court of competent jurisdiction requiring the District and the District's officials to observe and perform the covenants, obligations or conditions prescribed in the Bond Order. Such remedy might need to be enforced on a periodic basis. The enforcement of a claim for payment on the Bonds would be subject to the applicable provisions of the federal bankruptcy laws, any other similar laws affecting the rights of creditors of political subdivisions, and general principals of equity. See "INVESTMENT CONSIDERATIONS - Owners' Remedies, and - Bankruptcy Limitation to Owners' Rights."
The Local Government Immunity Waiver Act applies to districts and relates to contracts entered into by districts for goods or services. In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion

or judgment, though mandamus is not available to enforce purely contractual duties. However, as discussed above, mandamus may be used to require a public officer to perform legally-imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of monies due under a contract).

Bankruptcy Limitation to Owners' Rights

The enforceability of the rights and remedies of Owners may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. 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 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 negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiations are impracticable. Under Texas law, a special utility district, such as the District, must obtain the approval of the TCEQ as a condition to seeking relief under the U.S. Bankruptcy Code. The TCEQ is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under federal bankruptcy law only if such district has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

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

If a petitioning district were allowed to proceed voluntarily under Chapter 9 of the Federal Bankruptcy Code, it could file a plan for an adjustment of its debts. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect an 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 Owner's claim against a district.

Marketability

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

Continuing Compliance with Certain Covenants

Failure of the District to comply with certain covenants contained in the Bond Order on a continuing basis prior to the maturity of the Bonds could result in interest on the Bonds becoming taxable retroactively to the date of original issuance. See “LEGAL MATTERS - Tax Exemption.”

Future Debt

The District has also expressly reserved the right to issue in one or more installments, for the purpose of completing, repairing, improving, extending, enlarging or replacing the System, any Additional Bonds as may hereafter be authorized for any lawful purpose, including refunding bonds, which when issue and delivered, shall be payable from and secured by a first lien on and pledge of the Net Revenues of the system covered in the same manner as to the same extent as the Bonds. Additional revenue obligations as such may only be incurred if Net Revenues are at least 1.25 times the average annual debt service requirements after giving effect to the additional obligations when Net Revenues are (a) determined from the last complete fiscal year or a 12-consecutive-month-period ending not more than ninety (90) days preceding the adoption of the additional obligations as certified by a certified public accountant, or (b) determined from projected net revenues for a twelve-month-period based on rates or charges in effect for at least sixty (60) days prior to the month in which the issuance of the additional debt is authorized, as certified by a certified public accountant or professional engineer.

The District further reserves the right to issue bonds, notes, or other obligations of inferior liens and bonds, notes or other obligations payable from sources other than the Net Revenues.

In addition, future, changes in health, environmental, or other governmental regulations could require the construction and financing of additional improvements without any corresponding increases in Net Revenues in the District. See "THE BONDS – Issuance of Additional Debt."

Approval of the Bonds

As required by law, engineering plans, specifications and estimates of construction costs for the facilities and services to be purchased or constructed by the District with the proceeds of the Bonds have been approved, or will be approved subject to certain conditions, by the TCEQ. See "USE AND DISTRIBUTION OF BOND PROCEEDS".

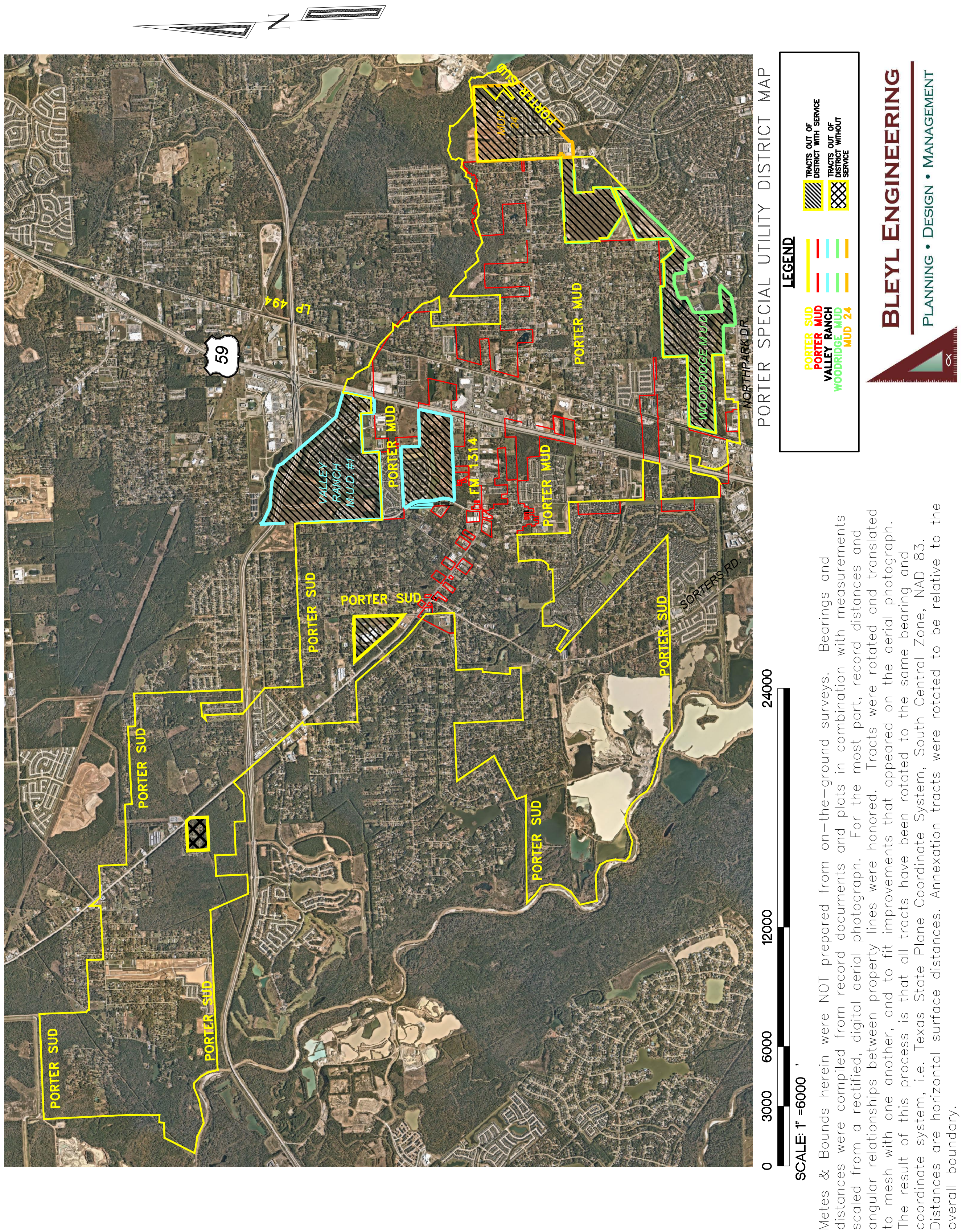
In addition, the Attorney General of Texas must approve the legality of the Bonds prior to their delivery. Neither the TCEQ nor the Attorney General of Texas passes upon or guarantees the security of the Bonds as an investment, nor have the foregoing authorities passed upon the adequacy or accuracy of the information contained in this Official Statement.

Pending Litigation

In January 2024, Entergy Texas, Inc. filed a Petition for Condemnation against the District to condemn certain property in the District for an electric transmission line. See Cause No. 24-33661, *Entergy Texas, Inc v. Porter Special Utility District*, in the Probate Court No. 1 of Montgomery County, Texas. The easement sought crosses the District's 1.422-acre Water Plant No. 7 site and includes a water well that provided approximately 40% of the District's water in 2023. The District is engaging Entergy in discussions to achieve a resolution that would allow the continued operation of the water plant and well without disruption, and Entergy's representatives have expressed a desire to achieve such an outcome.

If Entergy prevails in the proceedings as currently pled, the District would lose the ability to operate the subject water well. In such event, the District may be required to construct a new well and related facilities to replace the resulting loss of water production capacity, and the District's ability to serve some of its customers could be compromised until additional facilities are placed in service. Such additional construction and increased production could result in increased costs and the potential for disrupted and delayed service. However, in the condemnation proceedings the District could be awarded compensation for value of the water well taken and the cost to construct the new water well and related facilities. Further, the District would seek to offset the lost water production by increasing production from its other water production and treatment facilities, including the Ferne Water Plant Improvements funded with the Bonds. The District cannot predict the outcome of this matter or the timeframe for the final resolution.

DISTRICT MAP



THE DISTRICT

General

Porter Special Utility District (the "District") was originally created as Porter Water Supply Corporation on December 15, 1967. On January 10, 2005, the Corporation converted to Porter Special Utility District by an order of the Texas Commission on Environmental Quality (the "Commission" or "TCEQ"). The Commission authorized the conversion of Porter Water Supply Corporation into the District, under Article XVI, Section 59 of the Texas Constitution and Texas Water Code, Chapters 49 and 65, as amended. Pursuant to an election held on May 7, 2005, in accordance with Section 49.102, Texas Water Code, the voters of the District confirmed the District's creation and elected persons to serve as directors for the District. The Board of Directors held their first meeting on May 23, 2005. Upon its creation, the District assumed all the assets and liabilities of the Porter Water Supply Corporation.

The District contains approximately 12,655 acres of land within its boundaries of which approximately 6,425 acres are developed and approximately 3,188 acres are in the flood plain. There are approximately 3,042 remaining developable acres in the district some of which are currently being developed.

Pursuant to Chater 49.303 et. seq. of the Texas Water code, the District adopted an order excluding approximately 1,712.409 acres of land from the District effective June 29, 2020. Pursuant to various water supply contracts covering the area, the District continues to provide wholesale water service to the excluded acres.

The District has the statutory authority, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities.

Location

The District is located in Montgomery County, Texas, approximately seven miles north of the corporate limits of the City of Humble, Texas, approximately 19 miles south of the corporate limits of the City of Cleveland, Texas, and approximately 25 miles north of the central business district of the City of Houston, Texas. Main access to the District is provided by Farm to Market Road 1314 ("FM 1314") which bisects the District from its Northeast corner until it intersects U.S. Highway 59. Portions of the District are located in the extraterritorial jurisdiction of the City of Conroe while other portions are located within the City of Houston's extraterritorial jurisdiction.

Management of the District

Board of Directors

The District is governed by a board, consisting of seven directors, which has control over and management supervision of all affairs of the District. Directors' terms are four years with elections held within the District on the first Saturday in May in each even numbered year. All of the directors own property in the District.

Name	Position	Length of Service	Term Expires May
Doug Pillow	President	6 Years	2024
Jodi Ruonavar	Vice President	5 Years	2026
Caroline E. Denham	Secretary	6 Years	2026
Danny L. Bridges	Treasurer	10 Years	2024
Jason Ashy	Director	11 Years	2026
Donald Bell	Director	1 Years	2026
Charlie Lyons	Director	3 Months	2024

General Manager and Staff

Jonathan Smith is the General Manager and Chris Wright is the District Field Operations Manager. The Office Manager is Amanda Phillips. There are currently approximately nineteen full-time employees and one part-time employee.

The District has entered into a defined contribution pension plan named the Profit-Sharing Plan (the "Plan") for its employees. The District administers the plan. A defined contribution pension plan provides pension benefits in return for services rendered. The Plan provides an individual account for each participant and specifies how contributions to the individual's account are to be determined. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participant's benefits that may be allocated to such participant's account. As established by the Plan, all employees who have satisfied the eligibility requirements must participate in the Plan. No contributions are allowed to be made by the employee into the Plan. Any and all contributions made by the District are vested as follows after satisfying the eligibility requirements:

After two years of service, the employee is vested 20 percent, three years 40 percent, four years 60 percent, five years 80 percent, and six years 100 percent.

An employee who leaves the employment of the District is entitled to the District's contributions if eligibility requirements are satisfied. The contributions are discretionary, to be determined by the District, and are not limited to net profits. During fiscal year 2023, the District's contribution was $20,896.34.

Consultants

Bookkeeper/Accountant

The District has engaged Crayton & Vilt, LLC, a bookkeeping and accounting firm.

