

OFFICIAL STATEMENT DATED AUGUST 22, 2024

IN THE OPINION OF 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 (AS DEFINED HEREIN) IS EXCLUDED FROM GROSS INCOME OF THE OWNERS THEREOF FOR FEDERAL INCOME TAX PURPOSES UNDER EXISTING LAW, AND INTEREST ON THE BONDS IS NOT SUBJECT TO THE ALTERNATIVE MINIMUM TAX ON INDIVIDUALS; HOWEVER, SUCH INTEREST IS TAKEN INTO ACCOUNT IN DETERMINING THE ANNUAL ADJUSTED FINANCIAL STATEMENT INCOME OF APPLICABLE CORPORATIONS (AS DEFINED IN SECTION 59(K) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE")) FOR PURPOSES OF DETERMINING THE ALTERNATIVE MINIMUM TAX IMPOSED ON CORPORATIONS. BOND COUNSEL EXPRESSES NO OPINION REGARDING ANY OTHER TAX CONSEQUENCES RELATED TO THE OWNERSHIP OR DISPOSITION OF, OR THE AMOUNT, ACCRUAL OR RECEIPT OF INTEREST ON, THE BONDS. SEE "TAX MATTERS" HEREIN.

*The District has **not** designated the Bonds as "qualified tax-exempt obligations" for purposes of the calculation of interest expense by financial institutions which may own the Bonds. See "TAX MATTERS -- NOT Qualified Tax-Exempt Obligations for Financial Institutions."*

NEW ISSUE
BOOK-ENTRY ONLY
CUSIP Base No. 44057W

RATINGS: (S&P-BAM) "AA" (stable outlook)
(See "BOND INSURANCE" herein)
Underlying-Not Rated

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT

(A political subdivision of the State of Texas located within El Paso County, Texas)

RANCHO DESIERTO BELLO DEFINED AREA

\$1,645,000 UNLIMITED TAX BONDS, SERIES 2024

Bonds Dated: September 1, 2024

Due: February 1, as shown on inside cover

The \$1,645,000 Rancho Desierto Bello Defined Area Unlimited Tax Bonds, Series 2024 (the "Bonds") are special obligations solely of Horizon Regional Municipal Utility District (the "District"), **secured solely by ad valorem taxes levied on property located only within the Horizon Regional Municipal Utility District Rancho Desiertro Bello Defined Area (the "Defined Area")**, which is located within the District, and are not obligations of the State of Texas; El Paso County, Texas; the City of El Paso, Texas; the Town of Horizon City, Texas; or any other political subdivision or agency. See "THE BONDS--Source of and Security for Payment."

Interest on the Bonds will accrue from September 1, 2024, will be payable February 1 and August 1 of each year, commencing February 1, 2025, and will be calculated on the basis of a 360-day year of twelve 30-day months. The Bonds are issuable only in fully registered form in principal denominations of \$5,000 or integral multiples thereof initially registered solely in the name of Cede & Co., as registered owner (a "Registered Owner") and nominee for The Depository Trust Company, New York, New York ("DTC"), acting as securities depository for the Bonds, until DTC resigns or is discharged. **The Bonds initially will be available to purchasers in book-entry form only.** So long as Cede & Co. is the Registered Owner of the Bonds, as nominee for DTC, the Bonds shall be payable to Cede & Co., which will in turn, remit such amount to DTC participants for subsequent disbursement to the beneficial owners of the Bonds. See "THE BONDS--Book-Entry-Only System."

Principal of and the redemption price for the Bonds are payable by UMB Bank, N.A., Austin, Texas or any successor paying agent/registrar (the "Paying Agent/Registrar"). Interest on the Bonds will be payable by check mailed on or before the interest payment date to Registered Owners shown on the records of the Paying Agent/Registrar on the 15th (fifteenth) day of the month preceding each interest payment date or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and the Registered Owner at the risk and expense of the Registered Owner. See "THE BONDS--Description."

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY**. See "BOND INSURANCE" herein and APPENDIX B--Specimen Municipal Bond Insurance Policy.

SEE INSIDE COVER PAGE FOR MATURITY SCHEDULE



The Bonds, when issued, will constitute valid and legally binding special obligations of the District and will be payable from the proceeds of an annual ad valorem tax levied, without legal limitation as to rate or amount, against all taxable property located within the Defined Area. See "THE BONDS--Source of and Security for Payment." **THE BONDS ARE SUBJECT TO SPECIAL RISK FACTORS AS SET FORTH IN THIS OFFICIAL STATEMENT. PROSPECTIVE PURCHASERS SHOULD CAREFULLY REVIEW THE ENTIRE PRELIMINARY OFFICIAL STATEMENT BEFORE MAKING THEIR INVESTMENT DECISION. PARTICULAR ATTENTION SHOULD BE GIVEN TO THE INFORMATION SET FORTH IN THIS OFFICIAL STATEMENT UNDER THE CAPTION "RISK FACTORS."**

The Bonds will be delivered when, as, and if issued by the District and accepted by the initial purchaser of the Bonds (the "Underwriter"), subject among other things to the approval of the Initial Bonds by the Attorney General of the State of Texas and by the approval of certain legal matters by Johnson Petrov LLP, Houston, Texas, Bond Counsel. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, Houston, Texas, Disclosure Counsel. Delivery of the Bonds is expected on September 26, 2024, in Austin, Texas.

MATURITY SCHEDULE

\$240,000 Serial Bonds

<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Initial Yield(a)</u>	<u>CUSIP (b)</u>	<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Initial Yield(a)</u>	<u>CUSIP (b)</u>
2025	\$30,000	8.125%	3.400%	44057WAA7	2029	\$35,000	8.125%	3.400%	44057WAE9
2026	30,000	8.125%	3.400%	44057WAB5	2030	35,000	8.125%	3.400%	44057WAF6
2027	35,000	8.125%	3.400%	44057WAC3	2031	35,000(c)	8.125%	3.400%	44057WAG4
2028	35,000	8.125%	3.400%	44057WAD1					

\$1,405,000 Term Bonds

\$120,000 Term Bonds, Due February 1, 2034 (c)(d), 4.125% Interest Rate, 3.550% Initial Yield (a) CUSIP (b) 44057WAK5

\$140,000 Term Bonds, Due February 1, 2037 (c)(d), 4.125% Interest Rate, 3.800% Initial Yield (a) CUSIP (b) 44057WAN9

\$100,000 Term Bonds, Due February 1, 2039 (c)(d), 4.125% Interest Rate, 4.000% Initial Yield (a) CUSIP (b) 44057WAQ2

\$170,000 Term Bonds, Due February 1, 2042 (c)(d), 4.125% Interest Rate, 4.210% Initial Yield (a) CUSIP (b) 44057WAT6

\$195,000 Term Bonds, Due February 1, 2045 (c)(d), 4.125% Interest Rate, 4.260% Initial Yield (a) CUSIP (b) 44057WAW9

\$145,000 Term Bonds, Due February 1, 2047 (c)(d), 4.125% Interest Rate, 4.280% Initial Yield (a) CUSIP (b) 44057WAY5

\$165,000 Term Bonds, Due February 1, 2049 (c)(d), 4.250% Interest Rate, 4.320% Initial Yield (a) CUSIP (b) 44057WBA6

\$175,000 Term Bonds, Due February 1, 2051 (c)(d), 4.250% Interest Rate, 4.330% Initial Yield (a) CUSIP (b) 44057WBC2

\$195,000 Term Bonds, Due February 1, 2053 (c)(d), 4.250% Interest Rate, 4.340% Initial Yield (a) CUSIP (b) 44057WBE8

(a) Initial yield represents the initial reoffering yield to the public which has been established by the Underwriter for public offerings and which subsequently may be changed. The initial yields indicated above represent the lower of the yields resulting when priced to maturity or to the first call date. Accrued interest from September 1, 2024 is to be added to the price.

(b) CUSIP Numbers have been assigned to the Bonds by CUSIP Global Services and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Underwriter shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.

(c) Bonds maturing on or after February 1, 2031, are subject to redemption prior to maturity at the option of the District, as a whole or from time to time in part, on August 1, 2030, or on any date thereafter, at par plus accrued interest from the most recent interest payment date to the date fixed for redemption. See "THE BONDS—Optional Redemption."

(d) Term Bonds are also subject to mandatory redemption in part by lot or other customary method at a price of par plus accrued interest to the redemption date. See "THE BONDS—Mandatory Redemption."

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

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USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

All of the summaries of the statutes, orders, contracts, audited financial statements, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from the District, c/o Johnson Petrov LLP, 2929 Allen Parkway, Suite 3150, Houston, Texas 77019-6100 upon payment of duplication costs.

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 condition of the District or other matters described herein since the date hereof. The District has agreed to keep this Official Statement current by amendment or sticker to reflect material changes in the affairs of the District and, to the extent that information actually comes to its attention, the other matters described in this Official Statement until delivery of the Bonds to the Underwriter and thereafter only as specified in "PREPARATION OF THE OFFICIAL STATEMENT-- Updating of Official Statement" and "CONTINUING DISCLOSURE OF INFORMATION."

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

SALE AND DISTRIBUTION OF THE BONDS

Prices and Marketability

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

THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER AFTER THE BONDS ARE RELEASED FOR SALE, AND THE BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE BONDS INTO INVESTMENT ACCOUNTS. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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 special 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 governmental entities, as bonds of such entities are more generally bought, sold or traded in the secondary market.

Securities Laws

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for registration or qualification 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 jurisdictions.

Underwriter

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by SAMCO Capital Markets, Inc. (the "Underwriter") bearing the interest rates shown on the inside cover page hereof, at a price of 97.003824% of the par value thereof plus accrued interest to the date of delivery which resulted in a net effective interest rate of 4.478874% as calculated pursuant to Chapter 1204, Texas Government Code, as amended (the "IBA" method).

The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into unit investment trusts) and others at prices lower than the public offering price stated on the inside cover page hereof. The initial offering price may be changed from time to time by the Underwriter within the guidelines prescribed by applicable laws and regulations of the SEC.

Municipal Bond Rating

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned its municipal rating of "AA" (stable outlook) to the Bonds, as a result of a municipal bond insurance policy issued by Build America Mutual Assurance Company at the time of delivery of the Bonds (see "BOND INSURANCE" and "APPENDIX B—Specimen Municipal Bond Insurance Policy"). An explanation of the significance of such rating may be obtained from S&P. The rating reflects only the view of S&P and the District makes no representation as to the appropriateness of such rating.

Other than the rating assigned as a result of a municipal bond insurance policy issued by Build America Mutual Assurance Company, the District has made no application for a municipal bond rating of the Bonds, nor is it expected that the District would have been successful in receiving an investment grade rating had such application been made.

The District can make no assurance that the S&P rating will continue for any period of time or that such rating will not be revised downward or withdrawn entirely by S&P, if in the sole judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

SUMMARY

The following information is a summary of certain information contained herein and is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Official Statement, reference to which is made for all purposes. This summary should not be detached and should be used in conjunction with more complete information contained herein.

- The District and the Defined Area-

Description	Horizon Regional Municipal Utility District (the "District"), a political subdivision of the State of Texas, was created by the Texas Legislature as El Paso County Water Authority in 1961 and changed its name to its current form effective September 4, 2003. Rancho Desierto Bello Defined Area (the "Defined Area") was established by the District on July 8, 2018 and was confirmed by election held within the Defined Area on November 6, 2018. The Defined Area is comprised of approximately 266.012 acres, located entirely within the District and within the Town of Horizon City, Texas. The District, comprised of approximately 90,885.598 acres, is located approximately 11.3 miles from the City of El Paso's central business district, north of Interstate Highway 10 and east of Loop 375. See "THE DISTRICT."
Authority	The rights, powers, privileges, authority and functions of the District are established by the general laws of the State of Texas pertaining to municipal utility districts, including particularly Chapters 49 and 54 of the Texas Water Code, as amended. See "THE DISTRICT-Authority." The rights, powers, privileges, authority and functions of the Defined Area are established by Sections 54.801 through 54.812 of the Texas Water Code, as amended.
Development Within The Defined Area	The land within the Defined Area is being developed as single-family residential property. As of July 23, 2024, within the Defined Area, there are 454 lots, upon which 377 homes have been constructed. Approximately 123.75 acres remain undeveloped within the Defined Area. See "THE DISTRICT-The Defined Area."

- The Bonds -

Authority for Issuance	The District's \$1,645,000 Rancho Desierto Bello Defined Area Unlimited Tax Bonds, Series 2024 (the "Bonds") are the first installment of \$7,500,000 unlimited tax bonds authorized at an election held within the Defined Area on November 6, 2018. The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54, Texas Water Code, as amended, and an order of the TCEQ. See "THE BONDS--Authority for Issuance."
Description	The Bonds are dated September 1, 2024 and bear interest from such date at the rates per annum set forth on the inside cover page hereof, which interest is payable February 1, 2025 and each August 1 and February 1 thereafter until the earlier of maturity or redemption. The Bonds mature serially on February 1 in the years 2025 through 2031, inclusive, in the principal amounts set forth on the inside cover page hereof. Bonds maturing February 1, 2034, 2037, 2039, 2042, 2045, 2047, 2049, 2051 and 2053 are the "Term Bonds." The Term Bonds are subject to mandatory redemption as described herein under "THE BONDS-Mandatory Redemption." The Bonds maturing on and after February 1, 2031, are subject to optional redemption at the option of the District on any date on or after August 1, 2030 at a price of par plus accrued interest to the date of redemption. See "THE BONDS — Description" and " — Optional Redemption."
Source of Payment	Principal of and interest on the Bonds are payable from the proceeds of an annual ad valorem tax levied, without legal limitation as to rate or amount, against taxable property

within the Defined Area, and only within the Defined Area. The Bonds are special obligations of the District and are not obligations of El Paso County, Texas; the City of El Paso, Texas; the Town of Horizon City, Texas; the State of Texas; or any political subdivision other than the District. See "THE BONDS — Source of and Security for Payment."

Use of Proceeds Proceeds of the sale of the Bonds will be used to reimburse the Developer (defined hereinafter) for (i) Kenazo Lift Station No. 2, (ii) Kenazo Lift Station Gravity Wastewater Line and Force Main, and (iii) engineering and technical services. Proceeds will also be used to pay legal fees, financial advisor's fees and certain other costs related to the issuance of the Bonds. See "THE BONDS—Use of Proceeds" and "THE SYSTEM."

Payment Record The District has never defaulted on the payment of any bond obligation. See "DISTRICT DEBT."

NOT Qualified Tax

Exempt Obligations The District has NOT designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS—NOT Qualified Tax-Exempt Obligations for Financial Institutions."

Municipal Bond Rating

and Municipal
Bond Insurance

S&P has assigned a municipal rating of "AA" (stable outlook) as a result of a municipal bond insurance policy issued by Build America Mutual Assurance Company. See "SALE AND DISTRIBUTION OF THE BONDS—Municipal Bond Rating," "BOND INSURANCE" and "APPENDIX B—Specimen Municipal Bond Insurance Policy."

The District has made no application for a municipal bond rating of the Bonds, nor is it expected that the District would have been successful in receiving an investment grade rating had such application been made.

Book-Entry-Only
System

The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in principal denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co. and Cede & Co. will make distribution of the amounts so paid to the beneficial owners of the Bonds (see "THE BONDS--Book-Entry-Only System").

Bond Counsel Johnson Petrov LLP, Houston, Texas. See "LEGAL MATTERS" and "TAX MATTERS."

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

Financial Advisor Blitch Associates, Inc., Houston, Texas.

RISK FACTORS

THE PURCHASE AND OWNERSHIP OF THE BONDS ARE SUBJECT TO SPECIAL RISK FACTORS AND ALL PROSPECTIVE PURCHASERS ARE URGED TO EXAMINE CAREFULLY THE ENTIRE OFFICIAL STATEMENT WITH RESPECT TO THE INVESTMENT SECURITY OF THE BONDS, INCLUDING PARTICULARLY THE SECTION CAPTIONED "RISK FACTORS."

**- Financial Highlights of the Defined Area -
(Unaudited)**

2024 Taxable Assessed Valuation (100% of Market Value)		\$80,521,046	(a)
Direct Debt			
The Bonds		\$1,645,000	
Estimated Overlapping Debt		<u>12,498,969</u>	(b)
Direct and Estimated Overlapping Debt		<u>\$14,143,969</u>	
Direct Debt Ratios:			
Direct Debt to Value		2.04%	
Direct & Estimated Overlapping Debt to Value		17.57%	
2023 Tax Rate per \$100 of Assessed Value			
Debt Service		\$0.160	
Maintenance		<u>0.065</u>	
Total		<u>\$0.225</u>	
		<u>Current</u>	<u>Total</u>
2022 Tax Collection Percentage	99.66%	99.66%	(c)
Average Annual Debt Service Requirements (2025/53)		\$99,150	
Maximum Annual Debt Service Requirements (2027)		\$106,828	
Tax Rate Required to pay such Requirements at 98% Collection:			
Average (2025/2053)		\$0.126	
Maximum (2025)		\$0.136	
Fund Balances as of August 9, 2024 (Cash & Investments)			
General Fund		\$122,598	
Debt Service Fund		\$97,724	(d)
Capital Projects Fund		\$0	

(a) Certified by the El Paso Central Appraisal District (the "Appraisal District"); represents the taxable assessed valuation of taxable property within the Defined Area as of January 1, 2024. See "TAX PROCEDURES."

(b) See "DEFINED AREA DEBT--Estimated Overlapping Debt."

(c) 2022 tax collections represent the initial levy of ad valorem taxes; see "DEFINED AREA TAX DATA--Tax Collection History."

(d) Two years' capitalized interest (\$156,250) will be deposited into the Debt Service Fund from proceeds of the Bonds.

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT

(A political subdivision of the State of Texas located within El Paso County, Texas)

RANCHO DESIERTO BELLO DEFINED AREA

\$1,645,000

UNLIMITED TAX BONDS, SERIES 2024

This Official Statement of Horizon Regional Municipal Utility District (the "District") is provided to furnish certain information with respect to the sale by the District of its \$1,645,000 Rancho Desierto Bello Defined Area Unlimited Tax Bonds, Series 2024 (the "Bonds"), **secured solely by ad valorem taxes levied on property located within the Rancho Desierto Bello Defined Area (the "Defined Area") located within the District** and are not obligations of the State of Texas (the "State"); El Paso County, Texas; the City of El Paso, Texas; the Town of Horizon City, Texas; or any other political subdivision or agency.

The Bonds are issued pursuant to the Texas Constitution, the general laws of the State of Texas and a resolution authorizing the issuance of the Bonds (the "Bond Resolution") adopted by the Board of Directors of the District (the "Board"), Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, and particularly Sections 54.801 through 54.812 of the Texas Water Code, as amended. See "THE BONDS—Authority for Issuance."

This Preliminary Official Statement includes descriptions of the Bonds, the Bond Resolution and certain other information about the District and the Defined Area. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document, copies of which may be obtained by contacting the District, c/o Johnson Petrov LLP, located at 2929 Allen Parkway, Suite 3150, Houston, Texas 77019-6100.

THE BONDS

Description

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Resolution. A copy of the Bond Resolution may be obtained upon request to the District and payment of the applicable copying charges.

The Bonds will mature on February 1 of the years and in principal amounts, and will bear interest at the rates per annum, set forth on the inside cover page of this Official Statement. Interest on the Bonds will be payable on February 1, 2025, and semiannually thereafter on each August 1 and February 1 until the earlier of maturity or redemption. Principal of and interest on the Bonds will be payable to Cede & Co. as registered owner (a "Registered Owner") and nominee of the Depository Trust Company, New York, New York ("DTC"), acting as security depository for the Bonds, by the paying agent/registrars, initially UMB Bank, N.A., Austin, Texas (the "Paying Agent/Registrar"). Cede & Co. will make distribution of the principal and interest so paid to the beneficial owners of the Bonds. For so long as DTC shall continue to serve as securities depository for the Bonds, all transfers of beneficial ownership interest will be made by Book-Entry-Only and no investor or other party purchasing, selling or otherwise transferring beneficial ownership of the Bonds is to receive, hold or deliver any Bond certificate.

If at any time, DTC ceases to hold the Bonds as securities depository, then principal of the Bonds will be payable to the Registered Owner at maturity or redemption upon presentation and surrender at the principal payment office of the Paying Agent/Registrar. Interest on the Bonds will be payable by check, dated as of the interest payment date, and mailed by the Paying Agent/Registrar to the Registered Owners as shown on the records of the Paying Agent/Registrar at the close of business on the 15th day of the month next preceding the interest payment date (the "Record Date").

The Bonds of each maturity will be issued in fully-registered form only in principal amounts of \$5,000 or any integral multiple thereof.

If the specified date for any payment of principal (or redemption price) or interest on the Bonds shall be a Saturday, Sunday or legal holiday or equivalent (other than a moratorium) for banking institutions generally in the City of Austin, Texas, such payment may be made on the next succeeding date which is not one of the foregoing days without additional interest and with the same force and effect as if made on the specified date for such payments.

Use of Proceeds

Proceeds of the sale of the Bonds will be used to reimburse the Developer (defined hereinafter) for (i) Kenazo Lift Station No. 2, (ii) Kenazo Lift Station Gravity Wastewater Line and Force Main, and (iii) engineering and technical services. Proceeds will also be used to pay legal fees, financial advisor’s fees and certain other costs related to the issuance of the Bonds. The estimated costs outlined below have been provided by TRE & Associates, LLC, the District’s consulting engineer (the “Engineer”), and reflect those costs approved by the Texas Commission on Environmental Quality (“TCEQ”). *Amounts indicated may not add due to rounding.*

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

Construction Costs

Kenazo Lift Station No. 2	\$835,653
Lift Station Wastewater Line & Force Main	238,633
Engineering & Technical Services	<u>97,018</u>
Total Construction Costs	\$1,171,304

Non Construction Costs

Bond Counsel	\$32,900
Financial Advisor	21,450
Capitalized Interest (Two years)	156,250
Contingency	41,150
Developer Interest (Two Years)	72,338
Bond Discount (3.00%)	49,350
TCEQ Fee (0.25%)	4,113
Attorney General Fee (0.10%)	1,645
Bond Application Report	60,000
Costs of Issuance	<u>34,501</u>
Total Non Construction Costs	\$473,696

The Bonds \$1,645,000

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

Mandatory Redemption

The Bonds maturing February 1, 2034, 2037, 2039, 2042, 2045, 2047, 2049, 2051 and 2053 (the “Term Bonds”), are subject to mandatory redemption in part prior to maturity in the amounts (subject to redemption as described below) and on the dates set out below, at a price equal to the principal amount to be redeemed plus accrued interest to the redemption date:

<u><i>Redemption Date</i></u>		<u><i>Principal Amount</i></u>
	<i>\$120,000 Term Bonds Due February 1, 2034</i>	
February 1, 2032		\$40,000
February 1, 2033		40,000
February 1, 2034 (maturity)		40,000
	<i>\$140,000 Term Bonds Due February 1, 2037</i>	
February 1, 2035		\$45,000
February 1, 2036		45,000
February 1, 2037 (maturity)		50,000
	<i>\$100,000 Term Bonds Due February 1, 2039</i>	
February 1, 2038		\$50,000
February 1, 2039 (maturity)		50,000
	<i>\$170,000 Term Bonds Due February 1, 2042</i>	
February 1, 2040		\$55,000
February 1, 2041		55,000
February 1, 2042 (maturity)		60,000
	<i>\$195,000 Term Bonds Due February 1, 2045</i>	
February 1, 2043		\$60,000
February 1, 2044		65,000
February 1, 2045 (maturity)		70,000
	<i>\$145,000 Term Bonds Due February 1, 2047</i>	
February 1, 2046		\$70,000
February 1, 2047 (maturity)		75,000
	<i>\$165,000 Term Bonds Due February 1, 2049</i>	
February 1, 2048		\$80,000
February 1, 2049 (maturity)		85,000
	<i>\$175,000 Term Bonds Due February 1, 2051</i>	
February 1, 2050		\$85,000
February 1, 2051 (maturity)		90,000
	<i>\$195,000 Term Bonds Due February 1, 2053</i>	
February 1, 2052		\$95,000
February 1, 2053 (maturity)		100,000

The particular Term Bonds to be mandatorily redeemed shall be selected by lot or other customary random selection method. The principal amount of the Term Bonds of a maturity required to be redeemed pursuant to the operation of such mandatory redemption requirements shall be reduced, at the option of and as determined by the District, by the principal amount of any Term Bonds of such maturity which, prior to the date of the mailing of the notice of such mandatory redemption, (1) shall have been acquired by the District and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the District, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.

Optional Redemption

The District reserves the right, at its option, to redeem the Bonds maturing on and after February 1, 2031, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof on August 1, 2030, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. If less than all of the Bonds of a maturity are to be redeemed, the Paying Agent/Registrar (or DTC if the Bonds are held in the Book-Entry-Only System) shall select by lot those Bonds to be redeemed.

At least thirty (30) days prior to the date fixed for any such redemption, notice of such redemption shall be given to the Registered Owner of each Bond or a portion thereof being called for redemption in the manner specified in the Bond Resolution; provided, however, that the failure to receive such notice shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond. By the date fixed for any such redemption, due provisions shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or the portions thereof which are to be so redeemed, plus accrued interest to the date fixed for redemption. If a portion of any Bond shall be redeemed, a substitute Bond having the same maturity date, bearing interest at the same rate, in any integral multiple of \$5,000, and in an aggregate principal amount equal to the unredeemed position thereof, will be issued to the Registered Owner upon the surrender of the Bonds being redeemed, at the expense of the District, all as provided for in the Bond Resolution.

Registration and Transfer

The Bonds will be transferable only on the bond register kept by the Paying Agent/Registrar upon surrender and reissuance. The Bonds are exchangeable for an equal aggregate principal of Bonds of the same maturity and of any authorized denomination upon surrender of the Bonds to be exchanged at the principal office of the Paying Agent/Registrar in Austin, Texas. No service charge will be made for any registration, transfer or exchange of Bonds, but the District or the Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith. Neither the District nor the Paying Agent/Registrar is required to issue, transfer or exchange any Bond during the period beginning at the opening of business on a Record Date and ending at the close of business on the next succeeding interest payment date or to transfer or exchange any Bond selected for redemption, in whole or in part, beginning 15 calendar days prior to the date of the first mailing of any notice of redemption and ending at the close of business on the date of such mailing, or to transfer or exchange any Bond called for redemption during the forty-five (45) day period prior to the date fixed for redemption of such Bond.

Book-Entry-Only System

This section describes how ownership of the Bonds are to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by DTC, while the Bonds are registered in its nominee 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, the Financial Advisor and the Underwriter believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The District, the Financial Advisor and the Underwriter cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the

Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the 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 DTC Participants, which will receive a credit for such purchases 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 or 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 interest 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 the 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 nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District 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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the District or Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, 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 and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Paying Agent/Registrar, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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.

Ownership

The District, the Paying Agent/Registrar and any agent of either may treat the person in whose name any Bond is registered as the absolute owner of such Bond for the purpose of receiving payment of the principal and the interest thereon, and for all other purposes, whether or not such Bond is overdue. Neither the District, the Paying Agent/Registrar nor any agent of either shall be bound by any notice or knowledge to the contrary. All payments made to the person deemed to be the owner of any Bond in accordance with the Bond Resolution shall be valid and effective and shall discharge the liability of the District and the Paying Agent/Registrar for such Bond to the extent of the sums paid.

Source of and Security for Payment

The Bonds and any additional unlimited tax bonds as may hereafter be issued, are payable as to principal and interest from the proceeds of a continuing, direct, annual ad valorem tax without legal limitation as to rate or amount, levied against all taxable property located within the Defined Area, and only within the Defined Area. In the Bond Resolution, the District covenants to levy annually a tax within the Defined Area sufficient in amount to pay principal of and interest on the Bonds, full allowance being made for delinquencies and costs of collection. Collected taxes will be placed in the District's Defined Area Debt Service Fund and used solely to pay principal and interest on the Bonds and on any additional bonds payable from taxes levied against property within the Defined Area which may be issued. See "Issuance of Additional Debt" below.

Replacement of Paying Agent/Registrar

Provision is made in the Bond Resolution for the replacement of the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, the new paying agent/registrar shall act in the same capacity as the previous Paying Agent/Registrar. In order to act as Paying Agent/Registrar for the Bonds, any paying agent/registrar selected by the District shall be a national or state banking institution, 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.

Authority for Issuance

The Bonds constitute the initial installment of \$7,500,000 in unlimited tax bonds for waterworks and sanitary sewer and drainage facilities, authorized at an election held within the Defined Area for that purpose on November 6, 2018. Following issuance of the Bonds, \$5,855,000 bonds for waterworks, sanitary sewer and drainage facilities within the Defined Area to be secured by ad valorem taxes levied against property within the Defined Area will remain authorized but unissued. See "Issuance of Additional Debt" below.

The Bonds are issued pursuant to the Bond Resolution, Chapters 49 and 54 of the Texas Water Code, as amended, Article XVI, Section 59 of the Texas Constitution, and Chapters 54.801 through 54.812 of the Texas Water Code, as amended. Issuance of the Bonds has been further authorized by the TCEQ.

Issuance of Additional Debt

The District may issue additional bonds secured solely by taxes levied against property within the Defined Area to provide those improvements for which the Defined Area was created. Following the issuance of the Bonds, \$5,855,000 principal amount of unlimited tax bonds secured solely by taxes levied against property within the Defined Area will remain authorized but unissued.

The District may also issue additional bonds secured by taxes levied against property within the entire District, including the Defined Area, to provide those improvements for which the District was created. Presently, \$189,025,000 principal amount of unlimited tax bonds secured by taxes levied against property within the entire District, including the Defined Area, remain authorized but unissued for waterworks and sewer system purposes, and \$224,475,000 principal amount of unlimited tax bonds secured by taxes levied against property within the entire District, including the Defined Area, remain authorized but unissued for refunding purposes. These authorizations are separate from the authorized bonds for the Defined Area and the other defined areas described below.

Four other defined areas have been created within the boundaries of the District. Each of these defined areas has the ability to issue debt secured by ad valorem taxes within such defined areas. Debt issued by any defined area, including the Defined Area, is payable only from ad valorem taxes levied against property within the defined area that is issuing the debt, and not from taxes levied on property within other defined areas.

Depending upon the rate of development and increases in assessed valuation of taxable property within the District and the amount, maturity schedule and time of issuance of such additional bonds that may be issued by the District, increases in the District's annual tax rate may be required to provide for the payment of the principal of and interest on such additional bonds and the Bonds. Additional tax bonds and/or tax and revenue bonds may be authorized by the voters of the District in the future. The Board is further empowered to borrow money for any lawful purpose and pledge the revenues of the wastewater system therefor and to issue bond anticipation notes and tax anticipation notes. The Bond Resolution imposes no limitation on the amount of additional bonds which may be issued by the District. Any additional bonds issued by the District may be on a parity with the Bonds, and may dilute the security of the Bonds.

Defeasance

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

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

Mutilated, Lost, Stolen or Destroyed Bonds

The District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds to the Paying Agent/Registrar, or receipt of satisfactory evidence of such destruction, loss or theft, and receipt by the District and Paying Agent/Registrar of security or indemnity as may be required by either of them to hold them harmless. The District may require payment of taxes, governmental charges and other expenses in connection with any such replacement.

Consolidation

The District has the right to consolidate with other districts and, in connection therewith, to provide for the consolidation of its water and sewer system with the water and sewer systems of the district or districts with which it is consolidating. Should any such consolidation occur, the net revenues from the operation of the consolidated system would be applied to the payment of principal, interest, redemption price and bank charges on the combination unlimited tax and revenue bonds of the District, if any, and of the district or districts with which the District is consolidated without prejudice to any series of bonds, except that bonds with subordinate liens on net revenues shall continue to be subordinate. No representations are made that the District will ever consolidate its water and sewer system with other water and sewer systems.

Amendments to the Bond Resolution

The District may, without the consent of or notice to any Registered Owners, amend the Bond Resolution in any manner not detrimental to the interests of the Registered Owners, including the curing of any ambiguity, inconsistency or formal defect or omission therein. In addition, the District may, with the written consent of the Registered Owners of a majority

in aggregate principal amount of the Bonds then outstanding affected thereby, amend, add to or rescind any of the provisions of the Bond Resolution; provided that, without the consent of the Registered Owners of all of the Bonds affected, no such amendment, addition or rescission may (a) extend the time or times of payment of the principal of and interest (or accrual of interest) on the Bonds, or reduce the principal amount thereof or the rate of interest thereon or in any other way modify the terms of payment of the principal of or interest on the Bonds, (b) give preference of any Bond over any other Bond, or (c) extend any waiver of default to subsequent defaults. In addition, a state, consistent with federal law, may in the exercise of its police power make such modifications in the terms and conditions of contractual covenants relating to the payment of indebtedness of a political subdivision as are reasonable and necessary for attainment of an important public purpose.

Remedies in Event of Default

Other than a writ of mandamus, the Bond Resolution does not provide a specific remedy for a default. Even if a Registered 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, a Registered Owner could petition for a writ of mandamus issued by a court of competent jurisdiction compelling and requiring the District and the District's officials to observe and perform the covenants, obligations or conditions prescribed in the Bond Resolution. 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. Certain traditional legal remedies also may not be available. See "RISK FACTORS— Bankruptcy Limitations to Registered Owners' Rights."

Legal Investment and Eligibility to Secure Public Funds in Texas

Pursuant to Chapter 1201, Texas Government Code, and Section 49.186 Texas Water Code, the Bonds, whether rated or unrated, are (a) legal investments for banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, and trustees, and (b) legal investments and lawful security for the public funds of the State, and all agencies, subdivisions, and instrumentalities of the State, including all counties, cities, towns, villages, school districts, and other political subdivisions or public agencies of the State of Texas. The Bonds are also eligible under the Public Funds Collateral Act, Chapter 2257, Texas Government Code, to secure deposits of public funds of the State of Texas or any political subdivision or public agency of the State of Texas and are lawful and sufficient security for those deposits to the extent of their market value.

Most political subdivisions in the State of Texas are required to adopt investment guidelines under the Public Funds Investment Act, Chapter 2256, Texas Government Code, and such political subdivisions may impose a requirement consistent with such act that the Bonds have a rating of not less than "A" or its equivalent to be legal investments for such entity's funds. The District makes no representation that the Bonds will be acceptable to banks, savings and loan associations or public entities for investment purposes or to secure deposits of public funds. The District has made no investigation of other laws, regulations or investment criteria which might apply to or otherwise limit the suitability of the Bonds for investment or collateral purposes. Prospective purchasers are urged to carefully evaluate the investment quality of the Bonds as to the suitability of the Bonds for investment or collateral purposes.

BOND INSURANCE

Bond Insurance Policy

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

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

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

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

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

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2024 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$486.0 million, \$232.7 million and \$253.3 million, respectively.

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

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

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

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at

www.buildamerica.com/videos. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

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

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

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

THE DISTRICT

Authority

Horizon Regional Municipal Utility District was created as El Paso County Water Authority pursuant to Article 16, Section 59 of the Texas Constitution by special act of the 57th Legislature of Texas, on August 8, 1961. On September 4, 2003, the TCEQ issued *An Order Approving A Request By El Paso County Water Authority To Change Its Name To Horizon Regional Municipal Utility District*, effective as of that date. The District is vested with all of the rights, privileges, authority, and functions conferred by the general laws of the State applicable to municipal utility districts, including without limitation those conferred by Chapters 49 and 54, Texas Water Code, as amended. The District is empowered to purchase, construct, operate, acquire, own, and maintain all water and wastewater facilities and improvements and improvements to control and divert storm water. The District is additionally empowered to establish, operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, and to issue bonds for such purposes, after approval by the TCEQ and the District's voters. The District is subject to the continuing supervisory jurisdiction of the TCEQ.

Description

Originally created with approximately 91,000 acres, through various annexations and deannexations, the District is currently comprised of approximately 90,885.598 acres. Approximately 3,290 acres are developed, although the majority of the District is platted. The District is located approximately 11.3 miles from the City of El Paso's central business district, north of Interstate Highway 10 and east of Loop 375. The District lies partially within the extraterritorial jurisdictions of the City of El Paso and the City of Socorro, and includes the Town of Horizon City within its boundaries. The District is primarily located within the Clint Independent School District, with a portion located within the Socorro Independent School District.

Management of the District

The District is governed by the Board of Directors (the "Board"), consisting of five directors, which has management control over and management supervision of all affairs of the District. All of the members of the Board reside in the

District. Directors are elected to serve four-year staggered terms. Elections are held within the District in May of each odd-numbered year. The current members and officers of the Board are as follows:

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Gordon (Bob) Jarvis	President	2025
Carl Dean Hulseley	Vice President	2027
Mike Barton	Secretary	2027
Florence (Kit) Thomas	Treasurer	2027
Vacant		2025

The District contracts for the services indicated below:

Auditor - The District’s audited financial statements for the year ended September 30, 2023 were prepared by McCall Gibson Swedlund Barfoot PLLC, Houston, Texas, Certified Public Accountants. A copy of such audit appears herein as Appendix A.

Bond Counsel and General Counsel - The District employs Johnson Petrov LLP, Houston, Texas, as Bond Counsel in connection with the issuance of the Bonds. The legal fees to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of Bonds actually issued and sold; and therefore, such fees are contingent on the sale and delivery of the Bonds. Johnson Petrov LLP also serves as General Counsel to the District on matters other than the issuance of bonds. See "LEGAL MATTERS."

Disclosure Counsel - Orrick, Herrington & Sutcliffe LLP, Houston, Texas. The legal fees to be paid to Disclosure Counsel for services rendered in connection with the issuance of the Bonds are contingent on the sale and delivery of the Bonds.

Financial Advisor - The District's financial advisor is Blich Associates, Inc., Houston, Texas.

Engineer - The consulting engineer for the District is TRE & Associates, LLC, El Paso, Texas.

Operator - The District’s System is operated by Inframark, El Paso, Texas.

Bookkeeper - The District’s books and records are kept by Inframark, El Paso, Texas.

Tax Assessor/Collector - The District's Tax Assessor/Collector is Maria O. Pasillas, Tax Assessor/Collector for the City of El Paso, Texas.

Development

As of May 2024, the District provides water service to approximately 14,138 active connections, including 13,710 occupied single-family homes constructed in the District. As of the same date, there were an additional 428 connections served, including 264 commercial customers, 23 schools and 16 churches and other connections.

The Defined Area

The Defined Area was created on November 6, 2018 and consists of 266.012 acres. The land within the Defined Area is being developed as single-family residential property. As of June 23, 2024, within the Defined Area, there are 454 lots, upon which 377 homes have been constructed. Approximately 123.75 acres remain undeveloped within the Defined Area.

The Other Defined Areas within the District

Within the District are located four other defined areas: Ravenna Defined Area, Hunt Properties Defined Area, Hunt Communities Defined Area and Summer Sky North Defined Area. Created by the District, the defined areas have each held confirmation elections, at which tax bonds and taxes were authorized. Defined area bonds are payable solely from taxes levied against taxable property within such defined area.

Below is a summary of such defined areas:

	<u>Hunt Communities</u>	<u>Ravenna</u>	<u>Hunt Properties</u>	<u>Summer Sky North</u>
Acreage	438.032	119.426	779.121	160.000
Date Created	11/7/2017	11/6/2018	11/3/2020	5/7/2022
Bonds Outstanding	None	None	None	None
Authorized Bonds (a)	\$12,130,000	\$5,560,000	\$19,100,000	\$4,200,000

(a) All defined areas additionally have an equal amount of unlimited tax refunding bonds authorized, except for the Ravenna Defined Area, which has \$8,340,000 in refunding bonds authorized. .

The District has not yet issued any defined area bonds for the four defined areas listed above.

The Developer

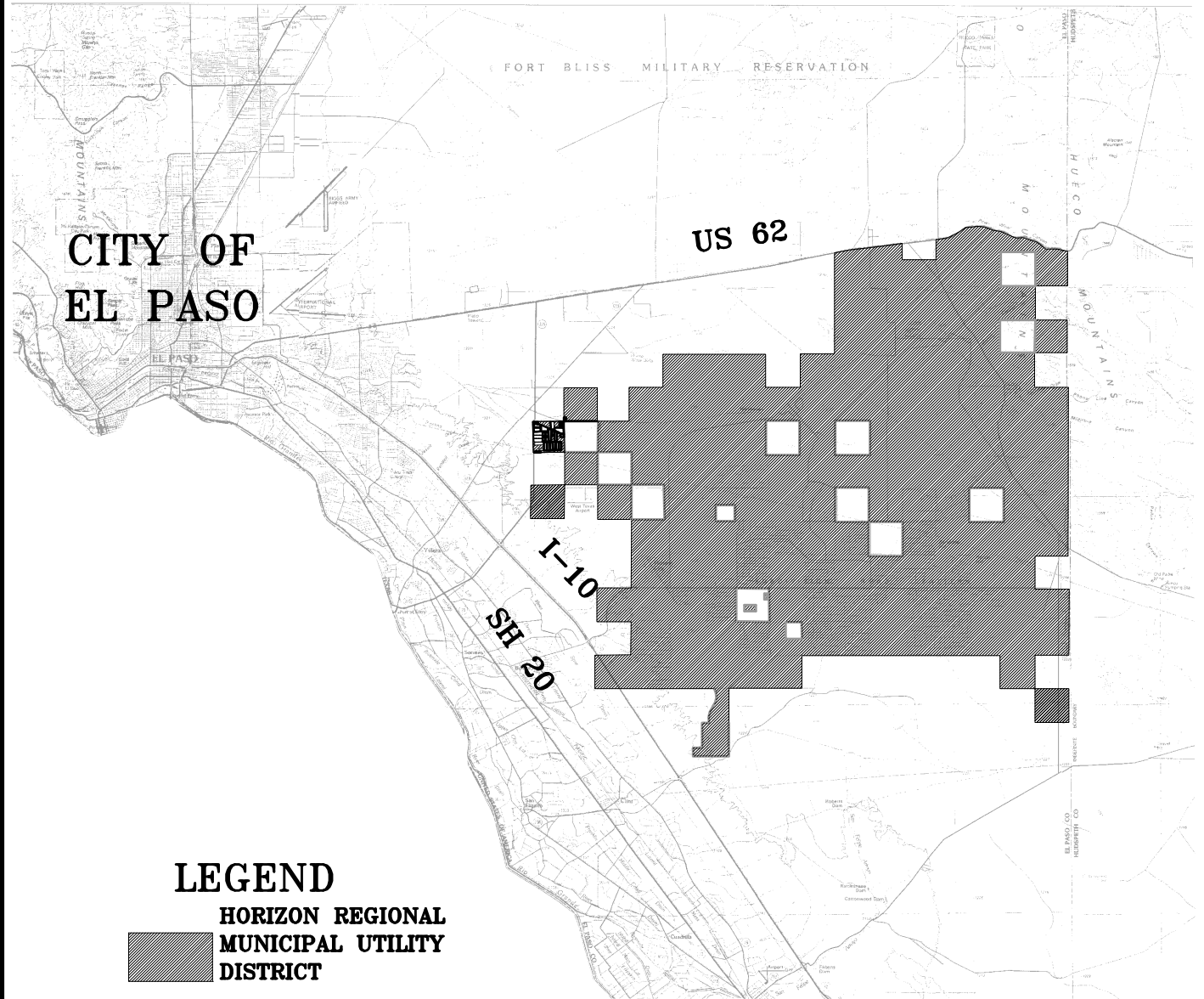
SDC Development LLC (“SDC” or the “Developer”) is currently developing the residential subdivision Rancho Desierto Bello within the Defined Area created by RKM Land Partners, LLC and within the town limits of the Town of Horizon City. The lots that are being developed by SDC are expected to be constructed with single-family detached homes built and marketed by Desert View Homes.