Engineer

The District's consulting engineer is Bleyl Engineering (the "Engineer").

Auditor

The District's audited financial statements for the year ended May 31, 2023, were prepared by Belt Harris Pechacek. See APPENDIX A for a copy of the District's year end May 31, 2023 audited financial statements. The District has engaged Belt Harris Pechacek to prepare the audited financial statements for the year ended May 31, 2024.

Financial Advisor

SAMCO Capital Markets, Inc 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 issued sold and delivered and, therefore, such fee is contingent upon the sale and delivery of the Bonds.

Bond & General Counsel

The District has engaged Polley Garza PLLC ("PG") Houston, Texas, as Bond Counsel in connection with the issuance of the District's Bonds. The fees of Bond Counsel are contingent upon the sale of and delivery of the Bonds. PG also serves as the District's general counsel.

Disclosure Counsel

The District has engaged McCall, Parkhurst & Horton L.L.P., Houston, Texas, as disclosure counsel. The fees of disclosure counsel are contingent upon the sale and delivery of the Bonds.

Status of Development

Development in the District consists primarily of residential growth in various subdivisions throughout the District and commercial activity concentrated primarily along the U.S. Highway 59 and FM 1314 corridors. As of December 2023, there were 5,872 single-family accounts in the District; 2,051 multi-family units; and 1,101commercial units. In addition, the District has five wholesale accounts, where the District provides water to other utility districts equal to approximately 2,366 single family connections. Overall, the District has approximately 12,100 TCEQ defined connections as of February 2024.

There are approximately 355 commercial businesses within the District's boundaries which represents the 1,101 commercial units, including Wal-Mart; The Home Depot; Kroger Family Center; Walgreens; CVS; McDonalds; Whataburger; Hotels; Gas Stations; and Restaurants. Additional businesses are currently under construction.

There are approximately 2,051 Multi-Family Units within the District including Mobile home parks,and Apartment Complexes. There are also 6 schools within the District, all of which are in the New Caney School District. In all, there are 44 institutional connections including churches, schools, medical facilities, and government offices.

Current development activity in the District includes several single-family residential projects and multi-family developments. Current single-family development projects include Maple Heights (343 lots complete, 55 lots under construction, and 338 proposed lots proposed lots on 211 total acres), Peppervine (228 completed lots on 62.8 acres), and Royal Pines/Royal Brook (876 lots on 250 acres). Ongoing multi-family development includes Canyon Crossing (276 units – under construction), Altera (360 units- planning to break ground later 2024), and Territory at Porter (342 units – planning to break ground mid-2024).

In addition, there are several planned commercial projects in the District. A developer has submitted an application for a master-planned residential and commercial development on 443 acres in the District to be known as The Highlands. Many smaller projects are also in design or construction. Various other developers own land in the District.

Since no party has any obligation to the District to develop any of such currently undeveloped acres at any particular pace or at all, the District cannot represent that any development will be undertaken or completed in the District in addition to the development undertaken therein to date. See "THE DISTRICT- Status of Development."

Homebuilders currently active within the District include Century Homes and Centex. Homes in these developments range in price from approximately $220,000 to approximately $300,000 and in size from approximately 1,204 square feet to approximately 2,536 square feet.

Future Development

The District contains approximately 3,042 acres of developable acreage outside of the 100-year floodplain some of which is currently under development (approx. 200 acres). There remain smaller undeveloped tracts within areas considered to be developable. There is no principal developer but there are various development projects planned in the District.

Annexation of the District

The District lies within the extraterritorial jurisdiction of the Cities of Conroe and Houston, Texas. See "EXTRATERRITORIAL JURISDICTION AND ANNEXATION" for a discussion of the ability of the City of Houston or Conroe to annex the District.

THE SYSTEM

General

The purchase, acquisition and construction of existing waterworks facilities were financed by the District with the previous bond proceeds, and the facilities were 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, including, among others, the TCEQ. According to Bleyl Engineering (the "Engineer"), the design of all such facilities was approved by all governmental agencies, which had jurisdiction over the District at the time.

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

Groundwater

The District currently produces groundwater from 5 operational water wells, with capacities ranging from 500 gallons per minute ("gpm") to 2,200 gpm, accounting for a total groundwater capacity of 8,400 gpm. The District currently pumps approximately 1.05 billion gallons per year ("BGY"), but is permitted for approximately 1.2 BGY. The existing water plants include a combined 2,270,000 gallons of elevated and ground storage tank capacity as well as 8,300 gpm of booster pump capacity.

The District is a party to a Unilateral Emergency Water Supply Agreement with Montgomery District Municipal Utility District No. 56.

Pending Litigation

In January 2024, Entergy Texas, Inc. filed a Petition for Condemnation against the District to condemn certain property in the District for an electric transmission line. See Cause No. 24-33661, Entergy Texas, Inc v. Porter Special Utility District, in the Probate Court No. 1 of Montgomery County, Texas. The easement sought crosses the District's 1.422-acre Water Plant No. 7 site and includes a water well that provided approximately 40% of the District's water in 2023. The District is engaging Entergy in discussions to achieve a resolution that would allow the continued operation of the water plant and well without disruption, and Entergy's representatives have expressed a desire to achieve such an outcome.

If Entergy prevails in the proceedings as currently pled, the District would lose the ability to operate the subject water well. In such event, the District may be required to construct a new well and related facilities to replace the resulting loss of water production capacity, and the District's ability to serve some of its customers could be compromised until additional facilities are placed in service. Such additional construction and increased production could result in increased costs and the potential for disrupted and delayed service. However, in the condemnation proceedings the District could be awarded compensation for value of the water well taken and the cost to construct the new water well and related facilities. Further, the District would seek to offset the lost water production by increasing production from its other water production and treatment facilities, including the Ferne Water Plant Improvements funded with the Bonds. The District cannot predict the outcome of this matter or the timeframe for the final resolution.

Lone Star Groundwater Conservation District

The District is located within the boundaries of the Lone Star Groundwater Conservation District (the "Conservation District") which was created by the Texas Legislature to conserve, protect and enhance the groundwater resources of Montgomery County. The Conservation District has adopted rules and a regulatory plan for the conservation, preservation, protection, recharge and prevention of waste of groundwater, groundwater reservoirs or their subdivisions and to control subsidence caused by the withdrawal of groundwater from those groundwater resources or their subdivisions. The Conservation District requires persons and entities, including the District, that pump groundwater from wells to apply for and obtain permits for the withdrawal of groundwater under terms and conditions provided in the Conservation District's rules. The Conservation District currently bills non agricultural permit holders, including the District, \$0.085 or \$0.06, depending on the aquifer, per 1,000 gallons of water pumped from wells to finance the Conservation District's operations. This amount is subject to future increases.

Although no longer in effect, in 2006, the Conservation District adopted its District Regulatory Plan, which called for the reduction of groundwater withdrawal throughout Montgomery County to volumes that do not exceed the recharge capabilities of aquifers in the County to prevent the long-term depletion of the aquifers. The District Regulatory Plan required Large Volume Groundwater Users ("LVGUs"), including the District, to submit a Groundwater Reduction Plan ("GRP") individually, or jointly with other LVGUs, to ensure that necessary progress is made by each participant to appropriately plan, finance, design, construct, and otherwise implement conservation measures and/or develop an alternative water source so that, by the end of calendar year 2016, it will have met its initial conversion obligation. The Conservation District's initial conversion obligation mandated that LVGU's reduce their groundwater production to no more than 70% of their 2009 groundwater permit by January 1, 2016. Water demand in excess of the 30% reduction was to be met by an alternative water supply.

In 2020, the Conservation District adopted new rules superseding the prior District Regulatory Plan and no longer requiring GRPs or other groundwater reduction. The Conservation District continues to study the impact of groundwater withdrawals within the Conservation District and may implement new rules or regulations in the future. Regulatory changes by the Conservation District may impact the District's production of groundwater from its wells and may require the District to design, finance and construct costly infrastructure in the future.

Wastewater System

The District does not own or operate wastewater treatment facilities. The District only has authority to provide and distribute water. The order approving the District's conversion from Porter Water Supply Corporation to the District stated that the District could not provide wastewater service.

Drainage System

The District does not own, operate or maintain any drainage or storm water facilities.

100-year Flood Plain

The District is not charged with floodplain or storm water management. Approximately 1,545 acres of the District lie within the FEMA 100-year floodplain.

Water System Operations

Rate and Fee Schedule

The Board of Directors establishes rates and fees for water and sewer service, subject to change from time to time. The following schedule sets forth the rates and fees for the District's water service, which have been in effect since April 18, 2023.

Water (Monthly Billing)
Retail Minimum Charge (No water included)

3/4" Meter	$13.00	
1" Meter	$33.08	
1 ½" Meter	$66.16	
2" Meter	$132.33	
3" Meter	$236.30	
4" Meter	$396.98	
6" Meter	$818.78	
8" Meter	$1,190.95	
0 to 3,000 gallon charge		$2.10 per 1,000 gallons
3,001 to 10,000 gallon charge (over 3,000 gallons)		$2.60 per 1,000 gallons
10,001 to 25,000 gallon charge (over 10,000 gallons)		$3.10 per 1,000 gallons
25,001 to 35,000 gallon charge (over 25,000 gallons)		$4.10 per 1,000 gallons
35,001 and up gallon charge (over 35,000 gallons)		$4.60 per 1,000 gallons
Summer Surcharge beginning at 35,001 gallons and up (May 15 – Oct 15).		$5.10 per 1,000 gallons
Infrastructure Fee		$3.50 per 1,000 gallons
Texas Commission on Environmental Quality Fee:		0.5% of total bill

Wholesale Water Rates (No water included)

Monthly Minimum Water Rate	$366.27	
Cost per 1,000 Gallons	$2.10	
Water Supplied to Storage Tank (not under direct pressure)		
Cost per 1,000 Gallons	$3.69	
Water Supplied to Distribution System (under direct pressure)		
Infrastructure Fee		$3.50 per 1,000 gallons

***Note –** Additional charges, such as tap fees, deposits, impact fees, etc. are set by contract between the SUD and the wholesale customer.

Historical Water Consumption (Gallons)

Calendar Year End	Total Gallons Pumped (a)	Wholesale Gallons Pumped
2023	1,049,228,000	311,006,890
2022	1,009,275,000	279,990,886
2021	873,751,700	208,159,660
2020	852,045,600	197,364,722
2019	807,532,000	153,397,900

(a) 2019 through 2023 from TWDB Water Use Survey.

Ten Largest Water Customers (Based on Gallons Consumed) (a)(b)

Name of Customer	Gallons	% of Total (a)
Valley Ranch MUD No. 1 (c)(d)	130,117,800	12.40%
Woodridge MUD (d)	109,864,310	10.47%
Montgomery Co. MUD 24 (c)(d)	35,719,000	3.40%
Montgomery Co. MUD 84 (c)	35,261,780	3.36%
Porterwood Apartments(c)	18,935,219	1.80%
New Caney ISD	18,200,524	1.73%
The Heights on Valley Ranch	17,160,000	1.64%
Montgomery Pines Apts.	13,148,700	1.25%
White Oak Apts.	11,354,186	1.08%
Avaya Apartments	9,837,388	0.95%

(a) Based on 1,049,228,000 gallons pumped between 1/2023 to 12/2023.
(b) Based on usage accounts report 2023.
(c) Combines multiple Meters.
(d) Wholesale Customer.

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FINANCIAL INFORMATION

Condensed Statement of Operations

The following statement sets forth in condensed form the historical operations of the District's water and sewer system. Such summary has been prepared upon information obtained from the District's audited financial statements and records. Reference is made to such statements for further and more complete information. See "APPENDIX A – Audited Financial Statement.

			Fiscal Year End		
	03/31/24 (d)	05/31/23(a)	05/31/22(a)	05/31/21(a)	05/31/20(a)
OPERATING REVENUE					
Charges for Water Service	$4,775,636	$5,741,374	$5,611,262	$5,523,512	$4,184,717
Infrastructure Fees	2,991,298	0	0	0	0
Impact fees (b)	575,821	383,201	849,105	1,124,425	185,460
Investment Earnings	259,633	268,334	9,686	5,772	42,534
Miscellaneous Revenues	16,930	75,325	36,926	27,635	99,656
Intergovernmental	0	0	0	0	610,807
TOTAL REVENUES	$8,619,318	$6,468,234	$6,506,979	$6,681,344	$5,123,174
OPERATING EXPENSES (c)					
Personnel Services	$1,104,473	$1,130,391	$1,130,657	$1,098,596	$894,620
Professional Fees	218,387	467,070	169,664	167,744	282,063
Contracted Services	100,591	46,747	69,886	58,995	50,441
Administrative Expenditures	338,940	528,456	652,489	561,347	418,563
Utilities	221,021	320,352	241,313	240,009	210,574
Repairs and Maintenance	506,338	407,900	300,841	342,688	544,236
Other	545,495	558,190	354,170	258,515	215,361
TOTAL EXPENDITURES	$3,035,245	$3,459,106	$2,919,020	$2,727,894	$2,615,858
NET REVENUES OF THE SYSTEM	$5,584,073	$3,009,128	$3,587,959	$3,953,450	$2,507,316

(a) Audited.
(b) Impact fees are used to fund expansion/enlargement of infrastructure necessary to accommodate growth within the District, including in some cases payment of debt service on bonds issued to finance such infrastructure.
(c) Excludes depreciation and capital outlays
(d) UN-AUDITED June 1, 2023 through March 31, 2024. Provided by Crayton CPA LLC. Approximately $378,533 will be reimbursed to the operating fund from bond proceeds.
(e) TCEQ defined Connections Served 12,100 as of February 2024. There have been approximately 600 connections added in fiscal year 2023/2024.

Coverage and Fund Balances (c)

Average Annual Principal and Interest Requirements, 2024 – 2045 (a)	$1,455,251
Coverage of Average Requirements by 5/31/2023 Net System Revenues	2.92.x
Maximum Principal and Interest Requirements 2024	$1,734,013
Coverage of Maximum Requirements by 5/31/2023 Net System Revenues	2.45.x
Outstanding Bonds (a)	$22,945,000
Reserve Fund as of January 31, 2024(b)	$1,146,468

(a) Includes the Bonds.
(b) As of fiscal year 2024, the Required Reserve amount is $783,035 for the Outstanding Bonds. The District plans to fund the reserve for the Bonds with 60 months of payments as described herein THE BONDS – Funds – Reserve Fund".
(c) Calculated based on total revenue of $7,713,714 (comprised of $6,468,234 on operating revenue shown in the Condensed Statement of Operations above, plus $41,968 in investment earnings in the Debt Service Fund, plus $1,086,552 in impact fees and investment earnings in the Capital Projects Fund (which does not include any proceeds from prior bonds), plus $116,960 in investment earnings and miscellaneous revenues in the GRP Fund, all of which is stated in the District's 2023 annual financial statement) and $3,459,106 in total expenditures reflected in the Condensed Statement of Operations stated above. Total Revenue $7,713,714 less Total Expenses $3,459,106 equals net income of $4,254,608.

DEBT SERVICE REQUIREMENTS

PORTER SPECIAL UTILITY DISTRICT
$10,000,000
Waterworks System Revenue Bonds, Series 2024

Issue Dated: May 29, 2024
First Interest Payment Due: December 1, 2024

Year Ending 12/31	Outstanding Bonds Principal	Outstanding Bonds Interest	Outstanding Bonds Total	Series 2024 Principal (Due 12/01)	Series 2024 Interest (Due 06/01)	Series 2024 Interest (Due 12/01)	Series 2024 Interest Total	Series 2024 Principal & Interest	Total Debt Service Requirement
2024	650,000	338,720	988,720	310,000	-	210,267	210,267	520,267	1,508,986
2025	410,000	321,026	731,026	265,000	200,013	200,013	400,025	665,025	1,396,051
2026	435,000	305,476	740,476	280,000	193,222	193,222	386,444	666,444	1,406,920
2027	450,000	289,026	739,026	295,000	186,047	186,047	372,094	667,094	1,406,120
2028	440,000	272,416	712,416	315,000	178,488	178,488	356,975	671,975	1,384,391
2029	390,000	260,231	650,231	335,000	170,416	170,416	340,831	675,831	1,326,063
2030	410,000	252,431	662,431	355,000	161,831	161,831	323,663	678,663	1,341,094
2031	435,000	244,231	679,231	375,000	152,734	152,734	305,469	680,469	1,359,700
2032	460,000	234,988	694,988	395,000	143,359	143,359	286,719	681,719	1,376,706
2033	485,000	224,638	709,638	420,000	133,484	133,484	266,969	686,969	1,396,606
2034	510,000	213,119	723,119	445,000	122,984	122,984	245,969	690,969	1,414,088
2035	540,000	201,006	741,006	470,000	114,084	114,084	228,169	698,169	1,439,175
2036	570,000	187,506	757,506	500,000	104,684	104,684	209,369	709,369	1,466,875
2037	600,000	173,256	773,256	530,000	94,684	94,684	189,369	719,369	1,492,625
2038	635,000	158,256	793,256	560,000	84,084	84,084	168,169	728,169	1,521,425
2039	670,000	142,381	812,381	595,000	72,884	72,884	145,769	740,769	1,553,150
2040	705,000	125,631	830,631	630,000	60,984	60,984	121,969	751,969	1,582,600
2041	745,000	108,006	853,006	670,000	48,384	48,384	96,769	766,769	1,619,775
2042	785,000	89,381	874,381	710,000	34,984	34,984	69,969	779,969	1,654,350
2043	825,000	68,775	893,775	750,000	23,447	23,447	46,894	796,894	1,690,669
2044	875,000	47,119	922,119	795,000	8,447	8,447	16,894	811,894	1,734,013
2045	920,000	24,150	944,150	-	-	-	-	-	944,150
	$12,945,000	$4,281,771	$17,226,771	$10,000,000	$2,289,247	$2,499,514	$4,788,761	$14,788,761	$32,015,532

Fiscal Year End Cash & Investment Balances (Un-Audited as of March 31, 2024)

General Fund	$5,524,013
Capital Projects Fund	$389,564
Infrastructure Fund	$9,534,580
Impact Fee Fund	$1,301,696
Debt Service Reserve Fund	$1,156,556

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 ("FDIC") and secured by collateral authorized by the Act, and in TexPool and Texas Class, which are public funds investment pools rated in the highest rating category by a nationally recognized rating service. The District does not currently own, nor does it anticipate, the inclusion of long-term securities or derivative products in the portfolio.

Current Investments

The District's funds are currently invested in various different Bank's in Certificates of Deposit or Money Market Accounts which are all FDIC insured. They also invest in Texpool. The investment portfolio is generally representative of the District's investment practices although the District has in the past or may in the future also invest in authorized Government Securities. State law requires the District to mark its investments to market price each calendar quarter and upon the conclusion of each fiscal year, for the purpose of compliance with applicable accounting policies concerning the contents of the District's audited financial statements. The District currently marks its investments to market price monthly.

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LEGAL MATTERS

Legal Proceedings

Delivery of the Bonds will be accompanied by the unqualified 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 the State of Texas payable from the District's Net Revenues and based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds; the approving legal opinion of Bond Counsel, to a like effect, and to the effect that interest on the Bonds is excludable from gross income of the holders for federal tax purposes under existing law, and the Bonds are not "private activity bonds" under the Internal Revenue Code of 1986, as amended (the "Code") and interest on the Bonds will not be subject to the alternative minimum tax on individuals.

Polley Garza PLLC, Houston, Texas, serves as Bond Counsel and General Counsel to the District. McCall, Parkhurst & Horton L.L.P., Houston, Texas serves as Disclosure Counsel. The legal fees paid to Bond Counsel for service 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 deliver of the Bonds. The fees paid to Disclosure Counsel for service rendered in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

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

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

No 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 MATTERS

In the opinion of Polley Garza PLLC, Bond Counsel ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax.

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

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

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

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

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

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

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

Qualified Tax-Exempt Obligations for Financial Institutions

Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a "financial institution," on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer's taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a "financial institution" allocable to tax-exempt obligations, other than "private activity bonds," that are designated by a "qualified small issuer" as "qualified tax-exempt obligations." A "qualified small issuer" is any governmental issuer (together with any "on-behalf of" and "subordinate" issuers) who issues no more than $10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the Code defines the term "financial institution" as any "bank" described in section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person's trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to "qualified tax-exempt obligations" provided by section 265(b) of the Code, section 291 of the Code provides that the allowable deduction to a "bank," as defined in section 585(a)(2) of the Code, for interest on indebtedness incurred or continued to purchase "qualified tax-exempt obligations" shall be reduced by twenty-percent (20%) as a "financial institution preference item."

The Issuer expects that the Bonds will be designated, or deemed designated, as "qualified tax-exempt obligations" within the meaning of section 265(b) of the Code. In furtherance of that designation, the Issuer will covenant to take such action that would assure, or to refrain from such action that would adversely affect, the treatment of the Bonds as "qualified tax-exempt obligations." **Potential purchasers should be aware that if the issue price to the public exceeds $10,000,000, there is a reasonable basis to conclude that the payment of a de minimis amount of premium in excess of $10,000,000 is disregarded; however, the Internal Revenue Service could take a contrary view. If the Internal Revenue Service takes the position that the amount of such premium is not disregarded, then such obligations might fail to satisfy the $10,000,000 limitation and the Bonds would not be "qualified tax-exempt obligations."**

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as the it remains obligated to advance funds to pay the Bonds. Under the agreement, the district will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board (the "MRSB") pursuant to its Electronic Municipal Market Access System ("EMMA"). This information will be available to securities brokers and others through the MSRB at www.emma.mrsb.org. Please note that this website is included herein as active textual references only, and the information contained on (or accessed through) this website is not incorporated herein and should not be construed as part of this Official Statement.

Annual Reports

The District will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included under the captions "THE SYSTEM – Historical Water Consumption and Ten Largest Water Customers" and "FINANCIAL INFORMATION" and in Appendix A. The District will update and provide this information within six months after the end of each fiscal year.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements, if it is completed by the required time. If audited financial statements are not available by the required time, the District will provide audited financial statements when the audit report becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix A or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

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

Event Notices

The District will provide timely notices of certain events to the MRSB, 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 status of the Bonds or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the District or other obligated person within the meaning of the Rule; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person within the meaning of the Rule, if material, or agreements to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect 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 other obligated person within the meaning of the Rule, 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. Neither the Bonds nor the Bond Order makes any provision for debt service reserves, liquidity enhancement, the pledge of property (other than ad valorem tax and net system revenues) to secure payment of the Bonds, or appointment of a trustee. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information From MSRB

Effective July 1, 2009 (the "EMMA Effective Date"), the United States Securities and Exchange Commission (the "SEC") implemented amendments to the Rule which approved the establishment by the MSRB of EMMA, which is now the sole successor to the national municipal securities information repositories with respect to filings made in connection with undertakings made under the Rule after the EMMA Effective Date. Commencing with the EMMA Effective Date, all information and documentation filing required to be made by the District in accordance with its undertaking made for the Bonds will be made with the MSRB in electronic format in accordance with MSRB guidelines. Access to such filings will be provided, without charge to the general public, by the MSRB.

Limitations and Amendments

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

This continuing disclosure agreement may be amended by the District from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, but only if (1) the provisions, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of the Bond Order that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the District (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the Owners of the Bonds. The District may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

Compliance with Prior Undertakings

Within the last five years the District has materially complied with all continuing disclosure agreements made by it pursuant to SEC Rule 15c2-12, except the District failed to timely file notice of its optional redemption of its Series 2014 Bonds with the Electronic Municipal Market Access website. The District has implemented procedures to ensure timely filing in the future.

OTHER INFORMATION

Registration and Qualification of Bonds for Sale

No registration statement relating to the Bonds has been filed with the Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2). The Bonds have not been approved or disapproved by the SEC, nor has the SEC passed upon the accuracy or adequacy of this Official Statement. 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 act of any other jurisdiction. 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 sold, assigned, pledged, hypothecated, or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

Authenticity of Financial Information

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

Forward Looking Statements

The statements contained in this Official Statement, and in any other information provided by the District, that are not purely historical, are forward-looking statements, including statements regarding the District's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements.