Rancho Desierto Bello is an approximate 240 acre community being developed and released to the market in nine different phases. SDC has completed three of the nine phases with a total of 454 developed lots of which 358 have been completed with residential homes or are currently under construction by Desert View Homes, with an average sales price of \$200,900. SDC has begun its forth phase, adding an additional 68 finished lots. The fifth phase is expected to commence development in August 2024.

Desert View Homes is currently building in nine other communities in the El Paso market area. In addition to building homes in El Paso, Desert View Construction, through its different business entities, builds homes in San Antonio and Laredo, Texas, Northern and Southern Colorado and Las Cruces, New Mexico.

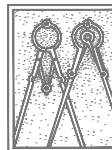
Prospective purchasers of the Bonds should note that the prior real estate experience of a developer should not be construed as an indication that further development within the Defined Area will occur, construction of taxable improvements upon property within the Defined Area will occur, or that marketing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

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT LOCATION MAP



LEGEND

 HORIZON REGIONAL
MUNICIPAL UTILITY
DISTRICT



GRAY | JANSING & ASSOCIATES, INC.
Consulting Engineers
8217 Shoal Creek Blvd., Suite 200
Austin, Texas 78757-7592
(512)452-0371 FAX(512)454-9933

DEFINED AREA DEBT

Debt Statement

2024 Taxable Assessed Valuation (100% of Market Value)	\$80,521,046	(a)
Direct Debt		
The Bonds	\$1,645,000	
Estimated Overlapping Debt	<u>12,498,969</u>	(b)
Direct and Estimated Overlapping Debt	<u>\$14,143,969</u>	
Direct Debt Ratios:		
Direct Debt to Value	2.04%	
Direct & Estimated Overlapping Debt to Value	17.57%	
Average Annual Debt Service Requirements (2025/53)	\$99,150	
Maximum Annual Debt Service Requirements (2027)	\$106,828	
Fund Balances as of August 9, 2024 (Cash & Investments)		
General Fund	\$122,598	
Debt Service Fund	\$97,724	(c)
Capital Projects Fund	\$0	

(a) Certified by the Appraisal District; represents the taxable assessed valuation of taxable property within the Defined Area as of January 1, 2024. See "TAX PROCEDURES."

(b) See "Estimated Overlapping Debt," below.

(c) Two years' capitalized interest (\$156,250) will be deposited into the Debt Service Fund from proceeds of the Bonds.

Estimated Overlapping Debt

The following table indicates the indebtedness, defined as outstanding bonds payable from ad valorem taxes, of governmental entities within which the Defined Area is located and the estimated percentages and amounts of such indebtedness attributable to property within the Defined Area. This information is based upon data secured from the individual jurisdiction and/or the Texas Municipal Reports. Such figures do not indicate the tax burden levied by the applicable taxing jurisdictions for operation and maintenance or for other purposes. See "TAX DATA--Estimated Overlapping Taxes."

<i><u>Jurisdiction</u></i>	<i><u>Debt As Of August 1, 2024</u></i>	<i><u>Overlapping Percent</u></i>	<i><u>Overlapping Amount</u></i>
Clint Independent School District	\$137,267,986	3.222%	\$4,422,775
El Paso County	238,897,284	0.096%	229,341
El Paso County Community College District	None	0.096%	0
El Paso County Hospital District	301,115,000	0.096%	289,070
Horizon City, Town of	47,690,000	4.181%	1,993,919
Horizon Regional Municipal Utility District (a)	223,089,985	2.494%	<u>5,563,864</u>
			\$12,498,969
The Defined Area (the Bonds)			<u>1,645,000</u>
Total Direct & Estimated Overlapping Debt			<u>\$14,143,969</u>

(a) In addition to the interest and sinking fund and maintenance and operation taxes paid as a result of the creation of the Defined Area, the issuance of debt secured by ad valorem tax levied against property within the Defined Area and the operation of facilities within the Defined Area, property owners within the Defined Area also pay separate interest and sinking fund and maintenance and operation taxes to Horizon Regional Municipal Utility District for the issuance of debt secured by ad valorem tax levied against all property within the District and the operation of facilities within the System.

Debt Service Schedule

The following sets forth the debt service requirements on the Bonds (*Totals may not add due to rounding*):

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$30,000	\$70,396	\$100,396
2026	30,000	74,469	104,469
2027	35,000	71,828	106,828
2028	35,000	68,984	103,984
2029	35,000	66,141	101,141
2030	35,000	63,297	98,297
2031	40,000	60,250	100,250
2032	40,000	57,800	97,800
2033	40,000	56,150	96,150
2034	40,000	54,500	94,500
2035	45,000	52,747	97,747
2036	45,000	50,891	95,891
2037	50,000	48,931	98,931
2038	50,000	46,869	96,869
2039	50,000	44,806	94,806
2040	55,000	42,641	97,641
2041	55,000	40,372	95,372
2042	60,000	38,000	98,000
2043	60,000	35,525	95,525
2044	65,000	32,947	97,947
2045	70,000	30,163	100,163
2046	70,000	27,275	97,275
2047	75,000	24,284	99,284
2048	80,000	21,038	101,038
2049	85,000	17,531	102,531
2050	85,000	13,919	98,919
2051	90,000	10,200	100,200
2052	95,000	6,269	101,269
2053	<u>100,000</u>	<u>2,125</u>	<u>102,125</u>
	<u>\$1,645,000</u>	<u>\$1,230,346</u>	<u>\$2,875,346</u>

Average Annual Debt Service (2025/2053)	\$ 99,150
Maximum Annual Debt Service (2027)	\$ 106,828

TAX PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in sufficient amount to pay the principal of and interest on the Bonds and any additional bonds payable from taxes which the District may hereafter issue (see “RISK FACTORS – Future Debt”), and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Resolution to levy such a tax from year to year as described more fully above under “THE BONDS – Source and Security for Payment.” Under Texas law, the Board may also levy and collect annual ad valorem taxes for the operation and maintenance purposes and for the payment of certain contractual obligations. At an election held within the Defined Area on November 6, 2018, the voters in the Defined Area authorized the levy of a maintenance and operation tax in an amount not to exceed \$1.00 per \$100 assessed value. For the 2023 tax year, a maintenance and operation tax of \$0.065 per \$100 assessed value and a debt service tax of \$0.160 per \$100 assessed value was levied within the Defined Area. See “TAX DATA – Maintenance Tax.”

Property Tax Code and County-Wide Appraisal Districts

Title I of the Texas Tax Code (the “Property Tax Code”) specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized here. The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing the values established by the appraisal district. The El Paso Central Appraisal District (the “Appraisal District”) has the responsibility of appraising property for all taxing units within El Paso County, Texas, including the District. Such appraisal values will be subject to review and change by the El Paso County Appraisal Review Board (the “Appraisal Review Board”).

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually-owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons, to the extent deemed advisable by the Board of Directors of the District. The District may be required to offer such exemptions if a majority of voters approve same at an election. The District would be required to call an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District’s obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. The District currently grants no exemption to residential homesteads of persons 65 years or older and certain disabled persons within the Defined Area.

Furthermore, the District must grant exemptions to disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces, if requested, but only to the maximum extent of between \$5,000 and \$12,000 depending upon the disability rating of the veteran claiming the exemption. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran’s residence homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran’s residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran’s exemption applied. A partially disabled veteran or certain surviving spouses of partially

disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. This exemption will also apply to a residence homestead that was donated by a charitable organization at some cost to such veterans. Also, the surviving spouse of a member of the armed forces who was killed in action is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the service member's death and said property was the service member's residence homestead at the time of death. Such exemption may be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

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

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State to exempt up to twenty percent (20%) of the appraised market value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted by before July 1. See "TAX DATA." The District currently grants no percentage homestead exemption within the Defined Area.

Freeport Goods and Goods-in-Transit Exemption: A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2013 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption includes tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law.

Tax Abatement

El Paso County, Texas, may designate all or part of the area within the District as a reinvestment zone. Thereafter, the County and the District, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property

covered by the agreement over its assessed valuation in the year in which the agreement is executed on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. As of September 1, 1999, each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions. To date, El Paso County, Texas, has not designated any part of the area within the District as a reinvestment zone.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code. Nevertheless, certain land may be appraised at less than market value, as such is defined in the Property Tax Code. The Texas Constitution limits increases in the appraised value of residence homesteads to 10 percent annually regardless of the market value of the property. The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all of such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three years for agricultural use and taxes for the previous five years for open space land and timberland.

The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraisal values. The plan must provide for appraisal of all real property in the Appraisal District at least once every three (3) years. It is not known what frequency of reappraisals will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis. The District, however, at its expense, has the right to obtain from the Appraisal District a current estimate of appraised values within the District or an estimate of any new property or improvements within the District. While such current estimate of appraised values may serve to indicate the rate and extent of growth of taxable values within the District, it cannot be used for establishing a tax rate within the District until such time as the Appraisal District chooses to formally include such values on its appraisal roll.

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

During the 2nd Special Session, convened on June 27, 2023, the Texas Legislature passed Senate Bill 2 ("SB 2"), which, among other things, includes provisions that prohibit an appraisal district from increasing the appraised value of real property during the 2024 tax year on non-homestead properties (the "Subjected Property") whose appraised values are not more than \$5,000,000 (the "Maximum Property Value") to an amount not to exceed the lesser of: (1) the market

value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected. After the 2024 tax year, through December 31, 2026, the Maximum Property Value may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in consumer price index, as applicable, to the Maximum Property Value. SB 2 was signed into law by the Governor on July 22, 2023. The provisions described hereinabove took effect January 1, 2024, after the constitutional amendment proposed by H.J.R. 2, 88th Legislature, 2nd Called Session, 2023, was approved by voters at an election held on November 7, 2023.

District and Taxpayer Remedies

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

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

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Directors, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. For those taxes billed at a later date and that become delinquent on or after June 1, they will also incur an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, may be rejected. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and interest, if the person requests an installment agreement in writing and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in equal monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) sixty-five (65) years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continues to accrue during the period of deferral.

Rollback of Operation and Maintenance Tax Rate

Chapter 49 of the Texas Water Code, as amended, classifies districts differently based on the current operation and maintenance tax rate or on the percentage of build-out that the District has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per \$100 of taxable value are classified

as "Special Taxing Units." Districts that have financed, completed, and issued bonds to pay for all improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as "Developed Districts." Districts that do not meet either of the classifications previously discussed are classified herein as "Developing Districts." The impact each classification has on the ability of a district to increase its maintenance and operations tax rate is described for each classification below. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

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

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

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

The District. A determination as to a district's status as a Special Taxing Unit, Developed District, or Developing District will be made on an annual basis, at the time a district sets its tax rate, beginning with the 2020 tax rate. The Board determined the Defined Area to be a "Developing District" for purposes of setting the 2024 tax rate. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new rollback election calculation.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year in which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the District, having the power to tax the property. The District's tax lien is on parity with the tax liens of other such taxing units. See "DEFINED AREA DEBT—Estimated Overlapping Debt." A tax lien on real property takes priority over the

claims of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on parity with or takes priority over a tax lien of the District is determined by federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty and interest.

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

DEFINED AREA TAX DATA

General

All taxable property within the Defined Area is subject to the assessment, levy and collection by the District of a continuing, direct annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds, the Outstanding Bonds, and any future tax-supported bonds to be secured by ad valorem taxes levied against property within the District and the Defined Area which may be issued from time to time as may be authorized. Taxes are levied by the District each year against the Defined Area’s assessed valuation as of January 1 of that year. Taxes become due October 1 of such year, or when billed, and become delinquent after January 31 of the following year. The Board covenants in the Bond Resolution to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax against property in the Defined Area ample and sufficient to produce funds to pay the principal and interest on the Bonds when due. The actual rate of such tax will be determined from year to year as a function of the Defined Area’s tax base, its debt service requirements, and available funds.

Defined Area Tax Collection History

The following table indicates the collection history for taxes assessed in the Defined Area:

<i><u>Tax Year</u></i>	<i><u>Taxable Valuation</u></i>	<i><u>Debt Rate</u></i>	<i><u>M&O Rate</u></i>	<i><u>Total Tax Rate</u></i>	<i><u>Tax Levy</u></i>	<i><u>Percent Current</u></i>	<i><u>Percent Total</u></i>	<i><u>Yr End Sep. 30</u></i>	
2022	\$36,770,283	\$0.000	\$0.225	\$0.225	\$82,742	99.66%	99.66%	2023	(a)
2023	61,360,202	0.160	0.065	0.225	138,069	99.52%	99.74%	2024	(b)

(a) Represents the taxable assessed valuation of taxable property within the Defined Area as of January 1, 2023.

(b) Collections through July 31, 2024 only.

Analysis of Defined Area Tax Base

Based on information provided to the District by its Tax Assessor/Collector, the following represents the composition of property within the Defined Area comprising the tax roll valuations for each of the years indicated:

	<u>2024 Amount</u>	<u>2024 %'s</u>	<u>2023 Amount</u>	<u>2023 %'s</u>
Land	\$12,661,102	15.28%	\$9,920,286	15.53%
Improvements	70,099,458	84.58%	53,924,025	84.43%
Personal Property	<u>117,967</u>	0.14%	<u>24,470</u>	0.04%
Subtotal	\$82,878,527		\$63,868,781	
Less: Exemptions	<u>(2,357,481)</u>		<u>(2,508,579)</u>	
Total Taxable Value	<u>\$80,521,046</u>		<u>\$61,360,202</u>	

(a) Values shown above may reflect original certified amounts and may differ from those shown elsewhere herein.

Principal Taxpayers in the Defined Area

<u>Name of Taxpayer</u>	<u>Type of Property</u>	<u>2023 Ass'd Value</u>	<u>% Total 2023 AV</u>	<u>2022 Ass'd Value</u>	<u>% Total 2022 AV</u>
Desert View Construction LLC	Homebuilder	\$1,263,826	2.06%	\$418,091	1.14%
SDC Development LLC (a)	Developer	1,043,892	1.70%	(b)	
Vanessa & Chavez Gustavo	Residence	251,065	0.41%	(b)	
Arcelia Gonzales	Residence	250,547	0.41%	(b)	
Dalton James	Residence	244,762	0.40%	(b)	
Christopher Vallapando	Residence	243,818	0.40%	(b)	
Pedro Barraza	Residence	243,346	0.40%	201,649	0.55%
Julio Leyva	Residence	242,876	0.40%	202,706	0.55%
Annette & William Mincey	Residence	242,230	0.39%	(b)	
Cesar & Grace Chavarria	Residence	242,019	0.39%	(b)	
Desert View Construction Inc	Developer	(b)		418,194	1.15%
Stewart Latres	Residence	(b)		202,855	0.55%
Gibran Andrade	Residence	(b)		201,676	0.55%
Daniel Leyva	Residence	(b)		200,879	0.55%
Jose Ramirez	Residence	(b)		200,605	0.55%
Anthony Lopez	Residence	(b)		199,319	0.54%
Maria Garcia	Residence	<u>(B)</u>		<u>199,195</u>	<u>0.54%</u>
Total--Top Ten		<u>\$4,268,381</u>	<u>6.94%</u>	<u>\$2,445,169</u>	<u>6.65%</u>

(a) The primary Developer.

(b) Not among top ten this year.

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 of assessed valuation which would be required to meet certain debt service requirements if no growth in the District’s tax base occurs beyond the 2024 Taxable Value (\$80,521,046). The calculations assume collection of 98% of taxes levied and the sale of no additional bonds by the District.

Average Debt Service Requirements on the Bonds (2025/2053)	\$99,150
Tax Rate of \$0.126 on the 2024 Taxable Value produces	\$99,427
Maximum Debt Service Requirements on the Bonds (2027)	\$106,828
Tax Rate of \$0.136 on the 2024 Taxable Value produces	\$107,318

Estimated Overlapping Taxes

Property within the Defined Area is subject to taxation by several taxing authorities in addition to the Defined Area. Under Texas law, a tax lien attaches to property to secure the payment of all taxes, penalty, and interest for the year, on January 1 of that year. The tax lien on property in favor of the District is on a parity with tax liens of other taxing jurisdictions. In addition to ad valorem taxes required to make debt service payments on bonded debt of the Defined Area and of such other jurisdictions, certain taxing jurisdictions are authorized by Texas law to assess, levy, and collect ad valorem taxes for operation, maintenance, administrative, and/or general revenue purposes.

<u>Taxing Entities</u>	<u>2023 Tax Rates</u>
Clint Independent School District	\$1.137500
El Paso County	0.458889
El Paso County Community College District	0.115717
El Paso County Emergency Services District No. 1	0.100000
El Paso Co Hospital District	0.235650
Horizon City, Town of	0.574500
Horizon Regional MUD	<u>0.540002</u>
Overlapping Taxes (a)	\$3.162258
The Defined Area	<u>0.225000</u>
Total Direct & Overlapping Taxes	<u><u>\$3.387258</u></u>

(a) In addition to the interest and sinking fund and maintenance and operation taxes paid as a result of the creation of the Defined Area, the issuance of debt secured by ad valorem taxes levied against property within the Defined Area and the operation of facilities within the Defined Area, property owners within the Defined Area also pay separate interest and sinking fund and maintenance and operation taxes to Horizon Regional Utility District for the issuance of debt secured by ad valorem tax levied against all property within the District and the operation of facilities within the System.

THE SYSTEM

Regulation

The water, wastewater and storm drainage facilities serving land within the District (the "System") have been designed in conformance with accepted engineering practices and the requirements of certain governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities including, among others, the TCEQ, El Paso County Engineering Department and the Town of Horizon City. During construction, water and wastewater facilities are subject to inspection by the District's Engineer and the foregoing governmental agencies.

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

Description of the System

Following is a description of the components of the District's System.

- Water System -

The District's potable water supply is supported by groundwater. The District owns and operates a reverse osmosis water treatment plant (the "RO Plant") which currently treats and delivers 8.0 million gallons of water per day (mgd) into the supply system. The RO Plant treats water supplied by 10 wells with a total yield of approximately 13.1 mgd. The District also owns and maintains 10 wells with a yield of approximately 1.25 mgd which meet the United States Environmental Protection Agency and TCEQ water quality standards for supply with minimal treatment.

The water supply system includes five elevated storage tanks and five ground storage tanks. The combined storage is currently 6.6 million gallons. The District serves 12,421 residential and 388 other connections as of April, 2023.

- Wastewater System -

Wastewater collection and treatment is being provided to residential and other customers within an approximate 5,100 acre area within the District. The District's wastewater treatment capacity is 3.0 mgd which is provided by a complete mix plant. The wastewater collection system includes 20 lift stations.

- Stormwater Drainage -

Stormwater drainage throughout the District is captured in stormwater retention ponds or discharged for conveyance through a series of man-made and naturally occurring "arroyos" or channels. No District funds have been expended on stormwater drainage, nor is any expected.

Rate Order

The District’s utility rate order, subject to change from time to time by the Board, is summarized in part below and became effective August 24, 2023:

-Water Rates-
(based on monthly consumption)

First 3,000 gallons	\$19.00 (a)
3,001 to 6,000 gallons	\$1.58 per thousand gallons
6,001 to 10,000 gallons	\$1.98 per thousand gallons
10,001 to 15,000 gallons	\$2.47 per thousand gallons
15,001 to 25,000 gallons	\$3.09 per thousand gallons
25,001 to 50,000 gallons	\$3.86 per thousand gallons
50,001 to 100,000 gallons	\$4.82 per thousand gallons
100,001 to 250,000 gallons	\$6.03 per thousand gallons
250,001 to 400,000 gallons	\$7.53 per thousand gallons
400,001 to 1,000,000 gallons	\$9.42 per thousand gallons
Over 1,000,000 gallons	\$11.77 per thousand gallons

(a) Based upon meter size of less than 1". For meters of 1", the minimum fee is \$17.33 and for meters greater than 1", the minimum fee is \$21.56. In addition, a monthly fee of \$20.50 (increasing to \$21.50 effective January 1, 2021) is added to each water customer not exempted from mandatory solid waste collection service.

-Wastewater-
(based upon monthly water consumption)(a)

First 3,000 gallons	\$18.68 (b)
3,001 to 6,000 gallons	\$1.05 per thousand gallons
6,001 to 10,000 gallons	\$1.31 per thousand gallons
10,001 to 15,000 gallons	\$1.64 per thousand gallons
15,001 to 25,000 gallons	\$2.05 per thousand gallons
25,001 to 50,000 gallons	\$2.56 per thousand gallons
50,001 to 100,000 gallons	\$3.20 per thousand gallons
100,001 to 250,000 gallons	\$4.01 per thousand gallons
250,001 to 400,000 gallons	\$5.01 per thousand gallons
400,001 to 1,000,000 gallons	\$6.26 per thousand gallons
Over 1,000,000 gallons	\$7.82 per thousand gallons

(a) Charges for wastewater services are based on the lesser of (i) the current monthly water bill or (ii) the average monthly usage for the preceding December, January and February.