All forward-looking statements included in this Official Statement are based on information available to the District on the date hereof, and the District assumes no obligation to update any such forward-looking statements. The District's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, regulatory circumstances and conditions, and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions of future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the District. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

OFFICIAL STATEMENT

Preparation

The financial data and other information contained in this Official Statement has been obtained primarily from the District's records, the Engineer and information from certain other sources. All of these sources are believed to be reliable, but no guarantee is made by the District as to the accuracy or completeness of the information derived from such sources, and its inclusion herein is not be construed as a representation on the part of the District except as described below under "Certification of Official Statement". Furthermore, there is no guarantee that any of the assumptions or estimates contained herein will be realized. The summaries of the agreements, reports, statutes, resolutions, engineering and other related information set forth in this Official Statement are included herein subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

Financial Advisor

SAMCO Capital Markets, Inc. is employed as the Financial Advisor to the District to render certain professional services including advising the District on a plan of financing and preparing the Official Statement. In its capacity as Financial Advisor, SAMCO Capital Markets, Inc. has compiled and edited this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information. The fees paid the Financial Advisor for services rendered in connection with the issuance and sale of the Bonds are based on a percentage of the Bonds issued, sold and delivered, and therefore such fees are contingent on the sale and delivery of the Bonds.

Consultants

In approving this Official Statement the District has relied upon the following consultants:

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

Auditor: The District's financial statements for the year ending May 31, 2023, were audited by Belt Harris Pechacek, LLP, Certified Public Accountants and are attached as "APPENDIX A" hereto.

Updating the Official Statement During Underwriting Period

If, subsequent to the date of the Official Statement to and including the date the Initial Purchaser is no longer required to provide an Official Statement to potential customers who request the same pursuant to Rule 15c2-12 of the federal Securities Exchange Act of 1934 (the "Rule") (the earlier of (i) 90 days from the "end of the underwriting period" (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from a nationally recognized repository but in no case less than 25 days after the "end of the underwriting period"), the District learns or is notified by the Initial Purchaser of any adverse event which causes any of the key representations in the Official Statement to be materially misleading, the District will promptly prepare and supply to the Initial Purchaser a supplement to the Official

Statement which corrects such representation to the reasonable satisfaction of the Initial Purchaser, unless the Initial Purchaser elects to terminate its obligation to purchase the Bonds as described below. The obligation of the District to update or change the Official Statement will terminate when the District delivers the Bonds to the Initial Purchaser (the "end of the underwriting period" within the meaning of the Rule), unless the Initial Purchaser provides written notice the District that less than all the Bonds have been sold to ultimate customers on or before such date, in which case the obligation to update or change the Official Statement will extend for an additional period of time of 25 days after all of the Bonds have been sold to ultimate customers. In the event the Initial Purchaser provides written notice to the District that less than all of the Bonds have been sold to Ultimate customers, the Initial Purchaser agrees to notify the District in writing following the occurrence of the "end of the underwriting period" as defined in the Rule.

Certification as to Official Statement

The District, acting by and through its Board of Directors 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.

This Official Statement was approved by the Board of Directors of Porter Special Utility District, as of the date shown on the first page hereof.

/s/Doug Pillow
President, Board of Directors
Porter Special Utility District

/s/Caroline Denham
Secretary, Board of Directors
Porter Special Utility District

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PHOTOGRAPHS

The following photographs were taken in the District. The homes shown in the photographs are representative of the type of construction presently located within the District, and these photographs are presented solely to illustrate such construction. The District makes no representation that any additional construction such as that as illustrated in the following photographs will occur in the District.

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PORTER FIRE DEPARTMENT STA. 121 ESD
ADMINISTRATION


Kroger
Marketplace


HARBOR FREIGHT
WINE • LIQUOR
Walmart


KROGER
NAILS OF AMERICA
GNC
TC CLEANERS
dealdental


NWP
NAILS SPA
LAWYER
ABOGADO


IHOP


ALMA LATINA
MEXICAN RESTAURANT


Kelsey-Seybold Clinic


AVAYA


TROUT

APPENDIX A
District Audited Financial Statements

The information contained in this appendix has been excerpted from the audited financial statements of Porter Special Utility District for the fiscal year ended May 31, 2023. Certain information not considered to be relevant to this financing has been omitted; however, complete audit reports are available upon request.

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ANNUAL FINANCIAL REPORT

of the

PORTER SPECIAL UTILITY DISTRICT

For the Year Ended
May 31, 2023

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PORTER SPECIAL UTILITY DISTRICT

TABLE OF CONTENTS

May 31, 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Porter Special Utility District:

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Porter Special Utility District (the "District"), as of and for the year ended May 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of May 31, 2023, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' 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.

Responsibility of Management for the Financial Statements

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

Houston · Austin · Bellville · Woodville
3210 Bingle Rd., Ste. 300, Houston, TX 77055 // P: 713.263.1123 // info@txauditors.com // www.texasauditors.com

Auditors' Responsibility 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 auditors' 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the budgetary comparison information, identified as Required Supplementary Information on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 required parts 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 schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
September 18, 2023

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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Porter Special Utility District

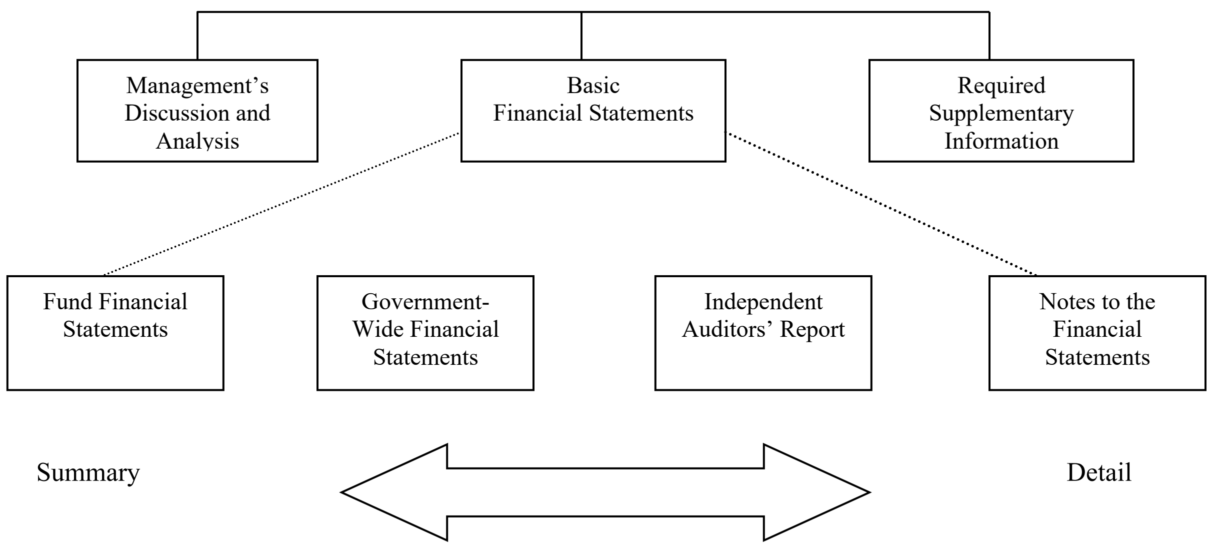
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended May 31, 2023

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the Porter Special Utility District (the "District") for the year ended May 31, 2023. The analysis is based on currently known facts, decisions, or economic conditions. It presents a short and long-term analysis of the District's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the District's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT

Components of the Financial Section



The District's basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Statements

The government-wide statements report information for the District as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the District as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the District's financial statements, report information on the District's activities that enable the reader to understand the financial condition of the District. These statements are prepared using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the District's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other nonfinancial factors, such as the condition of the District's infrastructure, need to be considered in order to assess the overall health of the District.

The Statement of Activities presents information showing how the District's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows – the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Position and the Statement of Activities present the District's financials using one class of activity:

1. *Governmental Activities* – The District's water distribution is reported here. Interest payments on the District's debt are also reported here.

The government-wide financial statements can be found after the MD&A.

FUND FINANCIAL STATEMENTS

Funds may be considered as operating companies of the parent corporation, which is the District. They are usually segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal reporting requirements. The District's operations are reported using governmental funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains six individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, the capital projects fund, the groundwater reduction plan (GRP) fund, the infrastructure fund, and the impact fee fund, which are considered to be major funds for reporting purposes.

The District adopts an annual unappropriated budget for its general fund. A budgetary comparison schedule has been provided to demonstrate compliance with the budget.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are the last section of the basic financial statements.

Other Information

In addition to basic financial statements, the MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes a budgetary comparison schedule for the general fund. RSI can be found after the notes to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. The District's net position was $23,678,553 as of year end.

A portion of the District's net position, $10,464,473 or 44%, reflects its investments in capital assets (e.g., land, water system, and infrastructure) less any debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	Governmental Activities	
	2023	**2022**
Current and other assets	$ 17,875,811	$ 16,759,728
Capital assets, net	21,002,847	17,869,046
Total Assets	38,878,658	34,628,774
Long-term liabilities	13,230,000	14,165,000
Other liabilities	1,970,105	1,741,666
Total Liabilities	15,200,105	15,906,666
Net Position:		
Net investment in capital assets	10,464,473	9,527,862
Restricted	1,557,409	1,097,774
Unrestricted	11,656,671	8,096,472
Total Net Position	$ 23,678,553	$ 18,722,108

A portion of the District's net position, $1,557,409 or 7%, represents resources that are restricted for future debt service payments. The remaining balance of unrestricted net position, $11,656,671 or 49%, may be used to meet the District's ongoing obligation to citizens and creditors. The overall financial condition of the District increased primarily due to increased current assets and decreased liabilities, attributed to increased service revenues.

Statement of Activities

The following table provides a summary of the District's changes in net position:

	Governmental Activities	
	2023	**2022**
Revenues		
Charges for services	$ 9,020,518	$ 6,460,367
Other revenues	698,495	60,629
Total Revenues	9,719,013	6,520,996
Expenses		
Service operations	4,360,690	6,054,281
Debt service	401,878	580,703
Total Expenses	4,762,568	6,634,984
Change in Net Position	4,956,445	(113,988)
Beginning net position	18,722,108	18,836,096
Ending Net Position	$ 23,678,553	$ 18,722,108

For the year ended May 31, 2023, revenues from governmental activities increased by $3,198,017 due to an increase in revenues for charges for services, impact fees, and investment earnings. The District's expenses decreased by $1,872,416 primarily due to a decreases in purchased services and other expenses. Total revenues exceeded total expenses by $4,956,445.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds – The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the year.

The District's governmental funds reflect a combined fund balance of $15,895,710. Of this, $2,691,626 is restricted for capital projects, $1,557,409 is restricted for debt service, $215,473 is nonspendable for inventory and prepaid items, $4,746,090 is assigned for specific purposes, and $6,685,112 is unassigned.

The general fund reported an increase in fund balance of $819,114. This increase is primarily a result of increases in water service and impact fee revenues and increased investment earnings. Expenditures increased from the prior year mainly as a result of increased professional fees, utilities, repairs and maintenance, and other expenditures, while administrative expenditures decreased.

The debt service fund reported an increase in fund balance of $459,635 mainly due to transfers in from the general fund.

The capital projects fund balance decreased by $2,290,874 primarily due to capital outlay for various construction in progress projects including waterline relocations on Sorters Road and Ford Road.

The GRP fund reported an decrease in fund balance of $1,123,324, resulting in an ending fund balance of $1,909,067. This decrease was largely due to discontinuation of the groundwater reduction fee and transfers to the general and infrastructure funds.

The infrastructure fund was established in the current year and reported an ending fund balance of $2,173,786, which resulted from infrastructure fee revenue of $1,300,204 and transfers from the GRP fund.

The impact fee fund was established in the current year and reported an ending fund balance of $666,545, resulting from impact fee revenue of $675,739.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's general fund budget had an overall positive variance of $1,790,964, primarily as a result of more than expected overall revenues, less than expected overall expenditures, and less than expected transfers to other funds.

CAPITAL ASSETS

At the end of the year, the District's governmental activities funds had invested $10,464,473 in a variety of capital assets (net of accumulated depreciation). This represents a net increase of $3,133,801.

Major capital asset additions during the year included the completion of the Valley Ranch Parkway waterline.

The District had construction in progress projects totaling $5,049,940 as of year end.

More detailed information about the District's capital assets is presented in note 6 to the financial statements.

LONG-TERM DEBT

As of year end, the District reported $13,230,000 in long-term debt.

More detailed information about the District's long-term liabilities is presented in note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District continues to provide improved services by updating the water system of the District using funds received from bond sales. For the 2024 fiscal year, the District budgeted $4,083,450 in revenues and $3,962,925 in expenditures for the general fund.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the finances of the District. Questions concerning this report or requests for additional financial information should be directed to Jonathon Smith, General Manager, 22162 Water Well Road, Porter, Texas 77365, telephone (281) 354-5922.

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BASIC FINANCIAL STATEMENTS

Porter Special Utility District

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

May 31, 2023

	Governmental Funds Balance Sheet			
Assets	**General**	**Debt Service**	**Capital Projects**	**GRP**
Cash and cash equivalents	$ 6,494,563	$ 1,557,409	$ 4,379,046	$ 1,904,476
Receivables	869,640	-	-	1,283
Inventory	184,073	-	-	-
Prepaid items	28,092	-	-	3,308
Due from other funds	974,909	-	-	-
Land	-	-	-	-
Construction in progress	-	-	-	-
Capital assets, net of				
accumulated depreciation	-	-	-	-
Total Assets	$ 8,551,277	$ 1,557,409	$ 4,379,046	$ 1,909,067
Liabilities				
Accounts payable and accrued liabilities	$ 193,512	$ -	$ 712,511	$ -
Security deposits	999,851	-	-	-
Due to other funds	392,485	-	974,909	-
Developer advances	68,152	-	-	-
Long-term liabilities				
Due within one year	-	-	-	-
Due in more than one year	-	-	-	-
Total Liabilities	1,654,000	-	1,687,420	-
Fund Balances/Net Position				
Fund balances:				
Nonspendable				
Prepaid items	28,092	-	-	3,308
Inventory	184,073	-	-	-
Restricted				
Debt service	-	1,557,409	-	-
Capital projects	-	-	2,691,626	-
Assigned	-	-	-	1,905,759
Unassigned	6,685,112	-	-	-
Total Fund Balances	6,897,277	1,557,409	2,691,626	1,909,067
Total Liabilities and Fund Balances	$ 8,551,277	$ 1,557,409	$ 4,379,046	$ 1,909,067
Net Position:				
Net investment in capital assets				
Restricted for debt service				
Unrestricted				
Total Net Position				

See Notes to Financial Statements.

Governmental Funds Balance Sheet		Total		
		Governmental		Statement of
Infrastructure	Impact Fee	Funds	Adjustments	Net Position
$ 1,787,376	$ 666,545	$ 16,789,415	$ -	$ 16,789,415
-	-	870,923	-	870,923
-	-	184,073	-	184,073
-	-	31,400	-	31,400
392,485	-	1,367,394	(1,367,394)	-
-	-	-	1,149,893	1,149,893
-	-	-	5,049,940	5,049,940
-	-			
-	-	-	14,803,014	14,803,014
$ 2,179,861	$ 666,545	$ 19,243,205	19,635,453	38,878,658
$ 6,075	$ -	$ 912,098	(9,996)	902,102
-	-	999,851	-	999,851
-	-	1,367,394	(1,367,394)	-
-	-	68,152	-	68,152
-	-	-	285,000	285,000
-	-	-	12,945,000	12,945,000
6,075	-	3,347,495	11,852,610	15,200,105
-	-	31,400	(31,400)	-
-	-	184,073	(184,073)	-
-	-	1,557,409	(1,557,409)	-
-	-	2,691,626	(2,691,626)	-
2,173,786	666,545	4,746,090	(4,746,090)	-
-	-	6,685,112	(6,685,112)	-
2,173,786	666,545	15,895,710	(15,895,710)	-
$ 2,179,861	$ 666,545	$ 19,243,205		
			10,464,473	10,464,473
			1,557,409	1,557,409
			11,656,671	11,656,671
			$ 23,678,553	$ 23,678,553

Porter Special Utility District

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Year Ended May 31, 2023

	Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances			
	General	**Debt Service**	**Capital Projects**	**GRP**
Revenues				
Charges for water service	$ 5,741,374	$ -	$ -	$ -
Impact fees	383,201	-	920,000	-
Investment earnings	268,334	41,968	166,552	78,093
Miscellaneous revenues	75,325	-	-	38,867
Total Revenues	6,468,234	41,968	1,086,552	116,960
Expenditures/Expenses				
Service operations:				
Personnel services	1,130,391	-	-	-
Professional fees	467,070	-	-	-
Contracted services	46,747	-	-	-
Administrative expenditures	528,456	-	-	-
Utilities	320,352	-	-	-
Repairs and maintenance	407,900	-	-	-
Other	558,190	-	-	-
Depreciation	-	-	-	-
Capital outlay	194,761	-	3,822,276	-
Debt service:				
Debt issuance costs	-	-	24,140	-
Principal	-	935,000	-	-
Interest and fiscal charges	-	560,500	-	-
Total Expenditures/Expenses	3,653,867	1,495,500	3,846,416	-
Excess (Deficiency) of Revenues Over (Under) Expenditures/Expenses	2,814,367	(1,453,532)	(2,759,864)	116,960
Other Financing Sources (Uses)				
Transfers in	386,904	1,913,167	468,990	-
Transfers (out)	(2,382,157)	-	-	(1,240,284)
Total Other Financing Sources (Uses)	(1,995,253)	1,913,167	468,990	(1,240,284)
Net Change in Fund Balances/Net Position	819,114	459,635	(2,290,874)	(1,123,324)
Beginning fund balances/net position	6,078,163	1,097,774	4,982,500	3,032,391
Ending Fund Balances/Net Position	$ 6,897,277	$ 1,557,409	$ 2,691,626	$ 1,909,067

See Notes to Financial Statements.

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances

	Infrastructure	Impact Fee	Total Governmental Funds	Adjustments	Statement of Activities
	$ 1,300,204	$ -	$ 7,041,578	$ -	$ 7,041,578
	-	675,739	1,978,940	-	1,978,940
	26,277	3,079	584,303	-	584,303
	-	-	114,192	-	114,192
	1,326,481	678,818	9,719,013	-	9,719,013
	-	-	1,130,391	-	1,130,391
	6,075	12,273	485,418	-	485,418
	-	-	46,747	-	46,747
	-	-	528,456	-	528,456
	-	-	320,352	-	320,352
	-	-	407,900	-	407,900
	-	-	558,190	(59,404)	498,786
	-	-	-	942,640	942,640
	-	-	4,017,037	(4,017,037)	-
	-	-	24,140	-	24,140
	-	-	935,000	(935,000)	-
	-	-	560,500	(182,762)	377,738
	6,075	12,273	9,014,131	(4,251,563)	4,762,568
	1,320,406	666,545	704,882	4,251,563	4,956,445
	853,380	-	3,622,441	(3,622,441)	-
	-	-	(3,622,441)	3,622,441	-
	853,380	-	-	-	-
	2,173,786	666,545	704,882	4,251,563	4,956,445
	-	-	15,190,828	3,531,280	18,722,108
	$ 2,173,786	$ 666,545	$ 15,895,710	$ 7,782,843	$ 23,678,553

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NOTE 1 – CREATION OF DISTRICT

Porter Special Utility District (the "District") was created on January 10, 2005, by order of the Texas Commission on Environmental Quality (the "Commission"), under Article XVI, Section 59 of the Texas Constitution and Texas Water Code, ANN., Chapter 65. The District is located in southeastern Montgomery County in the State of Texas (the "State"). Pursuant to an election held on May 7, 2005, in accordance with Section 49.102, Texas Water Code, the voters of the District confirmed the District's creation and elected persons to serve as permanent directors for the District. The Board of Directors (the "Board") held their first meeting on May 23, 2005. The District operates under Certificate of Convenience and Necessity No. 11473. Porter Water Supply Corporation (the "Corporation") was converted to the District in 2005. The District replaced the Corporation in all agreements to which the Corporation was a party. The District has assumed all the assets and liabilities of the Porter Water Supply Corporation.

The District is empowered, among other things, to purchase, construct, operate, and maintain all works, improvements, facilities, and plants necessary for the supply of water.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements and accounting policies of the District are prepared in conformity with generally accepted accounting principles for local governmental units as prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

A. Reporting Entity

The District has adopted GASB Statement No. 14, *The Financial Reporting Entity*. In accordance with this statement, a financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The District is governed by a board of directors consisting of seven individuals who are residents or owners of property within the District and are elected by voters within the District. As required by generally accepted accounting principles, these financial statements present the activities of the District, which is considered to be the primary government, as well as the reporting entity. There are no other organizations which meet the criteria for inclusion herein as part of the financial reporting entity.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all activities of the primary government. Governmental activities are normally supported by intergovernmental revenues.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and various other functions of the District. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following governmental funds:

The *general fund* is used to account for and report all financial resources not accounted for and reported in another fund. The general fund is always considered a major fund for reporting purposes.

The *debt service fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest on all long-term debt of the District. The primary source of revenue for debt service is water service operations pursuant to requirements of the District's loan resolutions. The debt service fund is considered a major fund for reporting purposes.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets financed principally by proceeds of loans and certificate of obligation issues. The capital projects fund is considered a major fund for reporting purposes.

The *groundwater reduction plan* (GRP) fund has historically been used to account for and report financial resources that were restricted for the use of groundwater reduction plan projects. The GRP is no longer required and the GRP fund is no longer operating in this capacity. The GRP fund is considered a major fund for reporting purposes.

The *infrastructure fund* was established to account for and report financial resources that support existing development, replace aging infrastructure, and to meet the debt service obligations for these capital projects. The infrastructure fund is considered a major fund for reporting purposes.

The *impact fee fund* was established to account for and report financial resources to support infrastructure necessary for new development. The impact fee fund is considered a major fund for reporting purposes.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the District.

F. Budget

A unappropriated budget is adopted for the general fund. The budget is prepared using the same method of accounting as for financial reporting and serve as a planning tool. Encumbrance accounting is not utilized.

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Investments

Investments, except for certain investment pools, commercial paper, money market funds, and investment contracts, are reported at fair value. The investment pool operates in accordance with appropriate state laws and regulations and are reported at amortized cost. Money market funds, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations and commercial paper that have a remaining maturity of one year or less upon acquisition, are reported at amortized cost. Investments in nonparticipating interest earning contracts, such as certificates of deposit, are reported at cost.

The District has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code. In summary, the District is authorized to invest in the following:

Direct obligations of the U.S. Government or U.S. Government agencies
Fully collateralized certificates of deposit
Money market mutual funds that meet certain criteria
Bankers' acceptances
Statewide investment pools

3. Short-Term Interfund Receivables/Payables

During the course of operations, transactions occur between individual funds for specified purposes. These receivables and payables are classified as "due from other funds" or "due to other funds" on the combined balance sheet.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., water lines), are reported in the applicable governmental activities columns in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful years:

Asset Description	Estimated Useful Life
Water system	5 to 40 years
All other capital assets	2 to 40 years

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has no items that qualify for reporting as deferred outflows of resources or deferred inflows of resources.

6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. The long-term debt consists of bonds payable.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount, and payment of principal and interest is reported as expenditures. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. Claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable, available financial resources.

7. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

8. Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

9. Fund Balance Policies

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact are classified as nonspendable fund balance. Amounts that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions are classified as restricted.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board is the highest level of decision-making authority for the District that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

H. 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, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 – CASH AND TEMPORARY INVESTMENTS

As of May 31, 2023, the District had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)
Money market funds	$ 9,152,014	N/A
TexPool	7,637,401	36
Total Value	$ 16,789,415	

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of year end, the District's balances were fully collateralized.