(b) Based upon meter size of less than 1". For meters of 1" and greater, the minimum fee is \$25.00.

RISK FACTORS

General

The Bonds, which are special obligations of the District and are not obligations of the State of Texas, El Paso County, Texas, the City of El Paso, Texas, the Town of Horizon City, Texas or any other political subdivision, will be secured by a continuing, direct, annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the Defined Area. The ultimate security for payment of the principal of and interest on the Bonds depends on the ability of the District to collect from the Defined Area property owners within the District all taxes levied against the property, or in the event of foreclosure, on the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. At this point in the development of the Defined Area, the potential increase in taxable values of property is directly related to the demand for commercial and residential development, not only because of general economic conditions, but also due to particular factors discussed below.

Economic Factors and Interest Rates

A substantial percentage of the taxable value of the Defined Area results from the current market value of single-family residences and of developed lots which are currently being marketed for sale to homebuilders for the construction of primary residences. The market value of such homes and lots is related to general economic conditions in El Paso, the State of Texas and the nations and those conditions can affect the demand for residences. Demand for lots of this type and the construction of residential dwellings thereon can be significantly affected by factors such as interest rates, credit availability (see "Credit Market and Liquidity in the Financial Markets," below), construction costs and the prosperity and demographic characteristics of the urban center toward which the marketing of lots is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the Defined Area or could adversely impact such values.

Credit Markets and Liquidity in the Financial Markets

Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates at which developers are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, particularly liquidity in the national credit markets, the District is unable to assess the future availability of such funds for continued construction within the Defined Area. In addition, since the District is located within the corporate limits of the Town of Horizon City, Texas, approximately 20 miles from the City of El Paso, Texas, the success of development within the Defined Area and growth of Defined Area taxable property values are, to a great extent, a function of the El Paso metropolitan and regional economies and national credit and financial markets. A downturn in the economic conditions of El Paso and further decline in the nation's real estate and financial markets could continue to adversely affect development and home-building plans in the District and restrain the growth of the Defined Area's property tax base.

Factors Affecting Taxable Values and Tax Payments

Economic Factors: The growth of taxable values in the Defined Area is directly related to the vitality of the housing development and commercial building industry in the El Paso metropolitan area. The housing and building industry has historically been a cyclical industry, affected by both short and long-term interest rates, availability of mortgage and development funds, labor conditions and general economic conditions. During the late 1980's, an oversupply of single-family residential housing in the El Paso metropolitan market and the general downturn in the El Paso economy adversely affected the local residential development and construction industries. In addition to a decline in housing demand, mortgage foreclosure by private banks and government and financial institutions depressed housing prices and the value of residential real estate in the El Paso metropolitan area. The El Paso economy is still somewhat dependent on energy prices and a precipitous decline in such prices could result in additional adverse effects on the El Paso economy.

Maximum Impact on Defined Area Rates: Assuming no further development, the value of the land and improvements currently within the Defined Area will be the major determinant of the ability or willingness of Defined Area property owners to pay their taxes. The 2024 taxable value is \$80,521,046. See "DEFINED AREA TAX DATA." After issuance of the Bonds, the maximum annual debt service requirement (2027) is \$106,828 and the average annual debt service requirements (2025/2053) is \$99,150. Assuming no increase or decrease from the above valuation and no use of funds other than tax collections, tax rates of \$0.136 and \$0.126 per \$100 assessed valuation at a 98% collection rate against the 2024 taxable value, respectively, would be necessary to pay such debt service requirements on the maximum annual and average annual debt service requirements. The Board has levied a Defined Area 2023 debt service tax rate of \$0.160 and a maintenance tax rate of \$0.065. See "DEFINED AREA DEBT--Forma Debt Service Schedule" and "TAX DATA--Tax Rate Calculations."

Overlapping Tax Rates

Consideration should be given to the total tax burden of all overlapping jurisdictions imposed upon property located within the Defined Area as contrasted with property located in comparable real estate developments to gauge the relative tax burden on property within the Defined Area. The combination of the Defined Area's and the overlapping taxing entities' tax rates is higher than the combined tax rates levied upon certain other comparable developments in the market area.

Consequently, an increase in the Defined Area's tax rate above those anticipated above may have an adverse impact on future development or the construction of additional taxable improvements in the Defined Area. See "DEFINED AREA DEBT--Estimated Overlapping Debt" and "DEFINED AREA TAX DATA--Estimated Overlapping Taxes."

Tax Collection Limitations

The Defined Area's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the Defined Area constitutes a lien in favor of the Defined Area on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The Defined Area's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer, or (c) market conditions limiting the proceeds from a foreclosure sale of taxable property. While the Defined Area has a lien on taxable property within the Defined Area for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. Because ownership of the land within the Defined Area may become highly fragmented among a number of taxpayers, attorney's fees and other costs of collecting any such taxpayer's delinquencies could substantially reduce the net proceeds to the Defined Area from a tax foreclosure sale. Finally, any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the Defined Area pursuant to the Federal Bankruptcy Code could stay any attempt by the Defined Area to collect delinquent ad valorem taxes against such taxpayer.

Registered Owners' Remedies

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Resolution, or defaults in the observation or performance of any other covenants, conditions or obligations set forth in the Bond Resolution, the registered owners have the statutory right of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations or conditions prescribed in the Bond Resolution. Except for mandamus, the Bond Resolution does not specifically provide for remedies to protect and enforce the interests of the registered owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Resolution may not be reduced to a judgment for money

damages. If such judgment against the District were obtained, it could not be enforced by direct levy and execution against the District's property. Further, the registered owners cannot themselves foreclose on the property of the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the registered owners may further be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District.

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of registered owners may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the Defined Area. Subject to the requirements of Texas law discussed below, a political subdivision such as the Defined Area may voluntarily file a petition for relief from creditors under Chapter 9 of the Federal Bankruptcy Code, 11 USC sections 901-946. The filing of such petition would automatically stay the enforcement of registered owner's remedies, including mandamus and the foreclosure of tax liens upon property within the Defined Area 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 subdivisions.

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 a registered owner by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of the registered owner's claim against a district.

Environmental Regulation and Air Quality

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

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

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

Air Quality/Greenhouse Gas Issues. Air quality control measures required by the United States Environmental Protection Agency (the "EPA") and the TCEQ may impact new industrial, commercial and residential development in El Paso and adjacent areas. Under the Clean Air Act ("CAA") Amendments of 1990, the El Paso County area ("EP area") was originally designated by the EPA as a moderate ozone nonattainment area under the "8-hour" ozone standard of 80 parts per billion ("ppb") ("the 1997 Ozone Standard"). Such areas are required to demonstrate progress in reducing ozone concentrations each year until the EPA's "8-hour" ozone standards are met. To provide for reductions in ozone concentrations, the EPA and the TCEQ have imposed increasingly stringent limits on sources of air emissions and require any new source of significant air emissions to provide for a net reduction of air emissions. On June 15, 2007, the

Governor of the State of Texas requested a voluntary reclassification of the EP area to a severe ozone nonattainment area under the 1997 Ozone Standard, with an attainment date of June 15, 2019. On October 1, 2008, the EPA granted this request. The severe classification gives the EP area more time to reach attainment under the 1997 Ozone Standards. It is possible that additional controls will be necessary to allow the EP area to reach attainment by June 15, 2019. These additional controls could have a negative impact on the EP area's economic growth and development.

In 2008, the EPA lowered the ozone standard to 75 ppb (the "2008 Ozone Standard"), and designated the EP area as a marginal ozone nonattainment area. The EP area was required to reach attainment under the 2008 Ozone Standard no later than July 20, 2018, but is currently designated as a moderate nonattainment area under such standard. Because the EP area has failed to demonstrate progress in reducing ozone concentrations and failed to meet EPA's standards, the EPA may impose a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects, as well as severe emissions offset requirements on new major sources of air emissions for which construction has not already commenced.

On October 1, 2015, the EPA lowered the ozone standard to 70 ppb (the "2015 Ozone Standard"). On November 30, 2021, the EPA published a final nonattainment designation for the 2015 eight-hour ozone NAAQS for El Paso County, effective December 30, 2021. A designation of nonattainment for ozone or any pollutant can negatively impact business due to the additional permitting/regulatory constraints that accompany this designation and because of the community stigma associated with a nonattainment designation. This designation could additionally make it more difficult for the EP area to demonstrate progress in reducing ozone concentration.

In order to comply with the EPA's standards for the EP area, the TCEQ has established a state implementation plan ("SIP") setting emission control requirements, some of which regulate the inspection and use of automobiles. These types of measures could impact how people travel, what distances people are willing to travel, where people choose to live and work, and what jobs are available in the EP area.

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

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

Texas Pollutant Discharge Elimination System ("TPDES") permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000) ("CGP"), with an effective date of March 5, 2023, which is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain non-stormwater discharges into surface water in the state. The CGP has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act ("CWA") and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district's ability to obtain and maintain compliance with TPDES permits.

The District is subject to the TCEQ's General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit"), which was issued by the TCEQ on January 24, 2019. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. In order to maintain MS4 Permit compliance, the District is partnering with the City, to participate in the City's program to develop, implement, and maintain the required plan (the "MS4 Permit Plan") as well as to install or implement best management practices

to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff. While the District does not have its own independent MS4 Permit Plan, the District has taken all necessary steps required by the City to be included in the City's MS4 Permit Plan in order to obtain MS4 Permit compliance with the TCEQ. If at any time in the future the District were required to maintain independent coverage under the MS4 Permit, it is anticipated that the District could incur substantial additional costs to develop and implement its own program necessary to comply with the MS4 Permit.

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

On May 25, 2023, the Supreme Court of the United States issued its decision in *Sackett v. EPA*, which clarified the definition of "waters of the United States" and significantly restricted the reach of federal jurisdiction under the CWA. Under the *Sackett* decision, "waters of the United States" includes only geographical features that are described in ordinary parlance as "streams, oceans, rivers, and lakes" and to adjacent wetlands that are indistinguishable from such bodies of water due to a continuous surface connection.

While the *Sackett* decision removed a great deal of uncertainty regarding the ultimate scope of "waters of the United States" and the extent of EPA and USACE jurisdiction, operations of municipal utility districts, including the District, could potentially be subject to additional restrictions and requirements, including additional permitting requirements, in the future.

Future Debt

The Defined Area will have \$5,855,000 principal amount of unlimited tax bonds for water, sanitary sewer and drainage purposes authorized by the Defined Area's voters which remain unauthorized. The Defined Area has the right to issue such additional bonds as may hereafter be approved by both the Board and voters of the Defined Area. Any such authorized but unissued bonds may be issued by the Defined Area from time to time as needed.

The District has no plans to issue additional debt within the next twelve months.

Proposed Tax Legislation

Tax legislation, administrative actions taken by tax authorities, and court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to state income taxation, or otherwise prevent the beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. For example, future legislation to resolve certain federal budgetary issues may significantly reduce the benefit of, or otherwise affect, the exclusion from gross income for federal income tax purposes of interest on all state and local obligations, including the Bonds. In addition, such legislation or actions (whether currently proposed, proposed in the future or enacted) could affect the market price or marketability of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and its impact on their individual situations, as to which Bond Counsel expresses no opinion.

2023 Legislative Session

The 88th Texas Legislature commenced on January 10, 2023, and concluded on May 29, 2023. The 88th Legislative 1st Special Session convened on May 29, 2023, and concluded on June 27, 2023. The 88th Legislative 2nd Special Session convened on June 27, 2023, and concluded on July 13, 2023. The Governor of Texas may call one or more special sessions, at the Governor's discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. The Legislature may enact laws that materially change current law as it relates to the District. The Legislature meets in regular session in odd-numbered years, for 140 days. When the Legislature is not in session, the Governor of Texas may call one or more special sessions, at the Governor's discretion, each lasting no more than 30 days, and for which the

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

Continuing Compliance with Certain Covenants

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

Marketability

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

Approval of the Bonds

The Attorney General of Texas must approve the legality of the Bonds prior to their delivery. The Attorney General, however, does not pass upon or guarantee the security of the Bonds as an investment, nor has the Attorney General passed upon the adequacy or accuracy of the information contained in this Official Statement.

LEGAL MATTERS

Legal Opinions

Issuance of the Bonds is subject to the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and binding obligations of the District secured by the proceeds of an ad valorem tax levied, without limit as to rate or amount, upon all taxable property in the Defined Area and, based upon examination of the transcript of the proceedings incident to authorization and issuance of the Bonds, the legal opinion of Bond Counsel to the effect that (1) the Bonds are valid and legally binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity, and (2) are payable from annual ad valorem taxes, which are not limited by applicable law in rate or amount, levied against all property within the District which is not exempt from taxation by or under applicable law. The 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.

Legal Review

Bond Counsel has reviewed the information appearing in this Official Statement under the sections captioned: “THE BONDS” (except the subsection “--Book-Entry-Only System”), “THE DISTRICT--Authority,” “TAX PROCEDURES-- Authority to Levy Taxes,” “LEGAL MATTERS - Legal Opinions,” “LEGAL MATTERS--Legal Review,” “TAX MATTERS,” and “CONTINUING DISCLOSURE OF INFORMATION” (except the subsection “--Compliance with Prior Undertakings”) solely to determine whether such information fairly summarizes matters of law with respect to the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement, nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of any of the information contained herein, other than the matters discussed immediately above.

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

Litigation

In July 2018, the District sought to designate a 266-acre area in the District as the “the Rancho Desierto Bello Defined Area” (the “Defined Area”) for development of single-family residential properties. The District planned to issue bonds secured by ad valorem taxes from the Defined Area to fund associated water distribution, wastewater, and stormwater facilities for the Defined Area. An election was held in the Defined Area on November 6, 2018 (“Bond Election”) to determine (1) whether the Defined Area should be designated; (2) whether the District would be authorized to issue up to \$7.5 million in bonds for associated projects; and (3) whether the District would be authorized to levy taxes in the Defined Area for maintenance purposes. All three measures were approved in the Bond Election.

In 2023, the District applied for approval of the bonds from the TCEQ. The TCEQ granted its approval on August 9, 2023. On September 28, 2013, the District sold its “Horizon Regional Municipal Utility District Rancho Desierto Bello Defined Area Unlimited Tax Bonds, Series 2023” in the par amount of \$1,645,000 (the “Defined Area Bonds”) by means of a competitive public sale.

As required under Chapter 1201, Texas Government Code, and Chapter 49, Texas Water Code, the Bonds were submitted to the Texas Attorney General’s Office (“AG”) for approval. Ultimately, the Attorney General determined that it would not approve the Defined Area Bonds because the Attorney General questioned the validity of an affidavit of the sole voter in the Bond Election which was the basis of this voter’s qualification to vote in the Bond Election.

On March 8, 2024, the District filed a lawsuit under Chapter 1205 of the Texas Government Code to obtain judicial validation of the TCEQ approved bonds. The lawsuit was styled Ex Parte Horizon Municipal Utility District, Cause No. D-1-GN-24- 001583, and was filed in the 353rd Judicial District Court of Travis County, Texas (the “Chapter 1205 Suit”). Specifically, the Chapter 1205 Suit sought an expedited declaratory judgment to establish (1) that the Defined Area had been validly and legally created, (2) that the Bond Election was conducted in accordance with Texas law and was legal and valid and (3) that the District was authorized to issue the Defined Area Bonds.

On April 22, 2024, a trial was conducted which was presided over by the Honorable Karin Krump. On the same day, Judge Krump granted the relief the District sought in the Chapter 1205 Suit, specifically ordering that (1) the Defined Area had been validly and legally created, (2) the Bond Election was conducted in accordance with Texas law and was legal and valid and (3) the District was authorized to issue the Defined Area Bonds. The deadline for appealing the ruling in this case expired on May 22, 2024, with no appeals being filed prior to the filing deadline.

The Bonds are being issued pursuant to the authorization provided by the order of the 353rd Judicial District Court.

No-Litigation Certificate

On the date of delivery of the Bonds to the Underwriter, the District will execute and deliver to the Underwriter a certificate to the effect that no litigation of any nature has been filed or is pending, as of that date, of which the District has notice, to restrain or enjoin the issuance or delivery of the Bonds, or which would affect the provisions made for their payment or security, or in any manner question the validity of the Bonds.

No Material Adverse Change

The obligations of the Underwriter to take and pay for the Bonds, and of the District to deliver the Bonds, are subject to the condition that, up to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the condition (financial or otherwise) of the District subsequent to the date of sale from that set forth

or contemplated in the Preliminary Official Statement, as it may have been supplemented or amended through the date of sale.

TAX MATTERS

Opinion

In the opinion of 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 of the owners thereof for federal income tax purposes under existing law, and interest on the Bonds is not subject to the alternative minimum tax on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code")) for purposes of determining the alternative minimum tax imposed on corporations.

Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements that must be met at and subsequent to the issuance of the Bonds in order for interest on the Bonds to be and remain excludable from federal gross income. Included among these continuing requirements are certain restrictions and prohibitions on the use of bond proceeds, yield and other restrictions on the investment of gross proceeds and other amounts, and the arbitrage rebate requirement that certain earnings on gross proceeds be rebated to the federal government. Failure to comply with these continuing requirements may cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to the date of their issuance. The District has covenanted to comply with certain procedures and has made certain representations and certifications designed to assure compliance with these Code requirements. In rendering its opinion, Bond Counsel will rely on these covenants, on representations and certifications of the District relating to matters solely within its knowledge (which Bond Counsel has not independently verified) and will assume continuing compliance by the District.

The statutes, regulations, published rulings, and court decisions on which Bond Counsel has based its opinion are subject to change by Congress, as well as to subsequent judicial and administrative interpretation by courts and the Internal Revenue Service (the "Service"). No assurance can be given that such law or its interpretation will not change in a manner that would adversely affect the tax treatment of receipt or accrual of interest on, or the acquisition, ownership, market value, or disposition of, the Bonds. No ruling concerning the tax treatment of the Bonds has been sought from the Service, and the opinion of Bond Counsel is not binding on the Service. The Service has an ongoing audit program of tax-exempt obligations to determine whether, in the Service's view, interest on such tax-exempt obligations is excludable from gross income for federal income tax purposes. No assurance can be given regarding whether or not the Service will commence an audit of the Bonds. If such an audit were to be commenced, under current procedures, the Service would treat the District as the taxpayer, and owners of the Bonds would have no right to participate in the audit process. In this regard, in responding to or defending an audit with respect to the Bonds, the District might have different or conflicting interests from those of the owners of the Bonds.

In rendering the foregoing opinions, Bond Counsel will rely upon the representations and certifications of the District made in a certificate dated the date of delivery of the Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance with the provisions of the Bond Resolution subsequent to the issuance of the Bonds. The Bond Resolution contains covenants by the District with respect to, among other matters, the use of the proceeds of the Bonds, the manner in which the proceeds of the Bonds are to be invested, the reporting of certain information to the United States Treasury and rebating any arbitrage profits to the United States Treasury. Failure to comply with any of these covenants would cause interest on the Bonds to be includable in the gross income of the owners thereof from date of the issuance of the Bonds.

The opinions set forth above are based on existing law and Bond Counsel's knowledge of relevant facts on the date of issuance of the Bonds. Such opinions are an expression of professional judgment and are not a guarantee of result. Except as stated above, Bond Counsel expresses no opinion regarding any other federal, state, or local tax consequences under current law or proposed legislation resulting from the receipt or accrual of interest on, or the acquisition, ownership, or

disposition of, the Bonds. Further, Bond Counsel assumes no obligation to update or supplement its opinions to reflect any facts or circumstances that may come to its attention or any changes in law that may occur after the issuance date of the Bonds. In addition, Bond Counsel has not undertaken to advise in the future whether any events occurring after the issuance date of the Bonds may affect the tax-exempt status of interest on the Bonds.

Original Issue Discount

Bonds maturing 2042, 2045, 2047, 2049, 2051 and 2053 (the “Discount Bonds”) are offered and sold to the public at an “original issue discount” (“OID”). OID is the excess of the stated redemption price at maturity (the principal amount) over the “issue price” of such Bonds. In general, the issue price of Discount Bonds is the first price at which a substantial amount of Discount Bonds of the same maturity are sold to the public (other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers).

For federal income tax purposes, OID accrues to the owner of a Discount Bond over such Discount Bond’s period to maturity based on the constant interest rate method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). Bond Counsel is of the opinion that the portion of OID that accrues during the ownership period of a Discount Bond (i) is interest excludable from the owner’s gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as is other interest on the Bonds, and (ii) is added to the owner’s tax basis for purposes of determining gain or loss on the maturity, redemption, sale, or other disposition of that Discount Bond. OID may be treated as continuing to accrue even if payment of the Discount Bonds becomes doubtful in the event that the District encounters financial difficulties, and it is treated as interest earned by cash-basis owners, even though no cash corresponding to the accrual is received in the year of accrual. An owner’s adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Bond.

The federal income tax consequences of the acquisition, ownership, redemption, sale, or other disposition of Discount Bonds not purchased in the initial offering at the initial offering price may be determined according to rules different from those described above. Owners of such Discount Bonds should consult their tax advisors regarding the federal, state, and local income tax treatment and consequences of acquisition, ownership, redemption, sale, or other disposition of such Discount Bonds.