TexPool

TexPool was established as a trust company with the Treasurer of the State as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's has rated TexPool at "AAAm". As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review.

TexPool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, TexPool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity, and diversification requirements within TexPool. TexPool transacts at a net asset value of $1.00 per share, has weighted average maturities of 60 days or less, and weighted average lives of 120 days or less. Investments held are highly rated by nationally recognized statistical rating organizations, have no more than five percent of portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions. TexPool has a redemption notice period of one day and may redeem daily. TexPool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or national state of emergency that affects TexPool's liquidity.

NOTE 4 – RECEIVABLES

The following comprises the receivable balances at year end:

	General	GRP	Total
Service collections	$ 874,640	$ 1,283	$ 875,923
Less allowance	(5,000)	-	(5,000)
Total	$ 869,640	$ 1,283	$ 870,923

NOTE 5 – INTERFUND BALANCES

Interfund transfer balances at May 31, 2023 were as follows:

Transfer Out	Transfer In	Amounts
General	Debt Service	$ 1,913,167
General	Capital Projects	468,990
GRP	Infrastructure	853,380
GRP	General	386,904
		$ 3,622,441

The general fund made transfers to the debt service fund to fund principal and interest payments related to debt and to the capital projects fund to reimburse for the purchase of property previously paid from the general fund. The GRP fund recorded a cash transfer to the infrastructure fund and transfers to the general fund to reimburse for expenditures paid from the general fund.

Outstanding balances between funds at May 31, 2023 were as follows:

Receivable Fund	Payable Fund	Amounts
General	Capital Projects	$ 974,909
Infrastructure	General	392,485
		$ 1,367,394

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE 6 – CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended May 31, 2023 is as follows:

	Beginning Balance	Increases/ Adjustments	Decreases/ Adjustments	Ending Balance
Capital assets not being depreciated:				
Land	$ 1,149,893	$ -	$ -	$ 1,149,893
Construction in progress	1,663,106	3,394,369	(7,535)	5,049,940
Total capital assets not being depreciated	2,812,999	3,394,369	(7,535)	6,199,833
Capital assets being depreciated:				
Water system	24,497,447	580,332	-	25,077,779
Buildings	334,196	-	-	334,196
Equipment	840,603	109,275	(89,867)	860,011
Total capital assets being depreciated	25,672,246	689,607	(89,867)	26,271,986
Less accumulated depreciation				
Water system	(9,659,832)	(855,156)	-	(10,514,988)
Buildings	(303,264)	(6,958)	-	(310,222)
Equipment	(653,103)	(80,526)	89,867	(643,762)
Total accumulated depreciation	(10,616,199)	(942,640)	89,867	(11,468,972)
Net capital assets being depreciated	15,056,047	(253,033)	-	14,803,014
Governmental Activities Capital Assets, Net	$ 17,869,046	$ 3,141,336	$ (7,535)	21,002,847
			Debt associated with capital assets	(13,230,000)
			Unspent bond proceeds	2,691,626
			Net Investment in Capital Assets	$ 10,464,473

NOTE 7 – CHANGES IN LONG-TERM DEBT, DEBT SERVICE REQUIREMENTS, AND LOAN RESOLUTION REQUIREMENTS

Long-term debt consists of bonds payable. Payments of principal and interest on the bonds are to be provided from services provided within the District.

The following is a summary of changes in long-term debt for the year ended May 31, 2023:

	Beginning Balance	Increase	Decrease	Ending Balance	Amount Due In One Year
Bonds payable	$ 14,165,000	$ -	$ (935,000)	$ 13,230,000 *	$ 285,000
Total Governmental Activities	$ 14,165,000	$ -	$ (935,000)	$ 13,230,000	$ 285,000

*Debt associated with capital assets	$ 13,230,000
Debt due in more than one year	$ 12,945,000

Bonds payable at May 31, 2023 are comprised of the following issues:

Series	Amounts Outstanding	Interest Rates	Maturity Interest Pmt. Dates	Callable Date
2007	$ 460,000	2.50%	Dec 1, June 1	6/01/17
2012	255,000	2.23%	Dec 1, June 1	N/A
2019	12,515,000	2.00-4.00%	Dec 1, June 1	12/01/26
	$ 13,230,000			

As of May 31, 2023, the debt service requirements on bonds and loans outstanding for the next five years and thereafter are as follows:

Fiscal Year	Principal	Interest	Total
2024	$ 285,000	$ 358,447	$ 643,447
2025	650,000	338,720	988,720
2026	410,000	321,027	731,027
2027	435,000	305,477	740,477
2028	450,000	289,027	739,027
2029-2033	2,135,000	1,264,301	3,399,301
2034-2038	2,705,000	999,524	3,704,524
2039-2043	3,540,000	623,658	4,163,658
2044-2046	2,620,000	140,044	2,760,044
	$ 13,230,000	$ 4,640,225	$ 17,870,225

The bonds are payable from the pledge of revenues to be derived from the water revenues. These revenues are to be earned from the sale of water services to customers within the area of the District.

The District's bond orders require that the District shall maintain a reserve fund to be held at a depository of the District, solely for the payment of principal and interest on the outstanding bonds and any additional bonds. The District is required to maintain an amount (the "Reserve Fund Balance") equal to the lesser of (1) the average principal and interest requirements for the outstanding bonds and any additional bonds, as determined on the date each series of additional bonds is delivered or incurred, as the case may be, or (ii) the maximum amount in a reasonably required reserve fund that can be invested without restriction as to yield pursuant to Subsection (d) of Section 148 of the Internal Revenue Code of 1986, as amended, and regulations promulgated there under. Upon the issuance of additional bonds, the District is required to fund the resulting increase in the required Reserve Fund Balance by either (i) depositing cash to credit the reserve fund (immediately after the delivery of additional bonds) or (ii) at the option of the District, by making monthly payments from funds in the operating fund on or before the 25th day of each month following the delivery of the additional bonds, of not less than 1/60th of the balance of the additional amount not deposited immediately in cash or provided by a surety bond or insurance policy and, (iii) in addition, may be used to the extent not required to maintain the required reserve amount, to pay, or provide for the payment of, the final principal amount of a series of loans and parity obligations so that such series of loans and parity obligations is no longer deemed to be "outstanding" as such term is defined herein. The District intends to fund the required Reserve Fund Balance by making monthly deposits from the operating fund of not less than 1/60th of the additional amount to be maintained in the reserve fund as a result of the issuance of additional bonds,

In accordance with the provisions of the order authorizing the issuance of the parity obligations, the amount currently on deposit is referred to herein as the "current reserve." Beginning on or before the 25th day of the month next following the delivery of the loans and on or before the 25th day of each month thereafter, the District shall deposit to the credit of the reserve fund from the net revenues of the system an amount equal to at least 1/60th of the difference between the current reserve and the required reserve amount until the reserve fund amount is fully accumulated.

While cash and investments in the reserve fund and/or coverage afforded by the surety loan or insurance policy held for the account of the reserve fund total not less than the required reserve amount, no deposits need be made to the credit of the reserve fund; but, if and when the reserve fund at any time contains less than the required reserve amount (or so much thereof as shall then be required to be contained therein if additional loans have been issued and the District has elected to accumulate all or a portion of the required reserve amount with net revenues), the District covenants and agrees to cause monthly deposits to be made to the reserve fund on or before the 25th day of each month (beginning the month following the month the deficiency in the required reserve amount occurred by reason of a draw on reserve fund or as a result of a reduction in the market value of investments held for the account of reserve fund) from net revenues of the system in an amount equal to either (i) 1/60th of the required reserve amount until such amount has been fully restored of (ii) the amounts to pay principal of and interest on loans and parity obligations held by an insurance company, or evidenced by an instrument of assignment entitling an insurance company to payment of principal of and interest on loans and parity obligations, as a result of payments or draws made on a surety loan or insurance policy held for the account of reserve fund and such payments will result in (x) the principal of and/or interest on such loans and parity obligations to be paid and (y) the restoration and replenishment of the surety loan or insurance policy coverage representing all or a portion of the required reserve amount. During such time as the reserve fund contains the required reserve amount, the District may, at its option, withdraw all surplus cash in the reserve fund and deposit such surplus to the credit of the general fund. As of May 31, 2023, the required reserve amount is $1,507,620.

NOTE 8 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District has not significantly reduced insurance coverage or had settlements that exceeded coverage amounts for the past three fiscal years.

NOTE 9 – DEFINED CONTRIBUTION PLAN

The District has entered into a defined contribution 401(k) plan (the "Plan") for its employees. The effective date of the amendment and restatement of the Plan is January 1, 2015. The District administers the Plan.

A defined contribution pension plan provides pension benefits in return for services rendered. The Plan provides an individual account for each participant and specifies how contributions to the individual's account are to be determined. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participant's benefits that may be allocated to such participant's account. As established by the Plan, all employees who have satisfied the eligibility requirements must participate in the Plan. Any and all contributions made by the District are vested as follows after satisfying the eligibility requirements:

> After two years of service, the employee is vested 20%; three years, 40%; four years, 60%; five years, 80%; and six years, 100%.

An employee who leaves the employment of the District is entitled to the District's contributions if eligibility requirements are satisfied. The contributions are discretionary, to be determined by the District, and are not limited to net profits. During the current fiscal year, the District's contribution was $35,869.

NOTE 10 – WATER SUPPLY AGREEMENTS

On January 26, 2004, the District executed a water supply agreement (the "Agreement") with the Signorelli Company, a Texas corporation and developer, on behalf of a proposed new Montgomery County Municipal Utility District. This Agreement was amended and restated on August 22, 2005 with Sig-Valley Ranch, Ltd. on behalf of the proposed Valley Ranch Municipal Utility District No. 1. On September 26, 2006, this Agreement was assigned to Valley Ranch Municipal Utility District No. 1 (the "New District"). The Agreement provides for the New District to make and maintain the interconnect between the two utility systems. The Agreement provides for the District to be the sole source of water for the New District. The District will bill the New District monthly at the wholesale rate for water established by the District's Board and amended from time to time, along with other appropriate charges and fees.

On December 20, 2004, the District executed a contract for wholesale water service (the "Contract") with Terramark Communities, Ltd. (the "Developer"), a Texas limited partnership and developer, on behalf of proposed new Woodridge Municipal Utility District (the "Woodridge District"). The Contract provides for the Woodridge District to construct, and the District to operate and maintain, the interconnect between the two utility systems. The Contract provides for the District to be the sole source of water for the Woodridge District. The Developer will pay the impact fees to the District based on the number of connections to the Woodridge District system on a quarterly basis. The District will bill the Woodridge District monthly at the wholesale rate for water for customers that pay an impact fee established by the District's Board and amended from time to time.

On December 17, 2007, the District on entered a wholesale water service agreement (the "Agreement") with Montgomery County Municipal Utility District No. 84. The Agreement gives the District exclusive authority to provide water service to all customers requiring wholesale or regular water service within its boundaries. Approximately 70.295 acres in eastern Montgomery County fall within the District's boundaries. Property owners in this area are required to connect to the District's water system for "wholesale water service" or "water supply." This Agreement requires the District to provide treated, potable water to property located on the plot of land.

On February 24, 2014, the District executed a water supply and a unilateral emergency water supply agreement (the "Agreement") with Montgomery County Municipal Utility District No. 56 ("District No. 56"). The Agreement provides for District No. 56 to make and maintain the interconnect between the two utility systems. The price to be paid for water by District No. 56 to the District will be at the District's bulk water rate to its customers under the current tariff of the District. The term of this Agreement is three years and will automatically renew annually thereafter until notice of termination is given by one party to the other. This Agreement provides that outside the terms of the above Agreement, the District and District No. 56 agree to leave the interconnect closed except in an emergency. Prior to and after an emergency water supply, a meter reading will be taken and each entity is required to read the meter on a quarterly basis.