Original Issue Premium

The Bonds maturing 2025 through 2031, both inclusive, and in 2034, 2037 and 2039 the “Premium Bonds”) are offered and sold to the public at prices greater than their stated redemption prices (the principal amount) payable at maturity (“Bond Premium”). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner’s yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Collateral Tax Consequences Summary

The following discussion is a brief discussion of certain collateral federal income tax consequences resulting from the purchase, ownership, or disposition of the Bonds. It does not purport to address all aspects of federal taxation that may

be relevant to a particular owner of a Bond. This discussion is based on existing statutes, regulations, published rulings, and court decisions, all of which are subject to change or modification, retroactively. Prospective investors should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

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

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

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

State, Local, and Foreign Taxes

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

Changes in Law

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law or otherwise prevent Owners of the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

NOT Qualified Tax-Exempt Obligations for Financial Institutions

The Board has NOT designated the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b) of the Code.

CONTINUING DISCLOSURE OF INFORMATION

The District, in the Bond Resolution, has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to certain information vendors. This information will be available free of charge from the Municipal Securities Rule Making Board (“MSRB”) via the Electronic Municipal Market Access (“EMMA”) system at www.emma.msrb.org.

Annual Reports

The financial information and operating data which will be provided is found in the annual audit report, within six months after the end of each of its fiscal years. Any information so provided shall be prepared in accordance with generally accepted auditing standards or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six month period, and audited financial statements when and if the audit report becomes available.

The District’s current fiscal year end is September 30. Accordingly, it must provide updated information by March 31 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Event Notices

The District shall notify the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (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 holders 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 Defined Area; (13) the consummation of a merger, consolidation, or acquisition involving the Defined Area or the System or the sale of all or substantially all of the assets of the Defined Area, 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 trustee, if material; (15) incurrence of a financial obligation of the Defined Area or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Defined Area or obligated person, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the Defined Area or obligated person, any of which reflect financial difficulties.

For these purposes, any event described in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Defined Area in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Defined Area, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry or an order confirming a plan or reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Defined Area.

The term “Financial Obligation” shall mean, for purposes of the events in clauses (15) and (16), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing,

or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in Rule 15c2-12) has been provided to the MSRB consistent with Rule 15c2-12. The District intends the words used in clauses (15) and (16) and the definition of Financial Obligation to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018 (the “2018 Release”) and any further written guidance provided by the SEC or its staff with respect to the amendments to Rule 15c2-12 effected by the 2018 Release.

Availability of Information From EMMA

Investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org. The District has agreed in the Bond Resolution to provide the foregoing information only to the MSRB through EMMA. The information will be available to holders of Bonds only if the holders comply with the procedures of the MSRB or obtain the information through securities brokers who do so.

Limitations and Amendments

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

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

Compliance with Prior Undertakings

Other than in connection with the issuance of the Bonds, the District has not previously made a continuing disclosure agreement in accordance with the Rule.

PREPARATION OF OFFICIAL STATEMENT

General

The information contained in this Official Statement has been obtained primarily from the District's records, the District's Engineer, the Appraisal District, the District's Tax Assessor/Collector and other sources believed to be reliable. The District, however, makes no representation as to the accuracy or completeness of the information derived from such sources. The summaries of the statutes, resolutions, orders, agreements and engineering and other related reports 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.

Consultants

The information contained in this Official Statement relating to the physical characteristics of the District and engineering matters and, in particular, that engineering information included in the sections captioned "THE DISTRICT" and "THE SYSTEM" has been provided by the District's Engineer and has been included herein in reliance upon the authority of such firm as experts in the field of civil engineering.

The information contained in this Official Statement relating to assessed valuations of property generally and, in particular, that information concerning historical breakdown of District valuations, principal taxpayers and collection rates contained in the sections captioned "DEFINED AREA TAX DATA" and "DEFINED AREA DEBT" has been provided by the Appraisal District and the District's Tax Assessor/Collector and has been included herein in reliance upon their authority as experts in the field of tax assessing and collecting.

The financial statements contained in "APPENDIX A—Financial Statements of the District" have been included in reliance upon the accompanying report of the District's Auditor.

Updating the Official Statement

If, subsequent to the date of the Official Statement, the District learns, or is notified by the Underwriter, of any adverse event which causes the Official Statement to be materially misleading, unless the Underwriter elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Underwriter an appropriate amendment or supplement to the Official Statement satisfactory to the Underwriter; provided, however, that the obligation of the District to so amend or supplement the Official Statement will terminate when the District delivers the Bonds to the Underwriter, unless the Underwriter notifies the District on or before such date that less than all of the Bonds have been sold to ultimate customers, in which case the District's obligations hereunder will extend for an additional period of time (but not more than 90 days after the date the District delivers the Bonds to the Underwriter) until all of the Bonds have been sold to ultimate customers.

Certification of Official Statement

The District, acting through the Board in its official capacity, hereby certifies, as of the date hereof, that the information, statements and descriptions pertaining to the District and its affairs contained herein, to the best of its knowledge and belief, 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 are made, not misleading. With respect to information included in this Official Statement other than that relating to the District, the Board has no reason to believe that such information contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein, in light of the circumstances under which they are made, not misleading; however, the Board can give no assurance as to the accuracy or completeness of the information derived from sources other than the District. This Official Statement is duly certified and approved by the Board of Directors of Horizon Regional Municipal Utility District as of the date specified on the first page hereof.

/s/ Gordon (Bob) Jarvis
President, Board of Directors
Horizon Regional Municipal Utility District

ATTEST:

/s/ Mike Barton
Secretary, Board of Directors
Horizon Regional Municipal Utility District

APPENDIX A—Financial Statements of the District

APPENDIX A—Financial Statements of the District

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT

EL PASO COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2023

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT

EL PASO COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Horizon Regional Municipal Utility District
El Paso County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Horizon Regional Municipal Utility District (the "District"), as of and for the year ended September 30, 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 September 30, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Board of Directors
Horizon Regional Municipal Utility District

Supplementary Information

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



McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

February 22, 2024

**HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Management’s discussion and analysis of Horizon Regional Municipal Utility District’s (the “District”) financial performance provides an overview of the District’s financial activities for the fiscal year ended September 30, 2023. Please read it in conjunction with the District’s financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has eight governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs. The remaining five funds are nonmajor funds aggregated together into a single column labeled Defined Area Non Major Funds and are restricted to expenditures for specific purposes.

**HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$40,269,569 as of September 30, 2023.

A portion of the District's net position reflects its net investment in capital assets (land, buildings and equipment as well as water and wastewater systems less any debt used to acquire those assets that is still outstanding).

The following is a comparative analysis of government-wide changes in net position:

**HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2023	2022	Change Positive (Negative)
Current and Other Assets	\$ 85,466,503	\$ 53,423,067	\$ 32,043,436
Right-of-Use Assets (Net of Accumulated Amortization)	6,785	67,159	(60,374)
Capital Assets (Net of Accumulated Depreciation)	103,250,563	92,303,554	10,947,009
Total Assets	\$ 188,723,851	\$ 145,793,780	\$ 42,930,071
Deferred Outflows of Resources	\$ 1,609,959	\$ 1,834,200	\$ (224,241)
Long-Term Liabilities	\$ 134,153,335	\$ 98,938,704	\$ (35,214,631)
Due to Developers	4,364,176		(4,364,176)
Other Liabilities	11,518,862	9,792,398	(1,726,464)
Total Liabilities	\$ 150,036,373	\$ 108,731,102	\$ (41,305,271)
Deferred Inflows of Resources	\$ 27,868	\$ 48,140	\$ 20,272
Net Position:			
Net Investment in Capital Assets	\$ 24,391,589	\$ 24,958,480	\$ (566,891)
Restricted	8,855,399	8,645,117	210,282
Unrestricted	7,022,581	5,245,141	1,777,440
Total Net Position	\$ 40,269,569	\$ 38,848,738	\$ 1,420,831

The following table provides a summary of the District's operations for the years ended September 30, 2023, and September 30, 2022.

	Summary of Changes in the Statement of Activities		
	2023	2022	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 10,587,493	\$ 9,445,111	\$ 1,142,382
Charges for Services	12,631,190	11,513,599	1,117,591
Sprayfield Golf Course Revenue	1,049,388	1,231,304	(181,916)
Other Revenues	3,013,387	1,176,333	1,837,054
Total Revenues	\$ 27,281,458	\$ 23,366,347	\$ 3,915,111
Expenses for Services	25,860,627	20,677,913	(5,182,714)
Change in Net Position	\$ 1,420,831	\$ 2,688,434	\$ (1,267,603)
Net Position, Beginning of Year	38,848,738	36,160,304	2,688,434
Net Position, End of Year	\$ 40,269,569	\$ 38,848,738	\$ 1,420,831

**HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of September 30, 2023, were \$77,375,893, an increase of \$29,808,453 from the prior year.

The General Fund fund balance increased by \$1,483,466, primarily due to property tax collections and service revenues exceeding operating, capital outlay and debt expenditures.

The Debt Service Fund fund balance increased by \$298,278, primarily due to the timing difference between property tax collections and scheduled debt service payments.

The Capital Projects Fund fund balance increased by \$27,750,801, primarily due to unspent proceeds from the Series 2023 bonds.

The Hunt Properties Defined Area Special Revenue Fund was created current fiscal year and had a fund balance of \$14,300 as of the end of the year.

The Rancho Desierto Bello Defined Area Special Revenue Fund was created during the current fiscal year and had a fund balance of \$82,263 as of the end of the year.

The Ravenna Defined Area Special Revenue Fund was created during the current fiscal year and had a fund balance of \$33,910 as of the end of the year.

The Hunt Communities Defined Area Special Revenue Fund was created during the current fiscal year and a had fund balance of \$144,823 as of the end of the year.

The Summer Sky North Defined Area Special Revenue Fund was created during the current fiscal year and had a fund balance of \$612 as of the end of the year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the fiscal year. Actual revenues were \$1,886,712 more than budgeted revenues. Actual expenditures were \$574,621 more than budgeted expenditures. This resulted in a positive budget variance of \$1,312,091. See the budget to actual comparison for additional analysis.

**HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

CAPITAL ASSETS

Capital assets as of September 30, 2023, total \$103,250,563 (net of accumulated depreciation) and include land, buildings and equipment as well as water and wastewater systems. Additional information on the District's capital assets can be found in Note 6 of this report.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2023	2022	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 4,531,594	\$ 4,531,594	\$
Construction in Progress	9,909,581	8,824,420	1,085,161
Capital Assets, Net of Accumulated Depreciation:			
Water System	48,900,111	44,486,779	4,413,332
Wastewater System	38,345,747	32,822,790	5,522,957
Buildings	1,544,736	1,604,061	(59,325)
Machinery, Equipment and Other	18,794	33,910	(15,116)
Total Net Capital Assets	\$ 103,250,563	\$ 92,303,554	\$ 10,947,009

LONG-TERM DEBT ACTIVITY

At the end of the current fiscal year, the District had total long-term bond debt payable of \$138,134,985. The changes in the debt position of the District during the fiscal year ended September 30, 2023, are summarized as follows:

Bond Debt Payable, October 1, 2022	\$ 102,809,985
Add: Bond Sale - Series 2023	38,710,000
Less: Bond Principal Paid	3,385,000
Bond Debt Payable, September 30, 2023	\$ 138,134,985

**HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

LONG-TERM DEBT ACTIVITY (Continued)

The bonds are rated at the higher of the underlying rating or the insured rating. The Series 2014 Refunding Bonds, Series 2014 Bonds, Series 2015 Refunding Bonds, Series 2016 Refunding Bonds, Series 2017 Bonds, Series 2019 Bonds, Series 2020 Bonds, Series 2020A Bonds, Series 2021 Refunding Bonds, Series 2022 Bonds and Series 2023 Bonds carry an underlying rating of “A3” from Moody’s Investor Service (“Moody’s”). The Series 2012 Revenue Refunding Bonds are not rated. The Series 2012 Revenue Refunding Bonds and Series 2020A Bonds were not insured. The Series 2014 Refunding Bonds, Series 2014 Bonds, Series 2016 Refunding Bonds, Series 2019 Bonds, Series 2020, Series 2021 Refunding Bonds and Series 2022 Bonds have an insured rating of “AA” from S&P based on policy issued by Build America Mutual Assurance Company. The Series 2015 Refunding and Series 2023 Bonds have an insured rating of “AA” from S&P based on a policy issued by Assured Guaranty Municipal Corporation. The Series 2017 Bonds carried an insured rating of “Baa2” from S&P based on a policy issued by National Public Finance Guarantee prior to the rating being withdrawn.

At the end of the current fiscal year, the District had total long-term leases payable of \$40,481. The changes during the fiscal year ended September 30, 2023, are summarized as follows:

Leases and Notes Payable,		
October 1, 2022	\$	141,002
Less: Lease Principal Paid		79,321
Less: Note Principal Paid (Redeemed)		<u>21,200</u>
Leases and Note Payable,		
September 30, 2023	\$	<u>40,481</u>

CONTACTING THE DISTRICT’S MANAGEMENT

This financial report is designed to provide a general overview of the District’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Horizon Regional Municipal Utility District, 14100 Horizon Boulevard, Horizon City, TX 79928.

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HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2023

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 4,246,962	\$ 1,448,940
Investments	24,577	6,461,103
Cash with Tax Assessor/Collector	2,803	4,677
Receivables:		
Property Taxes	417,987	677,419
Penalty and Interest on Delinquent Taxes		
Service Accounts (Net of Allowance for Doubtful Accounts of \$60,000)	2,877,288	
Other	21,364	
Due from Other Funds	2,178,515	
Prepaid Costs		
Land		
Construction in Progress		
Right-of-Use Assets (Net of Accumulated Amortization)		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 9,769,496	\$ 8,592,139
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	\$ - 0 -	\$ - 0 -
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 9,769,496	\$ 8,592,139

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

<u>Capital Projects Fund</u>	<u>Defined Areas Nonmajor Funds</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 2,535,436	\$ 275,908	\$ 8,507,246	\$	\$ 8,507,246
65,464,441		71,950,121		71,950,121
		7,480		7,480
	848	1,096,254		1,096,254
			956,528	956,528
		2,877,288		2,877,288
		21,364		21,364
3,750		2,182,265	(2,182,265)	
			50,222	50,222
			4,531,594	4,531,594
			9,909,581	9,909,581
			6,785	6,785
			<u>88,809,388</u>	<u>88,809,388</u>
<u>\$ 68,003,627</u>	<u>\$ 276,756</u>	<u>\$ 86,642,018</u>	<u>\$ 102,081,833</u>	<u>\$ 188,723,851</u>
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 1,609,959</u>	<u>\$ 1,609,959</u>
<u>\$ 68,003,627</u>	<u>\$ 276,756</u>	<u>\$ 86,642,018</u>	<u>\$ 103,691,792</u>	<u>\$ 190,333,810</u>

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

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2023

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 1,294,788	\$ 501
Accrued Interest Payable		
Due to Developers	669,254	
Due to Other Funds		47,193
Security Deposits	1,049,818	
Accrued Interest Earned at Time of Sale		103,002
Interest Payable on Compound Interest Bonds		
Long-Term Liabilities:		
Leases Payable Within One Year		
Notes Payable Within One Year	32,165	
Bonds Payable Within One Year		
Bonds Payable After One Year		
TOTAL LIABILITIES	\$ 3,046,025	\$ 150,696
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 417,987	\$ 677,419
Golf Course Credits	6,704	
Golf Course Merchandise	21,164	
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 445,855	\$ 677,419
FUND BALANCES		
Restricted for Authorized Construction	\$	\$
Restricted for Debt Service		7,764,024
Restricted for Defined Areas		
Unassigned	6,277,616	
TOTAL FUND BALANCES	\$ 6,277,616	\$ 7,764,024
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 9,769,496	\$ 8,592,139
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

<u>Capital Projects Fund</u>	<u>Defined Areas Nonmajor Funds</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 2,810,210	\$	\$ 4,105,499	\$	\$ 4,105,499
			645,574	645,574
		669,254	3,694,922	4,364,176
2,135,072		2,182,265	(2,182,265)	
		1,049,818		1,049,818
		103,002	(103,002)	
			2,187,490	2,187,490
			8,316	8,316
		32,165		32,165
			3,490,000	3,490,000
			134,153,335	134,153,335
<u>\$ 4,945,282</u>	<u>\$ -0-</u>	<u>\$ 8,142,003</u>	<u>\$ 141,894,370</u>	<u>\$ 150,036,373</u>
\$	\$ 848	\$ 1,096,254	\$ (1,096,254)	\$
		6,704		6,704
		21,164		21,164
<u>\$ - 0 -</u>	<u>\$ 848</u>	<u>\$ 1,124,122</u>	<u>\$ (1,096,254)</u>	<u>\$ 27,868</u>
\$ 63,058,345	\$	\$ 63,058,345	\$ (63,058,345)	\$
		7,764,024	(7,764,024)	
	275,908	275,908	(275,908)	
		6,277,616	(6,277,616)	
<u>\$ 63,058,345</u>	<u>\$ 275,908</u>	<u>\$ 77,375,893</u>	<u>\$ (77,375,893)</u>	<u>\$ - 0 -</u>
<u>\$ 68,003,627</u>	<u>\$ 276,756</u>	<u>\$ 86,642,018</u>		
			\$ 24,391,589	\$ 24,391,589
			8,855,399	8,855,399
			7,022,581	7,022,581
			<u>\$ 40,269,569</u>	<u>\$ 40,269,569</u>

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

**HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

Total Fund Balances - Governmental Funds \$ 77,375,893

Amounts reported for governmental activities in the Statement of Net Position are different because:

Bond insurance premiums paid at closing are amortized over the term of the refunding bonds. 50,222

Capital assets and right-of-use assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 103,257,348

The difference between the net carrying amount of the refunded bonds and the requisition price is recorded as a deferred outflow of resources in the governmental activities and systematically charged to interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. 1,609,959

Deferred inflows of resources related to property tax revenues and penalty and interest receivables on delinquent taxes for the 2022 and prior tax levies became part of recognized revenues in the governmental activities of the District. 2,052,782

Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year-end consist of:

Due to Developer	\$ (3,694,922)	
Accrued Interest Payable	(542,572)	
Interest Payable on Compound Interest Bonds	(2,187,490)	
Leases Payable Within One Year	(8,316)	
Bonds Payable Within One Year	(3,490,000)	
Bonds Payable After One Year	<u>(134,153,335)</u>	<u>(144,076,635)</u>

Total Net Position - Governmental Activities \$ 40,269,569

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

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**HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 4,231,425	\$ 6,029,972
Water Service	5,717,904	
Wastewater Service	2,890,644	
Garbage Service Revenues	3,414,249	
Sprayfield Golf Course Revenue	1,049,388	
Penalty and Interest	433,173	74,717
Tap Connection and Inspection Fees	80,573	
Investment Revenues	7,548	298,406
Miscellaneous Revenues	942,808	
	<u>\$ 18,767,712</u>	<u>\$ 6,403,095</u>
TOTAL REVENUES		
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 530,942	\$
Contracted Services	6,509,789	5,750
Utilities	2,124,028	
Repairs and Maintenance	4,616,779	
Effluent Sprayfield	890,281	
Depreciation/Amortization		
Other	1,851,331	3,250
Capital Outlay		
Debt Service:		
Lease Principal	79,321	
Lease Interest	2,280	
Note Principal	53,365	
Note Interest	1,070	
Bond Principal	550,000	2,835,000
Bond Interest	75,060	3,260,817
Bond Issuance Costs		
	<u>\$ 17,284,246</u>	<u>\$ 6,104,817</u>
TOTAL EXPENDITURES/EXPENSES		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	<u>\$ 1,483,466</u>	<u>\$ 298,278</u>
OTHER FINANCING SOURCES (USES)		
Long-Term Debt Issued	<u>\$ -0-</u>	<u>\$ -0-</u>
NET CHANGE IN FUND BALANCES	\$ 1,483,466	\$ 298,278
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - OCTOBER 1, 2022	<u>4,794,150</u>	<u>7,465,746</u>
FUND BALANCES/NET POSITION - SEPTEMBER 30, 2023	<u><u>\$ 6,277,616</u></u>	<u><u>\$ 7,764,024</u></u>

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

Capital Projects Fund	Defined Areas Nonmajor Funds	Total	Adjustments	Statement of Activities
\$	\$ 276,220	\$ 10,537,617	\$ 49,876	\$ 10,587,493
		5,717,904		5,717,904
		2,890,644		2,890,644
		3,414,249		3,414,249
		1,049,388		1,049,388
	772	508,662	19,158	527,820
		80,573		80,573
1,764,459	166	2,070,579		2,070,579
		942,808		942,808
<u>\$ 1,764,459</u>	<u>\$ 277,158</u>	<u>\$ 27,212,424</u>	<u>\$ 69,034</u>	<u>\$ 27,281,458</u>
\$	\$	\$ 530,942	\$	\$ 530,942
		6,515,539		6,515,539
		2,124,028		2,124,028
164,197		4,780,976		4,780,976
		890,281		890,281
			3,155,533	3,155,533
771	1,250	1,856,602		1,856,602
10,347,246		10,347,246	(10,347,246)	
		79,321	(79,321)	
		2,280		2,280
		53,365	(53,365)	
		1,070		1,070
		3,385,000	(3,385,000)	
		3,335,877	456,055	3,791,932
2,211,444		2,211,444		2,211,444
<u>\$ 12,723,658</u>	<u>\$ 1,250</u>	<u>\$ 36,113,971</u>	<u>\$ (10,253,344)</u>	<u>\$ 25,860,627</u>
\$ (10,959,199)	\$ 275,908	\$ (8,901,547)	\$ 10,322,378	\$ 1,420,831
\$ 38,710,000	\$ -0-	\$ 38,710,000	\$ (38,710,000)	\$ -0-
\$ 27,750,801	\$ 275,908	\$ 29,808,453	\$ (29,808,453)	\$
			1,420,831	1,420,831
35,307,544		47,567,440	(8,718,702)	38,848,738
<u>\$ 63,058,345</u>	<u>\$ 275,908</u>	<u>\$ 77,375,893</u>	<u>\$ (37,106,324)</u>	<u>\$ 40,269,569</u>

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

**HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Net Change in Fund Balances - Governmental Funds	\$ 29,808,453
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenues when collected. However, in the government-wide financial statements, revenues are recorded in the accounting period for which the taxes are levied.	49,876
Governmental funds report penalty and interest revenues on delinquent property taxes when collected. However, in the government-wide financial statements, revenues are recorded when penalty and interest are assessed.	19,158
Governmental funds do not account for depreciation. However, in the government-wide financial statements, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(3,155,533)
Governmental funds report capital asset costs as expenditures in the period purchased. However, in the government-wide financial statements, capital assets are increased by new purchases that meet the District's threshold for capitalization, and are owned and maintained by the District. All other capital asset purchases are expensed in the Statement of Activities.	10,347,246
Governmental funds report principal payments on long-term debt as expenditures. However, in the government-wide financial statements, principal payments decrease long-term liabilities and the Statement of Activities is not affected.	3,517,686
Governmental funds report interest payments on long-term debt as expenditures in the year paid. However, in the government-wide financial statements, interest is accrued on the debt through fiscal year-end.	(456,055)
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.	<u>(38,710,000)</u>
Change in Net Position - Governmental Activities	<u>\$ 1,420,831</u>

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

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1. CREATION OF DISTRICT

Horizon Regional Municipal Utility District (the “District”) was originally a conservation and reclamation district created on August 8, 1961 by the 57 Legislature of the State of Texas pursuant to Article XVI, Section 59 of the Texas Constitution. On June 12, 1989, the District was converted to a municipal utility district and currently operates under Chapters 49 and 54 of the Texas Water Code. On September 4, 2003, the Texas Commission on Environmental Quality approved a change in the District’s name from the El Paso County Water Authority to Horizon Regional Municipal Utility District.

The District is empowered to purchase, construct, operate, acquire, own, and maintain all water and wastewater facilities and improvements and improvements to control and divert storm water. The District is additionally empowered to establish, operate and maintain a fire department, independently or with one or more other conservation and reclamation districts.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”).

The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- * Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- * Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- * Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

Governmental Funds

The District has three governmental funds considered to be major funds.

General Fund - To account for resources not required to be accounted for in another fund, customer service revenues, costs and general expenditures.

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

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

The District also has five nonmajor funds that are restricted for specific purposes.

Basis of Accounting

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

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

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

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets and Right-of-Use Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as an expenditure in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs, that extend the life of an asset, are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset.

Assets are capitalized, including infrastructure assets, if they have an original cost of \$5,000 or more and a useful life of at least two years. Depreciation is calculated on each class of depreciable property using no salvage value and the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Buildings	20-40
Water System	7-50
Wastewater System	5-50
Machinery and Equipment	5-7
Other	3-40

In accordance with GASB Statement No. 87, the District recorded the equipment as a right-of-use asset (see Note 10). The right-of-use asset is being amortized over the same term as the lease using the straight-line method of amortization.

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District’s Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original and revised budget amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service determined that fees of office received by Directors are wages subject to federal income tax withholding for payroll tax purposes only.

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus

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

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

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

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

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

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

Unassigned: all other spendable amounts in the General Fund.

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

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

	Revenue Refunding Series 2012**	Refunding Series 2014
Amount Outstanding – September 30, 2023	\$ 1,810,000	\$ 7,790,000
Interest Rates	3.60%	3.00% - 4.00%
Maturity Dates – Beginning/Ending	March 1, 2024/2026	February 1, 2024/2032
Interest Payment Dates	March 1/September 1	February 1/August 1
Callable Dates	N/A	August 1, 2022*
	Series 2014	Refunding Series 2015
Amount Outstanding – September 30, 2023	\$ 1,975,000	\$ 7,205,000
Interest Rates	3.75% - 4.00%	3.00% - 4.00%
Maturity Dates – Beginning/Ending	February 1, 2035/2038	February 1, 2024/2032
Interest Payment Dates	February 1/August 1	February 1/August 1
Callable Dates	August 1, 2022*	February 1, 2023*

* On any date thereafter, in whole or in part, at the option of the District, at par plus accrued interest to the date of redemption. The Series 2014 Refunding term bonds maturing February 1, 2026 are subject to mandatory redemption beginning February 1, 2023.

** Direct Placement Bonds

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2016 Refunding	
	Current Interest Bonds	Compound Interest Bonds
Amount Outstanding – September 30, 2023	\$ 10,870,000	\$ 99,985
Interest Rates	2.125% - 3.25%	4.05%
Maturity Dates – Beginning/Ending	February 1, 2024/2033	February 1, 2034
Interest Payment Dates	February 1/August 1	At Maturity
Callable Dates	February 1, 2024*	Non-Callable**
	Series 2017	Series 2019
Amount Outstanding – September 30, 2023	\$ 8,915,000	\$ 18,950,000
Interest Rates	3.00% - 3.75%	3.00% - 5.00%
Maturity Dates – Beginning/Ending	February 1, 2024/2039	February 1, 2024/2044
Interest Payment Dates	February 1/August 1	February 1/August 1
Callable Dates	February 1, 2024*	February 1, 2026*
	Series 2020	Series 2020A
Amount Outstanding – September 30, 2023	\$ 11,105,000	\$ 555,000
Interest Rates	3.00%	0%
Maturity Dates – Beginning/Ending	February 1, 2024/2045	February 1, 2024/2042
Interest Payment Dates	February 1/August 1	N/A
Callable Dates	February 1, 2026*	Non-Callable

* On any date thereafter, in whole or in part, at the option of the District, at par plus accrued interest to the date of redemption. Series 2020 term bonds maturing February 1, 2026, February 1, 2030, February 1, 2034 and February 1, 2045 are subject to mandatory redemption beginning February 1, 2023, February 1, 2027, February 1, 2031 and February 1, 2035, respectively.

** The Series 2016 Compound Interest Bonds are non-callable. The par value of these bonds is \$99,985 and the maturity value is \$3,485,000. Interest on these bonds will be paid at maturity. As of September 30, 2023, the accreted value of these bonds is approximately \$2,287,475. Accrued interest of \$2,187,490 has been recorded as a liability in the Statement of Net Position.

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 3. LONG-TERM DEBT (Continued)

	Refunding Series 2021	Series 2022	Series 2023
Amount Outstanding – September 30, 2023	\$ 10,855,000	\$ 19,295,000	\$ 38,710,000
Interest Rates	2.00% - 3.00%	4.00% - 5.00%	4.00% - 8.00%
Maturity Dates – Beginning/Ending	February 1, 2024/2038	February 1, 2024/2047	February 1, 2025/2051
Interest Payment Dates	February 1/ August 1	February 1/ August 1	February 1/ August 1
Callable Dates	February 1, 2028*	August 1, 2028*	August 1, 2029*

* On any date thereafter, in whole or in part, at the option of the District, at par plus accrued interest to the date of redemption. Series 2021 Refunding term bonds maturing February 1, 2035 are subject to mandatory redemption beginning February 1, 2031. Series 2022 term bonds maturing February 1, 2047 are subject to mandatory redemption beginning February 1, 2043.

The following is a summary of transactions regarding bonds payable for the year ended September 30, 2023:

	October 1, 2022	Additions	Retirements	September 30, 2023
Bonds Payable-General Bonds	\$ 100,449,985	\$ 38,710,000	\$ 2,835,000	\$ 136,324,985
Bonds Payable-Direct Placement Bond	2,360,000		550,000	1,810,000
Unamortized Discounts	(846,429)		(56,841)	(789,588)
Unamortized Premiums	351,832		53,894	297,938
Bonds Payable, Net	<u>\$ 102,315,388</u>	<u>\$ 38,710,000</u>	<u>\$ 3,382,053</u>	<u>\$ 137,643,335</u>
		Amount Due Within One Year		\$ 3,490,000
		Amount Due After One Year		<u>134,153,335</u>
		Bonds Payable, Net		<u>\$ 137,643,335</u>

At an election held on May 1, 2021, voters of the District approved the authorization of an additional \$225,000,000 in tax bonds and \$225,000,000 in refunding bonds.

At September 30, 2023, the District had authorized but unissued original bonds in the amount of \$189,025,000 in tax bonds and \$224,475,000 in refunding bonds.

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 3. LONG-TERM DEBT (Continued)

As of September 30, 2023, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 3,490,000	\$ 4,905,663	\$ 8,395,663
2025	3,805,000	4,886,770	8,691,770
2026	3,930,000	4,753,666	8,683,666
2027	3,405,000	4,625,313	8,030,313
2028	3,525,000	4,496,532	8,021,532
2029-2033	19,640,000	20,277,094	39,917,094
2034-2038	19,214,985	20,502,420	39,717,405
2039-2043	26,595,000	13,134,295	39,729,295
2044-2048	31,865,000	7,913,648	39,778,648
2049-2051	22,665,000	1,430,653	24,095,653
	<u>\$ 138,134,985</u>	<u>\$ 86,926,054</u>	<u>\$ 225,061,039</u>

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount. The Series 2012 Revenue Refunding Bonds are payable from and secured by a lien and pledge of the net revenues to be received from the operation of the District’s waterworks and sewer system.

During the year ended September 30, 2023, the District levied an ad valorem debt service tax at the rate of \$0.30 per \$100 of assessed valuation, which resulted in a tax levy of \$6,093,633 on the adjusted taxable valuation of \$2,027,654,843 for the 2022 tax year. The bond order requires the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for maintenance tax levy.

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

Defined Areas

Pursuant to the provisions of Subchapter J of Chapter 54 of the Texas Water Code, as amended, the District is authorized to define areas or designate certain property of the District to pay for improvements, facilities or services that primarily benefit that area. On November 7, 2017, the District created a defined area encompassing 438.032 acres (the Hunt Communities Defined Area). On November 6, 2018, the District created defined areas encompassing 119.42 acres (the Ravena LLC Defined Area) and 266.012 acres (the Rancho Desierto Bello Defined Area) (the “Defined Areas”).

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 3. LONG-TERM DEBT (Continued)

Defined Areas (Continued)

At an election held within the Defined Area of the District on November 7, 2017, the voters authorized \$12,130,000 principal amount of bonds to finance water, wastewater and drainage improvements and 12,130,000 in refunding bonds within the Hunt Communities Defined Area. Any bonds issued for the Defined Area shall be payable solely from a tax levied within the boundaries of the Defined Area and not on any other part of the District.

At an election held within the Defined Area of the District on November 6, 2018, the voters authorized \$5,560,000 principal amount of bonds to finance water, wastewater and drainage improvements and \$8,340,000 in refunding bonds within the Ravenna Defined Area and authorized \$7,500,000 principal amount of bonds to finance water, wastewater and drainage improvements and \$7,500,000 in refunding bonds within the Rancho Desierto Bello Defined Area. Any bonds issued for the Defined Area shall be payable solely from a tax levied within the boundaries of the Defined Area and not on any other part of the District.

At an election held within the Defined Area of the District on November 3, 2020, the voters of the District approved the creation of a defined area of 779.121 acres (Hunt Properties). They also authorized \$19,100,000 principal amount of bonds to finance water, wastewater and drainage improvements and \$19,100,000 in refunding bonds. Any bonds issued for the Defined Area shall be payable solely from a tax levied within the boundaries of the Defined Area and not on any other part of the District.

At an election held within the Defined Area of the District on May 7, 2022, the District approved the creation of a defined area of 159.909 acres (Summer Sky North). They also authorized \$4,200,000 principal amount of bonds to finance water, wastewater and drainage improvements and \$4,200,000 in refunding bonds. Any bonds issued for the Defined Area shall be payable solely from a tax levied within the boundaries of the Defined Area and not on any other part of the District.

NOTE 4. SIGNIFICANT BOND ORDERS AND LEGAL REQUIREMENTS

The bond orders state that any profits realized from or interest accruing on investments shall belong to the fund from which the monies for such investments were taken; provided, however, that at the discretion of the Board of Directors the profits realized from and interest accruing on investments made from any fund may be transferred to the Debt Service Fund.

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 4. SIGNIFICANT BOND ORDERS AND LEGAL REQUIREMENTS
(Continued)

The bond orders state that the District is required to provide continuing disclosure of certain general financial information and operating data to the Municipal Securities Rulemaking Board via the Electronic Municipal Market Access (“EMMA”) system. This information is of the general type included in the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

The bond orders state that the District should take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds, within the meaning of Section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on each 5th year anniversary of each issue.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year-end, the carrying amount of the District’s deposits was \$8,507,246 and the bank balance was \$9,990,026. The District was not subject to custodial credit risk at year-end.

The carrying value of the deposits is included in the Governmental Funds Balance Sheet and the Statement of Net Position at September 30, 2023, as listed below:

	Cash
GENERAL FUND	\$ 4,246,962
DEBT SERVICE FUND	1,448,940
CAPITAL PROJECTS FUND	2,535,436
DEFINED AREAS	275,908
TOTAL DEPOSITS	\$ 8,507,246

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments

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

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

The District invests in LOGIC, an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. FirstSouthwest and JPMorgan Chase manage the daily operations of the pool under a contract with the Comptroller. LOGIC measures all of its portfolio assets at amortized cost. As a result, the District also measures its investments in LOGIC at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from LOGIC.

As of September 30, 2023, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
LOGIC	\$ 24,577	\$ 24,577
<u>DEBT SERVICE FUND</u>		
LOGIC	6,461,103	6,461,103
<u>CAPITAL PROJECTS FUND</u>		
LOGIC	64,366,880	64,366,880
Money Market Mutual Funds	<u>1,097,561</u>	<u>1,097,561</u>
TOTAL INVESTMENTS	<u>\$ 71,950,121</u>	<u>\$ 71,950,121</u>

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2023, the District's investment in LOGIC was rated AAA and the money market mutual funds was rated AAAM by Standard and Poor's.

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

Restrictions

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

All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

All cash and investments of the Special Revenue Funds for the Defined Areas are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for a specific purpose.

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023:

	October 1, 2022	Increases	Decreases	September 30, 2023
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 4,531,594	\$	\$	\$ 4,531,594
Construction in Progress	8,824,420	14,042,168	12,957,007	9,909,581
Total Capital Assets Not Being Depreciated	\$ 13,356,014	\$ 14,042,168	\$ 12,957,007	\$ 14,441,175
Capital Assets Subject to Depreciation				
Water System	\$ 67,033,551	\$ 6,213,796	\$	\$ 73,247,347
Wastewater System	46,941,311	6,743,211		53,684,522
Buildings	2,418,853			2,418,853
Machinery, Equipment and Other	1,818,894			1,818,894
Total Capital Assets Subject to Depreciation	\$ 118,212,609	\$ 12,957,007	\$ - 0 -	\$ 131,169,616
Accumulated Depreciation				
Water System	\$ 22,546,772	\$ 1,800,464	\$	\$ 24,347,236
Wastewater System	14,118,521	1,220,254		15,338,775
Buildings	814,792	59,325		874,117
Machinery, Equipment and Other	1,784,984	15,116		1,800,100
Total Accumulated Depreciation	\$ 39,265,069	\$ 3,095,159	\$ - 0 -	\$ 42,360,228
Total Depreciable Capital Assets, Net of Accumulated Depreciation	\$ 78,947,540	\$ 9,861,848	\$ - 0 -	\$ 88,809,388
Total Capital Assets, Net of Accumulated Depreciation	\$ 92,303,554	\$ 23,904,016	\$ 12,957,007	\$ 103,250,563

The District has financed drainage facilities which have been conveyed to other entities for maintenance.

NOTE 7. MAINTENANCE TAX

On July 14, 1970, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$1.50 per \$100 of assessed valuation of taxable property within the District. The maintenance tax is to be used by the General Fund to pay expenditures of operating the District. During the current fiscal year, the District levied an ad valorem maintenance tax at the rate of \$0.211024 per \$100 of assessed valuation, which resulted in a tax levy of \$4,286,342 on the adjusted taxable valuation of \$2,027,654,843 for the 2022 tax year.

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 7. MAINTENANCE TAX (Continued)

Defined Areas

Pursuant to the provisions of Subchapter J of Chapter 54 of the Texas Water Code, as amended, the District is authorized to define areas or designate certain property of the District to pay for improvements, facilities or services that primarily benefit that area, see Note 3.

At an election held within the Hunt Community Defined Area of the District on November 7, 2017, the voters of the District approved a maximum maintenance tax of \$1.00 per \$100 valuation of taxable property within the Defined Area.

At an election held within the Ravenna Defined Area Defined Area of the District on November 6, 2018, the voters of the District approved a maximum maintenance tax of \$1.00 per \$100 valuation of taxable property within the Defined Area.

At an election held within the Rancho Desierto Bello Defined Area Defined Area of the District on November 6, 2018, the voters of the District approved a maximum maintenance tax of \$1.00 per \$100 valuation of taxable property within the Defined Area.

At an election held withing the Hunt Properties Defined Area of the District on November 3, 2020, the voters of the District approved a maximum maintenance tax of \$0.2250 per \$100 valuation of taxable property within the Defined Area.

At an election held within the summer Sky North Defined Area of the District on May 7, 2022, the voters of District approved a maximum maintenance tax of \$0.50 per \$100 valuation of taxable property within the Defined Area.

During the year ended September 30, 2023, the Hunt Communities Defined Area levied an ad valorem maintenance tax rate of \$0.225 per \$100 of assessed valuation, which resulted in a tax levy of \$145,034 on the adjusted taxable valuation of \$64,459,816. Additionally, the Ravenna Defined Area levied an ad valorem maintenance tax rate of \$0.225 per \$100 of assessed valuation, which resulted in a tax levy of \$33,931 on the adjusted taxable valuation of \$15,080,456, the Rancho Desierto Bello Defined Area levied an ad valorem maintenance tax rate of \$0.225 per \$100 of assessed valuation, which resulted in a tax levy of \$82,733 on the adjusted taxable valuation of \$36,770,283, the Hunt Properties Defined Area levied an an valorem maintenance tax rate of \$0.225 per \$100 of assessed valuation, which resulted in a tax levy of \$14,431 on the adjusted taxable valuation of \$6,413,596 and the Summer Sky North Defined Area levied an ad valorem maintenance tax rate of \$0.225 per \$100 of assessed valuation, which resulted in a tax levy of \$767 on the adjusted taxable valuation of \$340,986.

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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. The District carries commercial insurance for its director bonds and participates in the Texas Municipal League Intergovernmental Risk Pool (“TML”) to provide property, general liability, automobile liability, cyber liability, boiler and machinery, and errors and omissions. The District, along with other participating entities, contributes annual amounts determined by TML’s management. As claims arise, they are submitted and paid by TML. There have been no significant changes in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 9. PROFESSIONAL SERVICE CONTRACT

Effective January 9, 2013, the District entered into a professional service contract with Severn Trent Environmental Services, Inc. (“Severn Trent”), now known as Inframark LLC (“Inframark”). The terms of the contract call for Inframark to fully assume the management, operations, maintenance and repair of the District. The initial term was for 5 years.

On February 22, 2018, the District entered into a new contract with Inframark with a commencement date of March 1, 2018. The District will be charged a base monthly fee plus compensation for authorized additional services. Annual adjustments to the base fee will be made according to changes to the Consumer Price Index. The contract shall remain in full force and effect for 5 years from the commencement date unless terminated for cause provided for in the agreement. Thereafter, the contract will automatically renew for successive 1-year periods unless cancelled in writing by either party at least 60 days prior to the expiration of the then current term.

NOTE 10. LEASES

On March 23, 2018, the District entered in a Lease Purchase Agreement with John Deere Financial in the amount of \$33,928 to fund the purchase of a Progator 2030 and HD200 Sprayer. The equipment is recorded as an asset of the District and is being depreciated over the term of the lease. Lease payments and related interest of \$634 are due monthly beginning April 1, 2018 and ending April 1, 2023. The incremental borrowing rate is 4.75%.

On May 30, 2018, the District entered in a Municipal Lease Purchase Agreement with Western Equipment Finance in the amount of \$25,000 to fund the purchase of an Express Dual 3000DX Reel Grinder and an Angle Master 2000DX Bed Knife Grinder. The equipment is recorded as an asset of the District and is being depreciated over the term of the lease. \$5,000 has been recorded as part of amortization expense in the current fiscal year. Lease payments and related interest of \$498 are due monthly beginning May 30, 2018 and ending May 5, 2023. The incremental borrowing rate is 7.25%.

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 10. LEASES (Continued)

On August 13, 2018, the District entered into two Lease Purchase Agreements with Yamaha Motor Finance Corporation, U.S.A. in the amounts of \$200,070 and \$13,339, respectively. The District agreed for the financing to fund the purchase of golf carts. The golf carts are recorded as assets of the District and are being depreciated over the term of the lease. Amortization expense in the current year totaled \$40,014. Lease payments and related interest of \$3,724 and \$248, respectively, are due monthly beginning November 15, 2018 and ending October 15, 2023. The incremental borrowing rate is 4.60%.

On July 15, 2020, the District entered into a condition of sale agreement with Yamaha Motor Finance Corporation, U.S.A. in the amount of \$81,438. The District agreed for the financing to fund the purchase of golf carts. The golf carts are recorded as assets of the District and are being depreciated over the term of the lease. Amortization expense in the current year totaled \$20,360. Lease payments and related interest of \$2,192 are due monthly beginning July 15, 2020. The incremental borrowing rate is 4.60%.