On March 29, 2017, the District executed a wholesale water supply agreement (the "Agreement") with Montgomery County Municipal Utility District No. 24 ("District No. 24"). The Agreement gives the District exclusive authority to provide potable water to District No. 24, so District No. 24 may supply retail water service to the property on approximately 246.42 acres of land in eastern Montgomery County that falls within the District's boundaries. District No. 24 shall advance for the cost of a waterline replacement project, constructed in order for the District to supply to the District No. 24 the water that is the subject of the Agreement, limited to a total of $920,000 and shall advance $460,000 to the District within 30 days of the effective date of the Agreement. After the waterline replacement project completion, the District will bill the District No. 24 monthly at the wholesale rate for water for customers that pay an impact fee established by the District's Board and amended from time to time. The Agreement shall be in force and effect for a term of 50 years from the effective date.

NOTE 11 – SUBSIDENCE AND CONVERSION TO SURFACE WATER SUPPLY

The District is located within the boundaries of the Lone Star Groundwater Conservation District (LSGCD), which regulates groundwater withdrawal in Montgomery County, Texas. LSGCD has adopted rules and a regulatory plan to control subsidence caused by groundwater withdrawal. On September 8, 2021, LSGCD approved removing the Groundwater Reduction Plan (GRP) requirement. Since the GRP is no longer required, the District is working to unwind its GRP. Future regulatory changes by LSGCD may impact the District's production of groundwater from its wells.

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REQUIRED SUPPLEMENTARY INFORMATION

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Porter Special Utility District

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

For the Year Ended May 31, 2023

	Original and Final Budgeted Amounts	Actual	Variance Positive (Negative)
Revenues			
Charges for water service	$ 5,266,572	$ 5,741,374	$ 474,802
Impact fees	946,575	383,201	(563,374)
Investment earnings	3,000	268,334	265,334
Miscellaneous revenues	10,000	75,325	65,325
Total Revenues	6,226,147	6,468,234	242,087
Expenditures			
Service operations:			
Personnel services	1,228,500	1,130,391	98,109
Professional fees	262,500	467,070	(204,570)
Contracted services	60,000	46,747	13,253
Administrative expenses	771,575	528,456	243,119
Utilities	285,360	320,352	(34,992)
Repairs and maintenance	479,600	407,900	71,700
Other	708,600	558,190	150,410
Capital outlay	78,000	194,761	(116,761)
Total Expenditures	3,874,135	3,653,867	220,268
Excess of Revenues Over Expenditures	2,352,012	2,814,367	462,355
Other Financing Sources (Uses)			
Transfers in	-	386,904	386,904
Transfers (out)	(3,323,862)	(2,382,157)	941,705
Total Other Financing Uses	(3,323,862)	(1,995,253)	1,328,609
Change in Fund Balance	$ (971,850)	819,114	$ 1,790,964
Beginning fund balance		6,078,163	
Ending Fund Balance		$ 6,897,277	

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

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TEXAS SUPPLEMENTARY INFORMATION

PORTER SPECIAL UTILITY DISTRICT

TSI-1 SERVICES AND RATES

For the Year Ended May 31, 2023

1. **Services provided by the District during the Fiscal Year:**

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

2. **Retail Service Providers**

a. **Retail rates based on 5/8" meter**

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons Over Minimum	Usage Levels
Water	$13.00	-	N	$ 2.10	0 to 3,000
				$ 2.60	3,001 to 10,000
				$ 3.10	10,001 to 25,000
				$ 4.10	25,001 to 35,000
				$ 4.60	35,001 and up
Waste	N/A				

Summer surcharge: $4.60 per 1,000 gallons beginning at 25,001 and up

Infrastructure fee: $3.50 per 1,000 gallons

District employs winter averaging for wastewater usage? Yes ___ No X

Total water and sewer charges per 10,000 gallons usage (including surcharges) $73.00

b. **Water and Wastewater Retail Connections:**

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
< 3/4"	5,373	5,260	x 1.0	5,260
1"	146	142	x 2.5	355
1 1/2"	71	71	x 5.0	355
2"	103	103	x 8.0	824
3" and up	26	26	x 25.0	650
Total water	5,719	5,602		7,444
Total wastewater	-	-	x 1.0	-

3. Total Water Consumption During the Fiscal Year:

Gallons pumped into system:	1,017,409,000	Water Accountability Ratio:
Gallons billed to customers:	957,929,000	95.98%
Gallons flushed and known leaks:	18,551,000	

4. Standby Fees:

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:

County in which District is located: Montgomery County, Texas

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

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

City in which District is located: N/A

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

Entirely ____ Partly X Not at all ____

ETJs in which District is located: City of Houston, Texas and City of Conroe, Texas

Are Board members appointed by an office outside the District?

Yes ____ No X

If yes, by whom? ____________

PORTER SPECIAL UTILITY DISTRICT

TSI-2 GENERAL FUND EXPENDITURES

For the Years Ended May 31, 2023 and 2022

	2023	2022
Personnel Services (including benefits)	$ 1,130,391	$ 1,130,657
Professional Services		
Audit services	27,390	20,596
Engineering	76,000	83,218
Legal	363,680	65,850
	467,070	169,664
Contracted Services		
Bookkeeping	46,747	69,886
Utilities		
Electricity	318,249	239,301
Other utilities	2,103	2,011
	320,352	241,312
Repairs and Maintenance	407,900	300,841
Administrative Expenditures		
Dues	14,365	13,433
Insurance	68,940	60,940
Office supplies and postage	1,976	1,073
Regional water authority assessment	116,935	75,857
Other	326,240	501,186
	528,456	652,489
Capital Outlay	194,761	128,069
Other Expenditures		
Chemicals	87,917	73,716
Fuel	44,194	30,879
Laboratory fees	15,552	15,270
Other	410,527	234,306
	558,190	354,171
Total Expenditures	$ 3,653,867	$ 3,047,089
Number of employees employed by the District:		
Full-time	18	17

Porter Special Utility District

TSI-3 CASH AND TEMPORARY INVESTMENTS

For the Year Ended May 31, 2023

Funds	Identification or Certificate Number (Note 1)	Interest Rate (%)	Maturity Date	Balance
General Fund				
Petty cash		N/A	N/A	$ 1,000
Checking		Variable	N/A	3,721,162
TexPool		Variable	N/A	2,772,401
Total General Fund				6,494,563
Debt Service Fund				
Checking		Variable	N/A	939,416
TexPool		Variable	N/A	617,993
Total Debt Service Fund				1,557,409
Capital Projects Fund				
Checking		Variable	N/A	2,036,515
TexPool		Variable	N/A	2,342,531
Total Capital Projects Fund				4,379,046
GRP Fund				
TexPool		Variable	N/A	861,815
TexPool		Variable	N/A	320,948
TexPool		Variable	N/A	73,249
TexPool		Variable	N/A	648,464
Total GRP Fund				1,904,476
Infrastructure Fund				
Checking		Variable	N/A	1,787,376
Total Infrastructure Fund				1,787,376
Impact Fee Fund				
Checking		Variable	N/A	666,545
Total Infrastructure Fund				666,545
			Total - All Funds	$ 16,789,415

Note 1 - Account numbers not included for security reasons.

Porter Special Utility District

TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS

For the Year Ended May 31, 2023

Due During Fiscal Year Ending May 31	Annual Requirements for All Series: Total Principal Due	Total Interest Due	Total Due	Series 2007: Principal Due June 1	Interest December 1 June 1	Total
2024	$ 285,000	$ 358,447	$ 643,447	$ -	$ 15,297	$ 15,297
2025	650,000	338,720	988,720	95,000	12,545	107,545
2026	410,000	321,027	731,027	95,000	9,695	104,695
2027	435,000	305,477	740,477	100,000	6,745	106,745
2028	450,000	289,027	739,027	100,000	3,695	103,695
2029	440,000	272,417	712,417	70,000	1,085	71,085
2030	390,000	260,232	650,232	-	-	-
2031	410,000	252,432	662,432	-	-	-
2032	435,000	244,232	679,232	-	-	-
2033	460,000	234,988	694,988	-	-	-
2034	485,000	224,638	709,638	-	-	-
2035	510,000	213,118	723,118	-	-	-
2036	540,000	201,006	741,006	-	-	-
2037	570,000	187,506	757,506	-	-	-
2038	600,000	173,256	773,256	-	-	-
2039	635,000	158,256	793,256	-	-	-
2040	670,000	142,382	812,382	-	-	-
2041	705,000	125,632	830,632	-	-	-
2042	745,000	108,006	853,006	-	-	-
2043	785,000	89,382	874,382	-	-	-
2044	825,000	68,776	893,776	-	-	-
2045	875,000	47,118	922,118	-	-	-
2046	920,000	24,150	944,150	-	-	-
Totals	$ 13,230,000	$ 4,640,225	$ 17,870,225	$ 460,000	$ 49,062	$ 509,062

Series 2012			Series 2019		
Principal Due June 1	Interest December 1 June 1	Total	Principal Due December 1	Interest December 1 June 1	Total
$ -	$ 8,418	$ 8,418	$ 285,000	$ 334,732	$ 619,732
255,000	2,843	257,843	300,000	323,332	623,332
-	-	-	315,000	311,332	626,332
-	-	-	335,000	298,732	633,732
-	-	-	350,000	285,332	635,332
-	-	-	370,000	271,332	641,332
-	-	-	390,000	260,232	650,232
-	-	-	410,000	252,432	662,432
-	-	-	435,000	244,232	679,232
-	-	-	460,000	234,988	694,988
-	-	-	485,000	224,638	709,638
-	-	-	510,000	213,118	723,118
-	-	-	540,000	201,006	741,006
-	-	-	570,000	187,506	757,506
-	-	-	600,000	173,256	773,256
-	-	-	635,000	158,256	793,256
-	-	-	670,000	142,382	812,382
-	-	-	705,000	125,632	830,632
-	-	-	745,000	108,006	853,006
-	-	-	785,000	89,382	874,382
-	-	-	825,000	68,776	893,776
-	-	-	875,000	47,118	922,118
-	-	-	920,000	24,150	944,150
$ 255,000	$ 11,261	$ 266,261	$ 12,515,000	$ 4,579,902	$ 17,094,902

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Porter Special Utility District

TSI-6 CHANGE IN LONG-TERM BONDED DEBT

For the Year Ended May 31, 2023

	Bond Issue			
	Series 2007	**Series 2012**	**Series 2019**	**Total**
Interest rate	2.50%	2.23%	2.00%-4.00%	
Dates interest payable	12/1, 6/1	12/1, 6/1	12/1, 6/1	
Maturity dates	6/1/10-6/1/29	6/1/13-6/1/24	12/1/20-12/1/46	
Original issue amount	$ 1,625,000	$ 3,180,000	$ 13,280,000	$ 18,085,000
Debt outstanding at beginning of current year	$ 640,000	$ 740,000	$ 12,785,000	$ 14,165,000
Principal retirements	(180,000)	(485,000)	(270,000)	(935,000)
Debt Outstanding at End of Current Year	$ 460,000	$ 255,000	$ 12,515,000	$ 13,230,000
Interest Retirements	$ 26,243	$ 19,401	$ 512,898	$ 558,542

Paying Agents/Registrars

Wells Fargo, N.A. Minneapolis, Minnesota	JP Morgan Chase Bank, N.A. Houston, Texas	Government Capital Corporation Southlake, Texas

Debt service fund cash, investments, and cash with paying agent balances as of May 31, 2023:	$ 1,557,409
Average annual debt service payment (principal and interest) for remaining term of all bond debt:	$ 776,966

Bond Authority	**Bond**	**Refunding Bond**
Bond authorized by voters	$ 18,460,000	$ 3,180,000
Bond issued	(18,425,000)	(3,180,000)
Remaining Balance	$ 35,000	$ -