In accordance with the requirements of GASB Statement No. 87, which was required to be implemented in the current fiscal year, the District reclassified certain capital assets to right-of-use assets. Right-of-use assets, current year amortization expense, and accumulated amortization is summarized below:

	October 1, 2022	Increases	Decreases	September 30, 2023
Right-of-use Asset Subject to Amortization				
Equipment	\$ 354,436	\$ - 0 -	\$ - 0 -	\$ 354,436
Less Accumulated Amortization				
Equipment	\$ 287,277	\$ 60,374	\$ - 0 -	\$ 347,651
Right-of-use Asset, Net of Accumulated Amortization	<u>\$ 67,159</u>	<u>\$ (60,374)</u>	<u>\$ - 0 -</u>	<u>\$ 6,785</u>

The following is a schedule of future minimum lease payments under the capital leases as of September 30, 2023:

Fiscal Year	Principal	Interest	Total
2023	<u>\$ 8,316</u>	<u>\$ 39</u>	<u>\$ 8,355</u>

The following is a summary of transactions regarding capital leases payable for the year ended September 30, 2023:

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 10. LEASES (Continued)

Capital Leases Payable, October 1, 2022	\$	87,637
Less: Principal Paid		79,321
Capital Leases Payable, September 30, 2023	\$	8,316
Capital Leases Payable:		
Due Within One Year	\$	8,316
Due After One Year		-0-
Capital Leases Payable, September 30, 2023	\$	8,316

NOTE 11. NOTES PAYABLE

On February 26, 2013, the District entered into a note with MPS Revokable Trust in the amount of \$900,000 with an interest rate of 8.0%. Monthly note payments are due the first day of each month in the amount of \$10,919 through February 1, 2016, with a final payment of \$711,506 due March 1, 2016. The note has been renewed on February 25, 2016, February 23, 2017, February 22, 2018, February 28, 2019, February 27, 2020, February 25, 2021, and February 24, 2022. The District made total payments in the amount of \$54,435, of which \$53,365 was principal.

The following is a summary of transactions regarding notes payable for the year ended September 30, 2023:

Notes Payable, October 1, 2022	\$	53,565
Less: Principal Paid		21,400
Notes Payable, September 30, 2023	\$	32,165

NOTE 12. INTERFUND BALANCES

At September 30, 2023, the Capital Projects Fund owed the General Fund \$2,135,072 for capital and bond issuance costs. The Debt Service Fund owes the General Fund \$43,443 for paying agent fees and debt related expenses. The Debt Service Fund owes the Capital Projects Fund \$3,750.

NOTE 13. BOND SALE

On August 23, 2023, the District issued \$38,710,000 of Unlimited Tax Bonds, Series 2023. Proceeds from the bonds will be used for construction and engineering costs for a 16-inch waterline in Horizon Boulevard, water and wastewater lines in Darrington Road, ground storage tank and booster pump station 3B, and ground storage tank 4B and injection well no. 2 for reverse osmosis concentrate disposal. Additional proceeds were used to pay for issuance costs of the bonds.

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 14. PRINCIPAL FORGIVENESS AGREEMENT

On June 16, 2020, the District entered into a principal forgiveness agreement with the Texas Water Development Board (the “TWDB”). The District submitted an application to the TWDB for financial assistance in the amount of \$1,226,880 from the Clean Water State Revolving Fund to finance the planning and design of certain system improvements for the project. The TWDB determined that the District qualifies for principal forgiveness in the amount of \$606,880. These funds will remain in escrow until applicable requirements and conditions are met per this agreement.

NOTE 15. UNREIMBURSED COSTS

The District has entered into certain financing and reimbursement agreements with Developers within the Defined Areas of the District which provides for the Developers to make payments on behalf of the District for various projects. The District has an obligation to reimburse the Developers for these costs from future bond issues to the extent approved by the Commission. The District has recorded a liability to the Developers of \$3,694,922 for projects as of September 30, 2023. The actual amounts owed, including developer interest, will be calculated at the time debt is issued to reimburse the Developers. The current year activity is as follows:

Due to Developers, beginning of year	\$	- 0 -
Additions		<u>3,694,922</u>
Due to Developers, end of year	\$	<u><u>3,694,922</u></u>

NOTE 16. SUBSEQUENT EVENTS - BOND SALES

On November 2, 2023, subsequent to year end, the District issued \$1,645,000 of Rancho Desierto Bello Defined Area Unlimited Tax Bonds, Series 2023. Proceeds from the bonds were used to reimburse a Developer for construction and engineering costs for Kenazo lift station no. 2 and lift station gravity wastewater line and force main. Additional proceeds were used to pay capitalized interest and pay for issuance costs of the bonds.

On November 29, 2023, subsequent to year end, the District issued \$3,630,000 of Hunt Communities Defined Area Unlimited Tax Bonds, Series 2023. Proceeds from the bonds were used to reimburse a Developer for construction and engineering costs for water and wastewater facility improvements to serve Paseo at Mission Ridge Unit 4 and Darrington Eastlake Commercial Units 3 and 4, Darrington Eastlake Commercial lift station and force main and Painted Desert at Mission Ridge Unit 3 lift station and force main. Additional proceeds were used to pay capitalized interest and pay for issuance costs of the bonds.

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HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2023

**HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 4,150,000	\$ 4,231,425	\$ 81,425
Water Service	5,200,000	6,151,077	951,077
Wastewater Service	2,684,000	2,890,644	206,644
Garbage Service Revenues	3,000,000	3,414,249	414,249
Sprayfield Golf Course Revenue	1,100,000	1,049,388	(50,612)
Tap Connection and Inspection Fees	55,000	80,573	25,573
Investment Revenues	5,000	7,548	2,548
Miscellaneous Revenues	687,000	942,808	255,808
TOTAL REVENUES	<u>\$ 16,881,000</u>	<u>\$ 18,767,712</u>	<u>\$ 1,886,712</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 510,000	\$ 530,942	\$ (20,942)
Contracted Services	6,375,000	6,509,789	(134,789)
Utilities	2,100,000	2,124,028	(24,028)
Repairs and Maintenance	4,429,040	4,616,779	(187,739)
Effluent Sprayfield	991,565	890,281	101,284
Other	1,551,540	1,851,331	(299,791)
Capital Outlay	160,000		160,000
Debt Service:			
Lease Principal and Interest		81,601	(81,601)
Note Principal and Interest		54,435	(54,435)
Bond Principal and Interest	592,480	625,060	(32,580)
TOTAL EXPENDITURES	<u>\$ 16,709,625</u>	<u>\$ 17,284,246</u>	<u>\$ (574,621)</u>
NET CHANGE IN FUND BALANCE	\$ 171,375	\$ 1,483,466	\$ 1,312,091
FUND BALANCE - OCTOBER 1, 2022	<u>4,794,150</u>	<u>4,794,150</u>	
FUND BALANCE - SEPTEMBER 30, 2023	<u>\$ 4,965,525</u>	<u>\$ 6,277,616</u>	<u>\$ 1,312,091</u>

See accompanying independent auditor's report.

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HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT

SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2023

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**HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
 COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Hunt Properties Defined Area Special Revenue Fund	Rancho Desierto Bello Defined Area Special Revenue Fund
	<u> </u>	<u> </u>
ASSETS		
Cash	\$ 14,300	\$ 82,263
Receivables:		
Property Taxes		<u> 279</u>
TOTAL ASSETS	<u>\$ 14,300</u>	<u>\$ 82,542</u>
 DEFERRED INFLOWS OF RESOURCES		
Property Taxes	<u>\$ -0-</u>	<u>\$ 279</u>
 FUND BALANCES		
Restricted	<u>\$ 14,300</u>	<u>\$ 82,263</u>
TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 14,300</u>	<u>\$ 82,542</u>

See accompanying independent auditor's report.

Ravenna Defined Area Special Revenue Fund	Hunt Communities Defined Area Special Revenue Fund	Summer Sky North Defined Area Special Revenue Fund	Total Defined Areas Nonmajor Funds
33,910	\$ 144,823	\$ 612	\$ 275,908
	<u>569</u>		<u>848</u>
<u>\$ 33,910</u>	<u>\$ 145,392</u>	<u>\$ 612</u>	<u>\$ 276,756</u>
<u>\$ -0-</u>	<u>\$ 569</u>	<u>\$ -0-</u>	<u>\$ 848</u>
<u>\$ 33,910</u>	<u>\$ 144,823</u>	<u>\$ 612</u>	<u>\$ 275,908</u>
<u><u>\$ 33,910</u></u>	<u><u>\$ 145,392</u></u>	<u><u>\$ 612</u></u>	<u><u>\$ 276,756</u></u>

See accompanying independent auditor's report.

**HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Hunt Properties Defined Area Special Revenue Fund	Rancho Desierto Bello Defined Area Special Revenue Fund
REVENUES		
Property Taxes	\$ 14,431	\$ 82,463
Penalty and Interest		119
Investment Revenues	<u>4</u>	<u>52</u>
TOTAL REVENUES	<u>\$ 14,435</u>	<u>\$ 82,634</u>
EXPENDITURES		
Other	<u>\$ 135</u>	<u>\$ 371</u>
NET CHANGE IN FUND BALANCES	\$ 14,300	\$ 82,263
FUND BALANCES		
OCTOBER 1, 2022	<u>-0-</u>	<u>-0-</u>
FUND BALANCES		
SEPTEMBER 30, 2023	<u><u>\$ 14,300</u></u>	<u><u>\$ 82,263</u></u>

See accompanying independent auditor's report.

Ravenna Defined Area Special Revenue Fund	Hunt Communities Defined Area Special Revenue Fund	Summer Sky North Defined Area Special Revenue Fund	Total Defined Areas Nonmajor Funds
34,094	\$ 144,465	\$ 767	\$ 276,220
66	587		772
21	89		166
<u>\$ 34,181</u>	<u>\$ 145,141</u>	<u>\$ 767</u>	<u>\$ 277,158</u>
<u>\$ 271</u>	<u>\$ 318</u>	<u>\$ 155</u>	<u>\$ 1,250</u>
\$ 33,910	\$ 144,823	\$ 612	\$ 275,908
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u><u>\$ 33,910</u></u>	<u><u>\$ 144,823</u></u>	<u><u>\$ 612</u></u>	<u><u>\$ 275,908</u></u>

See accompanying independent auditor's report.

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HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

SEPTEMBER 30, 2023

**HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
SCHEDULE OF SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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

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

2. RETAIL SERVICE PROVIDERS

a. RETAIL RATES FOR A 3/4" METER (OR EQUIVALENT):

Based on the rate order effective August 24, 2023.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>				
WATER:	\$ 19.00	3,000	N	\$ 1.58 \$ 1.98 \$ 2.47 \$ 3.09 \$ 3.86 \$ 4.82 \$ 6.03 \$ 7.53 \$ 9.42 \$ 11.77	3,001 to 6,000 6,001 to 10,000 10,001 to 15,000 15,001 to 25,000 25,001 to 50,000 50,001 to 100,000 100,001 to 250,000 250,001 to 400,000 400,001 to 1,000,000 Over 1,000,000				
WASTEWATER:	\$ 18.68	3,000	N	\$ 1.05 \$ 1.31 \$ 1.64 \$ 2.05 \$ 2.56 \$ 3.20 \$ 4.01 \$ 5.01 \$ 6.26 \$ 7.82	3,001 to 6,000 6,001 to 10,000 10,001 to 15,000 15,001 to 25,000 25,001 to 50,000 50,001 to 100,000 100,001 to 250,000 250,001 to 400,000 400,001 to 1,000,000 Over 1,000,000				
BASE SERVICE:	\$ 23.50		Y						
District employs winter averaging for wastewater usage?					<table style="margin-left: auto; margin-right: 0;"> <tr> <td style="text-align: center;"><u> </u></td> <td style="text-align: center;"><u> X </u></td> </tr> <tr> <td style="text-align: center;">Yes</td> <td style="text-align: center;">No</td> </tr> </table>	<u> </u>	<u> X </u>	Yes	No
<u> </u>	<u> X </u>								
Yes	No								

Total charges per 10,000 gallons usage: Water: \$31.66 Wastewater: \$27.07 Base Charge: \$23.50 Total: \$82.23

See accompanying independent auditor's report.

**HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
SCHEDULE OF SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered	<u> </u>	<u> </u>	x 1.0	<u> </u>
≤ ³ / ₄ "	<u>13,570</u>	<u>13,128</u>	x 1.0	<u>13,128</u>
1"	<u>109</u>	<u>100</u>	x 2.5	<u>250</u>
1½"	<u>47</u>	<u>42</u>	x 5.0	<u>210</u>
2"	<u>79</u>	<u>76</u>	x 8.0	<u>608</u>
3"	<u>15</u>	<u>15</u>	x 15.0	<u>225</u>
4"	<u>20</u>	<u>20</u>	x 25.0	<u>500</u>
6"	<u>1</u>	<u>1</u>	x 50.0	<u>50</u>
8"	<u> </u>	<u> </u>	x 80.0	<u> </u>
10"	<u> </u>	<u> </u>	x 115.0	<u> </u>
Total Water Connections	<u><u>13,841</u></u>	<u><u>13,382</u></u>		<u><u>14,971</u></u>
Total Wastewater Connections	<u><u>13,775</u></u>	<u><u>13,325</u></u>	x 1.0	<u><u>13,325</u></u>

3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: (Unaudited)

Gallons pumped into system:	1,628,529,000	Water Accountability Ratio: 75.1% (Gallons billed and sold/Gallons pumped and purchased)
Gallons billed to customers:	1,223,555,000	

See accompanying independent auditor's report.

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
SCHEDULE OF SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

4. STANDBY FEES (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes No

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes No

County or Counties in which District is located:

El Paso County, Texas

Is the District located within a city?

Entirely Partly Not at all

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

Entirely Partly Not at all

ETJ's in which District is located:

City of El Paso, Texas; City of Socorro, Texas; and Town of Horizon City, Texas

Are Board Members appointed by an office outside the District?

Yes No

See accompanying independent auditor's report.

**HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

PROFESSIONAL FEES:	
Auditing	\$ 37,150
Engineering	136,283
Legal	275,225
Delinquent Tax Attorney	<u>82,284</u>
TOTAL PROFESSIONAL FEES	<u>\$ 530,942</u>
CONTRACTED SERVICES:	
Appraisal District	\$ 174,606
Bookkeeping	78,426
Management and Operations	3,122,343
Tax Assessor/Collector	<u>82,284</u>
TOTAL CONTRACTED SERVICES	<u>\$ 3,457,659</u>
UTILITIES	<u>\$ 2,124,028</u>
REPAIRS AND MAINTENANCE	<u>\$ 4,616,779</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 26,400
Dues	2,670
Election Costs	2,610
Insurance	66,154
Legal Notices	3,911
Office Supplies and Postage	3,910
Payroll Taxes	1,404
Travel and Meetings	1,853
Other	<u>29,030</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 137,942</u>

See accompanying independent auditor's report.

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

SOLID WASTE DISPOSAL	\$ <u>3,052,130</u>
EFFLUENT SPRAYFIELD	\$ <u>890,281</u>
OTHER EXPENDITURES:	
Chemicals	\$ 1,038,587
Fuel, Gasoline and Oil	58,595
Laboratory Fees	137,132
Permit Fees	169,024
Regulatory Assessment	36,836
Sludge Hauling	121,198
Other	<u>152,017</u>
TOTAL OTHER EXPENDITURES	\$ <u>1,713,389</u>
DEBT SERVICE:	
Bond Principal	\$ 550,000
Bond Interest	75,060
Lease Principal	79,321
Lease Interest	2,280
Note Principal	53,365
Note Interest	<u>1,070</u>
TOTAL DEBT SERVICE	\$ <u>761,096</u>
TOTAL EXPENDITURES	\$ <u>17,284,246</u>

See accompanying independent auditor's report.

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
INVESTMENTS
SEPTEMBER 30, 2023

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
LOGIC	XXXX4010	Varies	Daily	\$ 24,577	\$ - 0 -
<u>DEBT SERVICE FUND</u>					
LOGIC	XXXX4020	Varies	Daily	\$ 6,461,103	\$ - 0 -
<u>CAPITAL PROJECTS FUND</u>					
LOGIC	XXXX4050	Various	Daily	\$ 64,366,880	\$
Money Market Mutual Fund	XXXX4991	Various	Daily	593,785	
Money Market Mutual Fund	XXXX5001	Various	Daily	503,776	
TOTAL CAPITAL PROJECTS FUND				<u>\$ 65,464,441</u>	<u>\$ - 0 -</u>
TOTAL - ALL FUNDS				<u><u>\$ 71,950,121</u></u>	<u><u>\$ - 0 -</u></u>

See accompanying independent auditor's report.

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Taxes	Service Taxes
TAXES RECEIVABLE -		
OCTOBER 1, 2022	\$ 393,528	\$ 652,850
2022 Tax Levy - District	4,286,342	6,093,633
2022 Tax Levy - Hunt Communities Defined Area	145,034	
2022 Tax Levy - Ravenna Defined Area	34,094	
2022 Tax Levy - Rancho Desierto Bello Defined Area	82,742	
2022 Tax Levy - Hunt Properties Defined Area	14,431	
2022 Tax Levy - Summer Sky North Defined Area	767	
Adjustments to Prior Year Levies	(30,458)	(39,092)
TOTAL TO BE ACCOUNTED FOR	\$ 4,532,952	\$ 6,054,541
 TAX COLLECTIONS:		
Current Year - District	\$ 4,231,425	\$ 6,029,972
Current Year - Hunt Communities Defined Area	144,465	
Current Year - Ravenna Defined Area	34,094	
Current Year - Rancho Desierto Bello Defined Area	82,463	
Current Year - Hunt Properties Defined Area	14,431	
Current Year - Summer Sky North Defined Area	767	
TOTAL COLLECTIONS	\$ 4,507,645	\$ 6,029,972
 TAXES RECEIVABLE - SEPTEMBER 30, 2023	\$ 418,835	\$ 677,419
 TAXES RECEIVABLE BY		
YEAR:		
2022	\$ 106,222	\$149,804
2021	52,918	78,769
2020	34,405	60,096
2019	28,815	55,598
2018	23,468	45,291
2017	17,069	30,921
2016 and prior	155,938	256,940
TOTAL	\$ 418,835	\$ 677,419
 TAXES RECEIVABLE BY FUND		
District	\$ 417,987	\$ 677,419
Hunt Communities Defined Area	569	
Ravenna Defined Area		
Ranch Desierto Bello Defined Area	279	
Hunt Properties Defined Area		
Summer Sky North Defined Area		
TOTAL	\$ 418,835	\$ 677,419

See accompanying independent auditor's report.

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	2022	2021	2020	2019
TOTAL PROPERTY VALUATIONS	<u>\$ 2,027,654,843</u>	<u>\$ 1,716,739,332</u>	<u>\$ 1,504,121,988</u>	<u>\$ 1,434,613,058</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.300000	\$ 0.329557	\$ 0.365294	\$ 0.378900
Maintenance**	<u>0.211024</u>	<u>0.221400</u>	<u>0.209129</u>	<u>0.196374</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.511024</u>	<u>\$ 0.550957</u>	<u>\$ 0.574423</u>	<u>\$ 0.575274</u>
ADJUSTED TAX LEVY*	<u>\$ 10,379,975</u>	<u>\$ 9,472,289</u>	<u>\$ 8,653,701</u>	<u>\$ 8,267,355</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>97.54 %</u>	<u>98.61 %</u>	<u>98.91 %</u>	<u>98.98 %</u>

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

** Maintenance Tax – Maximum tax rate of \$1.50 per \$100 of assessed valuation was approved by Horizon MUD voters on July 14, 1970. Voters within the Defined Areas of the District approved a maximum tax rate of \$1.00 per \$100 of assessed valuation on November 6, 2018.

The 2022 real property valuations for Hunt Communities Defined Areas are \$64,459,816, Ravenna Defined Area are \$15,080,456, Rancho Desierto Bello Defined Area are \$36,770,283, Hunt Properties Defined Area are \$6,413,596 and Summer Sky North Defined Area are \$340,986.

See accompanying independent auditor's report.

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2023

REFUNDING SERIES - 2012

Due During Fiscal Years Ending September 30	Principal Due February 1	Interest Due February 1/ August 1	Total
2024	\$ 575,000	\$ 54,810	\$ 629,810
2025	605,000	33,570	638,570
2026	630,000	11,340	641,340
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	<u>\$ 1,810,000</u>	<u>\$ 99,720</u>	<u>\$ 1,909,720</u>

See accompanying independent auditor's report.

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2023

REFUNDING SERIES - 2014

Due During Fiscal Years Ending September 30	Principal Due February 1	Interest Due February 1/ August 1	Total
2024	\$ 20,000	\$ 291,450	\$ 311,450
2025	20,000	290,850	310,850
2026	955,000	276,225	1,231,225
2027	990,000	247,050	1,237,050
2028	1,045,000	211,300	1,256,300
2029	1,100,000	168,400	1,268,400
2030	1,155,000	123,300	1,278,300
2031	1,220,000	75,800	1,295,800
2032	1,285,000	25,700	1,310,700
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	<u>\$ 7,790,000</u>	<u>\$ 1,710,075</u>	<u>\$ 9,500,075</u>

See accompanying independent auditor's report.

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2023

S E R I E S - 2 0 1 4

Due During Fiscal Years Ending September 30	Principal Due February 1	Interest Due February 1/ August 1	Total
2024	\$	\$ 76,713	\$ 76,713
2025		76,712	76,712
2026		76,713	76,713
2027		76,712	76,712
2028		76,713	76,713
2029		76,712	76,712
2030		76,713	76,713
2031		76,712	76,712
2032		76,713	76,713
2033		76,712	76,712
2034		76,713	76,713
2035	435,000	68,556	503,556
2036	480,000	51,400	531,400
2037	510,000	32,200	542,200
2038	550,000	11,000	561,000
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	<u>\$ 1,975,000</u>	<u>\$ 1,006,994</u>	<u>\$ 2,981,994</u>

See accompanying independent auditor's report.