Porter Special Utility District

TSI-7 COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES

GENERAL AND DEBT SERVICE FUNDS

Last Five Years

	Amounts				
	2023	**2022**	**2021**	**2020**	**2019**
General Fund Revenues					
Charges for services	$ 6,124,575	$ 6,460,367	$ 6,647,937	$ 4,370,177	$ 4,829,474
Interest on investments	268,334	9,686	5,772	42,534	47,661
Intergovernmental	-	-	-	610,807	-
Miscellaneous	75,325	36,926	27,635	99,656	701,682
Total Revenues	6,468,234	6,506,979	6,681,344	5,123,174	5,578,817
General Fund Expenditures					
Current	3,459,106	2,919,020	2,727,894	2,615,858	4,435,070
Capital outlay	194,761	128,069	534,722	410,485	1,168,225
Total Expenditures	3,653,867	3,047,089	3,262,616	3,026,343	5,603,295
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 2,814,367	$ 3,459,890	$ 3,418,728	$ 2,096,831	$ (24,478)
Total Active Retail Water Connections	5,602	5,587	5,265	5,501	5,155
Debt Service Fund Revenues					
Interest on investments	$ 41,968	$ 2,728	$ 786	$ 5,590	$ 8,488
Total Revenues	41,968	2,728	786	5,590	8,488
Debt Service Fund Expenditures					
Debt service	1,495,500	630,910	783,473	614,756	369,196
Total Expenditures	1,495,500	630,910	783,473	614,756	369,196
(Deficiency) of Revenues (Under) Expenditures	$ (1,453,532)	$ (628,182)	$ (782,687)	$ (609,166)	$ (360,708)

Percentage of Total Fund Revenues				
2023	2022	2021	2020	2019
94.7 %	99.3 %	86.5 %	85.3 %	86.6 %
4.1	0.1	0.9	0.8	0.9
-	-	-	11.9	-
1.2	0.6	12.6	1.9	12.6
100.0	100.0	100.0	100.0	100.0
53.5	44.9	40.8	51.1	79.5
3.0	2.0	8.0	8.0	20.9
56.5	46.8	48.8	59.1	100.4
43.5 %	53.2 %	51.2 %	40.9 %	(0.4) %
100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
100.0	100.0	100.0	100.0	100.0
3,563.4	23,127.2	99,678.5	10,997.4	4,349.6
3,563.4	23,127.2	99,678.5	10,997.4	4,349.6
(3,463.4) %	(23,027.2) %	(99,578.5) %	(10,897.4) %	(4,249.6) %

PORTER SPECIAL UTILITY DISTRICT

TSI-8 BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS

For the Year Ended May 31, 2023

District's Mailing Address:	22162 Water Well Road Porter, TX 77365
District's Business Telephone Number:	(281) 354-5922
Submission Date of the most recent District Registration Form:	December 4, 2019

Name and Address	Term	Fees	Expenses	Title
Board Members				
Doug Pillow	2021-2024 Elected	$ 3,000	$ -	President
Joy (Jodi) Ruonavar	2020-2023 Elected	$ 5,400	$ 1,252	Vice President
Caroline Denham	2020-2023 Elected	$ 5,850	$ 162	Secretary
Danny Bridges	2021-2024 Elected	$ 1,950	$ -	Treasurer
Jason Ashy	2020-2023 Elected	$ 1,800	$ -	Director
Johnny Barr	2019-2022 Appointed	$ 1,950	$ -	Asst. Secretary Treasurer
Donald Bell	2022-2023 Appointed	$ 4,350	$ 962	Director

Note: No director is disqualified from serving on this Board under the Texas Water Code.

Name and Address	Date Hired		Fees	Title
Consultants				
Crayton & Vilt CPA's 10701 Corporate Drive Ste 326 Stafford, TX 77304	05/31/2022	$	28,991	Bookkeeper
Arbitrage Compliance Specialists, Inc. 5975 South Quebec St., #205 Centennial, CO 80111	06/01/2012	$	7,900	Arbitrage Consultant
Belt Harris Pechacek, LLLP 3210 Bingle Rd., Suite 300 Houston, TX 77055	05/21/2008	$	43,365	Independent Auditor
Bleyl Engineering 100 Nugent St. Conroe, TX 77301	06/01/2005	$	322,090	District Engineer
John D. Polley, Attorney Monica Garza, Attorney P.O. Box 66568 Houston, TX 77266	04/01/2023	$	5,967	Attorney
Radcliffe Bobbitt Adams Polley America Tower 2929 Allen Parkway, Ste 3450 Houston, TX 77019-7120	06/01/2005	$	165,109	Attorney
SAMCO Capital Markets 6805 Capital of Texas Highway, Suite 350 Austin, TX 78731	06/01/2005	$	-	Financial Advisor
Property Acquisition Services 1300 Post Oak Blvd Ste 110 Houston, TX 77056	02/01/2021	$	32,138	Land Acquisition
Phelps Dunbar P.O. Box 974798 Dallas, TX 75397-4798	11/01/2019	$	4,868	Attorney
Postle Property Services 1300 Post Oak Blvd Ste 110 Houston, TX 77056	04/01/2020	$	-	Property Research

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APPENDIX B
Specimen Municipal Bond Insurance Policy

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ASSURED GUARANTY CORP.

Financial Guaranty Insurance Policy

Issuer:		**Policy No.:**	-N
Obligations:	$ in aggregate principal amount of	**Premium:**	$
		Effective Date:	

Assured Guaranty Corp., a Maryland corporation ("**AGC**"), in consideration of the payment of the Premium and on the terms and subject to the conditions of this Policy (which includes each endorsement hereto), hereby unconditionally and irrevocably agrees to pay to the trustee (the "**Trustee**") or the paying agent (the "**Paying Agent**") for the Obligations (as set forth in the documentation providing for the issuance of and securing the Obligations) for the benefit of the Holders, that portion of the Insured Payments which shall become Due for Payment but shall be unpaid by reason of Nonpayment.

AGC will make such Insured Payments to the Trustee or the Paying Agent on the later to occur of (i) the date applicable principal or interest becomes Due for Payment, or (ii) the Business Day next following the day on which AGC shall have Received a completed Notice of Nonpayment. If a Notice of Nonpayment by AGC is incomplete or does not in any instance conform to the terms and conditions of this Policy, it shall be deemed not Received, and AGC shall promptly give notice to the Trustee or the Paying Agent. Upon receipt of such notice, the Trustee or the Paying Agent may submit an amended Notice of Nonpayment. The Trustee or the Paying Agent will disburse the Insured Payments to the Holders only upon receipt by the Trustee or the Paying Agent, in form reasonably satisfactory to it of (i) evidence of the Holder's right to receive such payments, and (ii) evidence, including without limitation any appropriate instruments of assignment, that all of the Holder's rights to payment of such principal or interest Due for Payment shall thereupon vest in AGC. Upon and to the extent of such disbursement, AGC shall become the Holder of the Obligations, any appurtenant coupon thereto and right to receipt of payment of principal thereof or interest thereon, and shall be fully subrogated to all of the Holder's right, title and interest thereunder, including without limitation the right to receive payments in respect of the Obligations. Payment by AGC to the Trustee or the Paying Agent for the benefit of the Holders shall discharge the obligation of AGC under this Policy to the extent of such payment.

This Policy is non-cancelable by AGC for any reason. The Premium on this Policy is not refundable for any reason. This Policy does not insure against loss of any prepayment premium or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of AGC, nor against any risk other than Nonpayment.

Except to the extent expressly modified by any endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "**Avoided Payment**" means any amount previously distributed to a Holder in respect of any Insured Payment by or on behalf of the Issuer, which amount has been recovered from such Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction that such payment constitutes an avoidable preference with respect to such Holder. "**Business Day**" means any day other than (i) a Saturday or Sunday, (ii) any day on which the offices of the Trustee, the Paying Agent or AGC are closed, or (iii) any day on which banking institutions are authorized or required by law, executive order or governmental decree to be closed in the City of New York or in the State of Maryland. "**Due for Payment**" means (i) when referring to the principal of an Obligation, the stated maturity date thereof, or the date on which such Obligation 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 a call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless AGC in its sole discretion elects to make any principal payment, in whole or in part, on such earlier date) and (ii) when referring to interest on an Obligation, the stated date for payment of such interest. "**Holder**" means, in respect of any Obligation, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Obligation to payment of principal or interest thereunder, except that Holder shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Obligations. "**Insured Payments**" means that portion of the principal of and interest on the Obligations that shall become Due for Payment but shall be unpaid by reason of Nonpayment. Insured Payments shall not include any additional amounts owing by the Issuer solely as a result of the failure by the Trustee or the Paying Agent to pay such amount when due and payable, including without limitation any such additional amounts as may be attributable to penalties or to interest accruing at a default rate, to amounts payable in respect of indemnification, or to any other additional amounts payable by the Trustee or the Paying Agent by reason of such failure. "**Nonpayment**" means, in respect of an Obligation, the failure of the Issuer to have provided sufficient funds to the Trustee or the Paying Agent for payment in full of all principal and interest Due for Payment on such Obligation. It is further understood that the term "Nonpayment" in respect of an Obligation includes any Avoided Payment. "**Receipt**" or "**Received**" means actual receipt or notice of or, if notice is given by

Assured Guaranty Corp.
1633 Broadway
New York, NY 10019
main 212 974 0100
fax 212 581 3268
info@assuredguaranty.com
www.assuredguaranty.com

overnight or other delivery service, or by certified or registered United States mail, by a delivery receipt signed by a person authorized to accept delivery on behalf of the person to whom the notice was given. Notices to AGC may be mailed by registered mail or personally delivered or telecopied to it at 1633 Broadway, New York, New York 10019, Telephone Number: (212) 974-0100, Facsimile Number: (212) 581-3268, Attention: Risk Management Department – Public Finance Surveillance, with a copy to the General Counsel at the same address and at generalcounsel@assuredguaranty.com or at the following Facsimile Number: (212) 445-8705, or to such other address as shall be specified by AGC to the Trustee or the Paying Agent in writing. A Notice of Nonpayment will be deemed to be Received by AGC on a given Business Day if it is Received prior to 12:00 noon (New York City time) on such Business Day; otherwise it will be deemed Received on the next Business Day. "**Term**" means the period from and including the Effective Date until the earlier of (i) the maturity date for the Obligations, or (ii) the date on which the Issuer has made all payments required to be made on the Obligations.

At any time during the Term of this Policy, AGC may appoint a fiscal agent (the "**Fiscal Agent**") for purposes of this Policy by written notice to the Trustee or the Paying Agent, specifying the name and notice address of such Fiscal Agent. From and after the date of Receipt of such notice by the Trustee or the Paying Agent, copies of all notices and documents required to be delivered to AGC pursuant to this Policy shall be delivered simultaneously to the Fiscal Agent and to AGC. All payments required to be made by AGC under this Policy may be made directly by AGC or by the Fiscal Agent on behalf of AGC. The Fiscal Agent is the agent of AGC only, and the Fiscal Agent shall in no event be liable to the Trustee or the Paying Agent for any acts of the Fiscal Agent or any failure of AGC to deposit, or cause to be deposited, sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGC hereby waives, in each case for the benefit of the Holders only, all rights and defenses of any kind (including, without limitation, the defense of fraud in the inducement or in fact or any other circumstance that would have the effect of discharging a surety, guarantor or any other person in law or in equity) that may be available to AGC to deny or avoid payment of its obligations under this Policy in accordance with the express provisions hereof. Nothing in this paragraph will be construed (i) to waive, limit or otherwise impair, and AGC expressly reserves, AGC's rights and remedies, including, without limitation: its right to assert any claim or to pursue recoveries (based on contractual rights, securities law violations, fraud or other causes of action) against any person or entity, in each case, whether directly or acquired as a subrogee, assignee or otherwise, subsequent to making any payment to the Trustee or the Paying Agent, in accordance with the express provisions hereof, and/or (ii) to require payment by AGC of any amounts that have been previously paid or that are not otherwise due in accordance with the express provisions of this Policy.

This Policy (which includes each endorsement hereto) sets forth in full the undertaking of AGC with respect to the subject matter hereof, and may not be modified, altered or affected by any other agreement or instrument, including, without limitation, any modification thereto or amendment thereof. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. This Policy will be governed by, and shall be construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, AGC has caused this Policy to be affixed with its corporate seal, to be signed by its duly authorized officer, and to become effective and binding upon AGC by virtue of such signature.

ASSURED GUARANTY CORP.

(SEAL)

By: ________________________________
Authorized Officer

Signature attested to by:

____
Counsel

Financial Advisory Services
Provided By:

SAMCO Capital