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2023

REFUNDING SERIES - 2015

Due During Fiscal Years Ending September 30	Principal Due February 1	Interest Due February 1/ August 1	Total
2024	\$ 440,000	\$ 245,750	\$ 685,750
2025	450,000	230,200	680,200
2026	835,000	210,925	1,045,925
2027	860,000	184,963	1,044,963
2028	875,000	157,306	1,032,306
2029	895,000	128,544	1,023,544
2030	920,000	95,600	1,015,600
2031	955,000	58,100	1,013,100
2032	975,000	19,500	994,500
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	<u>\$ 7,205,000</u>	<u>\$ 1,330,888</u>	<u>\$ 8,535,888</u>

See accompanying independent auditor's report.

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2023

REFUNDING SERIES - 2016

Due During Fiscal Years Ending September 30	Principal Due February 1	Interest Due February 1/ August 1	Total
2024	\$ 725,000	\$ 317,604	\$ 1,042,604
2025	750,000	300,525	1,050,525
2026	770,000	281,525	1,051,525
2027	800,000	259,900	1,059,900
2028	825,000	235,525	1,060,525
2029	855,000	210,325	1,065,325
2030	885,000	184,225	1,069,225
2031	910,000	156,163	1,066,163
2032	950,000	125,938	1,075,938
2033	3,400,000	55,250	3,455,250
2034	99,985	3,385,015	3,485,000
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	<u>\$ 10,969,985</u>	<u>\$ 5,511,995</u>	<u>\$ 16,481,980</u>

See accompanying independent auditor's report.

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2023

S E R I E S - 2 0 1 7

Due During Fiscal Years Ending September 30	Principal Due February 1	Interest Due February 1/ August 1	Total
2024	\$ 155,000	\$ 317,100	\$ 472,100
2025	150,000	312,525	462,525
2026	60,000	309,375	369,375
2027	50,000	307,725	357,725
2028	40,000	306,375	346,375
2029	35,000	305,250	340,250
2030	30,000	304,256	334,256
2031	20,000	303,463	323,463
2032	15,000	302,894	317,894
2033		302,650	302,650
2034		302,650	302,650
2035	1,025,000	284,712	1,309,712
2036	1,060,000	248,225	1,308,225
2037	1,105,000	210,338	1,315,338
2038	1,150,000	170,875	1,320,875
2039	4,020,000	75,375	4,095,375
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	<u>\$ 8,915,000</u>	<u>\$ 4,363,788</u>	<u>\$ 13,278,788</u>

See accompanying independent auditor's report.

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2023

S E R I E S - 2 0 1 9

Due During Fiscal Years Ending September 30	Principal Due February 1	Interest Due February 1/ August 1	Total
2024	\$ 70,000	\$ 681,144	\$ 751,144
2025	70,000	677,644	747,644
2026	70,000	674,144	744,144
2027	70,000	670,644	740,644
2028	75,000	667,769	742,769
2029	75,000	665,519	740,519
2030	80,000	663,194	743,194
2031	80,000	660,794	740,794
2032	85,000	658,266	743,266
2033	25,000	656,531	681,531
2034		656,125	656,125
2035	160,000	653,425	813,425
2036	165,000	647,941	812,941
2037	165,000	642,269	807,269
2038	160,000	636,581	796,581
2039	160,000	630,981	790,981
2040	3,215,000	571,919	3,786,919
2041	3,345,000	455,028	3,800,028
2042	3,480,000	331,325	3,811,325
2043	3,625,000	202,547	3,827,547
2044	3,775,000	68,422	3,843,422
2045			
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2051			
	<u>\$ 18,950,000</u>	<u>\$ 12,172,212</u>	<u>\$ 31,122,212</u>

See accompanying independent auditor's report.

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2023

S E R I E S - 2 0 2 0

Due During Fiscal Years Ending September 30	Principal Due February 1	Interest Due February 1/ August 1	Total
2024	\$ 5,000	\$ 333,075	\$ 338,075
2025	10,000	332,850	342,850
2026	10,000	332,550	342,550
2027	15,000	332,175	347,175
2028	15,000	331,725	346,725
2029	15,000	331,275	346,275
2030	15,000	330,825	345,825
2031	15,000	330,375	345,375
2032	10,000	330,000	340,000
2033	15,000	329,625	344,625
2034	10,000	329,250	339,250
2035	15,000	328,875	343,875
2036	10,000	328,500	338,500
2037	10,000	328,200	338,200
2038	15,000	327,825	342,825
2039	10,000	327,450	337,450
2040	1,125,000	310,425	1,435,425
2041	1,140,000	276,450	1,416,450
2042	1,160,000	241,950	1,401,950
2043	1,175,000	206,925	1,381,925
2044	1,190,000	171,450	1,361,450
2045	5,120,000	76,800	5,196,800
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	<u>\$ 11,105,000</u>	<u>\$ 6,568,575</u>	<u>\$ 17,673,575</u>

See accompanying independent auditor's report.

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2023

S E R I E S - 2 0 2 0 A

Due During Fiscal Years Ending September 30	Principal Due February 1	Interest Due February 1/ August 1	Total
2024	\$ 25,000	\$	\$ 25,000
2025	25,000		25,000
2026	30,000		30,000
2027	30,000		30,000
2028	35,000		35,000
2029	35,000		35,000
2030	30,000		30,000
2031	30,000		30,000
2032	30,000		30,000
2033	30,000		30,000
2034	30,000		30,000
2035	30,000		30,000
2036	30,000		30,000
2037	30,000		30,000
2038	30,000		30,000
2039	30,000		30,000
2040	35,000		35,000
2041	25,000		25,000
2042	15,000		15,000
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	<u>\$ 555,000</u>	<u>\$ - 0 -</u>	<u>\$ 555,000</u>

See accompanying independent auditor's report.

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2023

SERIES - 2021 REFUNDING

Due During Fiscal Years Ending September 30	Principal Due February 1	Interest Due February 1/ August 1	Total
2024	\$ 1,175,000	\$ 225,875	\$ 1,400,875
2025	1,220,000	189,950	1,409,950
2026	45,000	170,975	215,975
2027	50,000	169,550	219,550
2028	50,000	168,050	218,050
2029	50,000	166,550	216,550
2030	50,000	165,050	215,050
2031	55,000	163,750	218,750
2032	55,000	162,650	217,650
2033	55,000	161,550	216,550
2034	55,000	160,450	215,450
2035	1,965,000	140,250	2,105,250
2036	1,985,000	100,750	2,085,750
2037	2,010,000	60,800	2,070,800
2038	2,035,000	20,350	2,055,350
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
	<u>\$ 10,855,000</u>	<u>\$ 2,226,550</u>	<u>\$ 13,081,550</u>

See accompanying independent auditor's report.

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2023

S E R I E S - 2 0 2 2

Due During Fiscal Years Ending September 30	Principal Due February 1	Interest Due February 1/ August 1	Total
2024	\$ 300,000	\$ 779,650	\$ 1,079,650
2025	300,000	764,650	1,064,650
2026	310,000	749,400	1,059,400
2027	310,000	733,900	1,043,900
2028	315,000	718,275	1,033,275
2029	325,000	703,900	1,028,900
2030	340,000	690,600	1,030,600
2031	345,000	676,900	1,021,900
2032	360,000	662,800	1,022,800
2033	365,000	648,300	1,013,300
2034	380,000	633,400	1,013,400
2035	390,000	618,000	1,008,000
2036	400,000	602,200	1,002,200
2037	415,000	585,900	1,000,900
2038	425,000	569,100	994,100
2039	290,000	554,800	844,800
2040	295,000	543,100	838,100
2041	320,000	530,800	850,800
2042	345,000	517,500	862,500
2043	375,000	503,100	878,100
2044	390,000	487,800	877,800
2045	410,000	471,800	881,800
2046	5,705,000	349,500	6,054,500
2047	5,885,000	117,700	6,002,700
2048			
2049			
2050			
2051			
	<u>\$ 19,295,000</u>	<u>\$ 14,213,075</u>	<u>\$ 33,508,075</u>

See accompanying independent auditor's report.

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2023

S E R I E S - 2 0 2 3

Due During Fiscal Years Ending September 30	Principal Due February 1	Interest Due February 1/ August 1	Total
2024	\$	\$ 1,582,492	\$ 1,582,492
2025	205,000	1,677,294	1,882,294
2026	215,000	1,660,494	1,875,494
2027	230,000	1,642,694	1,872,694
2028	250,000	1,623,494	1,873,494
2029	265,000	1,602,894	1,867,894
2030	275,000	1,581,294	1,856,294
2031	295,000	1,558,494	1,853,494
2032	305,000	1,534,494	1,839,494
2033	325,000	1,512,544	1,837,544
2034	340,000	1,492,594	1,832,594
2035	355,000	1,473,519	1,828,519
2036	375,000	1,457,144	1,832,144
2037	395,000	1,441,744	1,836,744
2038	415,000	1,425,544	1,840,544
2039	435,000	1,408,544	1,843,544
2040	460,000	1,390,644	1,850,644
2041	480,000	1,371,844	1,851,844
2042	505,000	1,352,144	1,857,144
2043	530,000	1,331,444	1,861,444
2044	555,000	1,309,744	1,864,744
2045	585,000	1,286,944	1,871,944
2046	635,000	1,262,147	1,897,147
2047	720,000	1,234,200	1,954,200
2048	6,895,000	1,077,141	7,972,141
2049	7,215,000	786,122	8,001,122
2050	7,550,000	481,594	8,031,594
2051	7,900,000	162,937	8,062,937
	<u>\$ 38,710,000</u>	<u>\$ 37,722,182</u>	<u>\$ 76,432,182</u>

See accompanying independent auditor's report.

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2023

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending September 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2024	\$ 3,490,000	\$ 4,905,663	\$ 8,395,663
2025	3,805,000	4,886,770	8,691,770
2026	3,930,000	4,753,666	8,683,666
2027	3,405,000	4,625,313	8,030,313
2028	3,525,000	4,496,532	8,021,532
2029	3,650,000	4,359,369	8,009,369
2030	3,780,000	4,215,057	7,995,057
2031	3,925,000	4,060,551	7,985,551
2032	4,070,000	3,898,955	7,968,955
2033	4,215,000	3,743,162	7,958,162
2034	914,985	7,036,197	7,951,182
2035	4,375,000	3,567,337	7,942,337
2036	4,505,000	3,436,160	7,941,160
2037	4,640,000	3,301,451	7,941,451
2038	4,780,000	3,161,275	7,941,275
2039	4,945,000	2,997,150	7,942,150
2040	5,130,000	2,816,088	7,946,088
2041	5,310,000	2,634,122	7,944,122
2042	5,505,000	2,442,919	7,947,919
2043	5,705,000	2,244,016	7,949,016
2044	5,910,000	2,037,416	7,947,416
2045	6,115,000	1,835,544	7,950,544
2046	6,340,000	1,611,647	7,951,647
2047	6,605,000	1,351,900	7,956,900
2048	6,895,000	1,077,141	7,972,141
2049	7,215,000	786,122	8,001,122
2050	7,550,000	481,594	8,031,594
2051	7,900,000	162,937	8,062,937
	<u>\$ 138,134,985</u>	<u>\$ 86,926,054</u>	<u>\$ 225,061,039</u>

See accompanying independent auditor's report.

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Description	Original Bonds Issued	Bonds Outstanding October 1, 2022
Horizon Regional Municipal Utility District Waterworks and Sewer System Revenue Refunding Bonds - Series 2012	\$ 6,660,000	\$ 2,360,000
Horizon Regional Municipal Utility District Unlimited Tax Refunding Bonds - Series 2014	7,935,000	7,810,000
Horizon Regional Municipal Utility District Unlimited Tax Bonds - Series 2014	1,975,000	1,975,000
Horizon Regional Municipal Utility District Unlimited Tax Refunding Bonds - Series 2015	9,535,000	7,640,000
Horizon Regional Municipal Utility District Unlimited Tax Refunding Bonds - Series 2016	15,164,985	11,674,985
Horizon Regional Municipal Utility District Unlimited Tax Bonds - Series 2017	9,575,000	9,070,000
Horizon Regional Municipal Utility District Unlimited Tax Bonds - Series 2019	19,200,000	19,015,000
Horizon Regional Municipal Utility District Unlimited Tax Bonds - Series 2020	11,110,000	11,110,000
Horizon Regional Municipal Utility District Unlimited Tax Bonds - Series 2020A	620,000	575,000
Horizon Regional Municipal Utility District Unlimited Tax Refunding Bonds - Series 2021	13,085,000	11,990,000
Horizon Regional Municipal Utility District Unlimited Tax Bonds - Series 2022	19,590,000	19,590,000
Horizon Regional Municipal Utility District Unlimited Tax Bonds - Series 2023	<u>38,710,000</u>	<u> </u>
	<u>\$ 153,159,985</u>	<u>\$ 102,809,985</u>

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding September 30, 2023</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 550,000	\$ 75,060	\$ 1,810,000	Southside Bank Tyler, TX
	20,000	292,050	7,790,000	Bank of Texas Austin, TX
		76,712	1,975,000	Bank of Texas Austin, TX
	435,000	261,075	7,205,000	BOKF, N.A. Austin, TX
	705,000	332,356	10,969,985	BOKF, N.A. Austin, TX
	155,000	321,362	8,915,000	BOKF, N.A. Austin, TX
	65,000	684,519	18,950,000	UMB Bank, N.A. Austin, TX
	5,000	333,225	11,105,000	UMB Bank, N.A. Austin, TX
	20,000		555,000	UMB Bank, N.A. Austin, TX
	1,135,000	260,525	10,855,000	UMB Bank, N.A. Austin, TX
	295,000	698,993	19,295,000	UMB Bank, N.A. Austin, TX
<u>38,710,000</u>			<u>38,710,000</u>	UMB Bank, N.A. Austin, TX
<u>\$ 38,710,000</u>	<u>\$ 3,385,000</u>	<u>\$ 3,335,877</u>	<u>\$ 138,134,985</u>	

See accompanying independent auditor's report.

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Bond Authority:	Tax Bonds	Refunding Bonds
Amount Authorized by Voters	\$ 355,000,000	\$ 292,500,000
Amount Issued	165,975,000	68,025,000
Remaining to be Issued	\$ 189,025,000	\$ 224,475,000
Debt Service Fund cash and investment balances as of September 30, 2023:		\$ 7,914,720
Average annual debt service payment (principal and interest) for remaining term of all debt:		\$ 8,037,894

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

See accompanying independent auditor's report.

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HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND – FIVE YEARS

Amounts

	2023	2022	2021
REVENUES			
Property Taxes	\$ 4,231,425	\$ 3,766,925	\$ 3,126,950
Water Service	5,717,904	5,208,692	4,517,404
Wastewater Service	2,890,644	2,621,573	2,434,917
Garbage Service Revenues	3,414,249	3,100,721	2,864,993
Sprayfield Golf Course Revenue	1,049,388	1,231,304	1,124,960
Penalty and Interest	433,173	374,019	201,953
Tap Connection and Inspection Fees	80,573	66,895	62,208
Investment Revenues	7,548	3,732	2,796
Sales of Assets			
Miscellaneous Revenues	942,808	964,607	772,983
TOTAL REVENUES	\$ 18,767,712	\$ 17,338,468	\$ 15,109,164
EXPENDITURES			
Professional Fees	\$ 530,942	\$ 485,374	\$ 324,131
Contracted Services	6,509,789	5,762,056	5,347,252
Utilities	2,124,028	2,392,128	1,682,245
Repairs and Maintenance	4,616,779	3,251,029	2,956,922
Effluent Sprayfield	890,281	838,687	768,541
Other	1,851,331	1,518,571	1,205,731
Capital Outlay		456,897	283,914
Debt Service:			
Bond Issuance Costs			2,344
Principal	682,686	747,028	786,904
Interest	78,410	110,289	159,760
TOTAL EXPENDITURES	\$ 17,284,246	\$ 15,562,059	\$ 13,517,744
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 1,483,466	\$ 1,776,409	\$ 1,591,420
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	\$	\$	\$
Lease Proceeds			81,438
TOTAL OTHER FINANCING SOURCES (USES)	\$ - 0 -	\$ - 0 -	\$ 81,438
NET CHANGE IN FUND BALANCE	\$ 1,483,466	\$ 1,776,409	\$ 1,672,858
BEGINNING FUND BALANCE	4,794,150	3,017,741	1,344,883
ENDING FUND BALANCE	\$ 6,277,616	\$ 4,794,150	\$ 3,017,741

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2020	2019	2023	2022	2021	2020	2019
\$ 2,796,044	\$ 2,474,562	22.5 %	21.6 %	20.7 %	21.3 %	20.6 %
3,463,204	3,152,598	30.6	30.1	30.0	26.3	26.2
2,098,415	2,048,397	15.4	15.1	16.1	16.0	17.1
2,568,604	2,526,675	18.2	17.9	19.0	19.6	21.1
888,800	932,960	5.6	7.1	7.4	6.8	7.8
179,296	299,416	2.3	2.2	1.3	1.4	2.5
23,364	30,068	0.4	0.4	0.4	0.2	0.3
11,231	6,921				0.1	0.1
780,998					6.0	
297,499	509,189	5.0	5.6	5.1	2.3	4.3
<u>\$ 13,107,455</u>	<u>\$ 11,980,786</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 364,591	\$ 337,697	2.8 %	2.8 %	2.1 %	2.8 %	2.8 %
5,169,197	4,843,610	34.7	33.2	35.4	39.4	40.4
1,512,665	1,359,177	11.3	13.8	11.1	11.5	11.3
3,344,690	2,739,901	24.6	18.8	19.6	25.5	22.9
583,966	964,787	4.7	4.8	5.1	4.5	8.1
1,158,161	984,676	9.9	8.8	8.0	8.8	8.2
169,018	516,148		2.6	1.9	1.3	4.3
725,458	692,852	3.6	4.3	5.2	5.5	5.8
181,461	205,334	0.4	0.6	1.1	1.4	1.7
<u>\$ 13,209,207</u>	<u>\$ 12,644,182</u>	<u>92.0 %</u>	<u>89.7 %</u>	<u>89.5 %</u>	<u>100.7 %</u>	<u>105.5 %</u>
\$ (101,752)	\$ (663,396)	<u>8.0 %</u>	<u>10.3 %</u>	<u>10.5 %</u>	<u>(0.7) %</u>	<u>(5.5) %</u>
\$ (87,021)	\$ 20,585					
	213,409					
<u>\$ (87,021)</u>	<u>\$ 233,994</u>					
\$ (188,773)	\$ (429,402)					
1,533,656	1,963,058					
<u>\$ 1,344,883</u>	<u>\$ 1,533,656</u>					

See accompanying independent auditor's report.

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUNDS - FIVE YEARS

	Amounts		
	2023	2022	2021
REVENUES			
Property Taxes	\$ 6,029,972	\$ 5,623,871	\$ 5,469,874
Penalty and Interest	74,717	74,665	68,846
Investment Revenues	298,406	48,158	8,723
Miscellaneous Revenues	<u> </u>	<u> </u>	<u> </u>
TOTAL REVENUES	<u>\$ 6,403,095</u>	<u>\$ 5,746,694</u>	<u>\$ 5,547,443</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 3,250	\$ 8,150	\$ 6,500
Debt Service Principal	2,835,000	2,470,000	2,320,000
Debt Service Interest and Fees	3,266,567	2,634,775	2,697,877
Bond Issuance Costs	<u> </u>	<u> </u>	<u>374,659</u>
TOTAL EXPENDITURES	<u>\$ 6,104,817</u>	<u>\$ 5,112,925</u>	<u>\$ 5,399,036</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 298,278</u>	<u>\$ 633,769</u>	<u>\$ 148,407</u>
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	\$	\$	\$
Long-Term Debt Issued			13,085,000
Payment to Refunded Bond Escrow Agent			(12,812,301)
Bond Premium	<u> </u>	<u> </u>	<u>103,054</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 375,753</u>
NET CHANGE IN FUND BALANCE	\$ 298,278	\$ 633,769	\$ 524,160
BEGINNING FUND BALANCE	<u>7,465,746</u>	<u>6,831,977</u>	<u>6,307,817</u>
ENDING FUND BALANCE	<u>\$ 7,764,024</u>	<u>\$ 7,465,746</u>	<u>\$ 6,831,977</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>13,382</u>	<u>12,722</u>	<u>12,219</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>13,325</u>	<u>9,764</u>	<u>9,200</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2020	2019	2023	2022	2021	2020	2019
\$ 5,396,626	\$ 4,775,779	94.1 %	97.9 %	98.6 %	97.2 %	97.2 %
80,509	70,215	1.2	1.3	1.2	1.5	1.4
74,591	66,853	4.7	0.8	0.2	1.3	1.4
<u>\$ 5,551,726</u>	<u>\$ 4,912,847</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 6,500	\$ 6,800	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %
2,235,000	1,965,000	44.3	43.0	41.8	40.3	40.0
2,751,457	2,227,100	51.0	45.8	48.6	49.6	45.3
				6.8		
<u>\$ 4,992,957</u>	<u>\$ 4,198,900</u>	<u>95.4 %</u>	<u>88.9 %</u>	<u>97.3 %</u>	<u>90.0 %</u>	<u>85.4 %</u>
<u>\$ 558,769</u>	<u>\$ 713,947</u>	<u>4.6 %</u>	<u>11.1 %</u>	<u>2.7 %</u>	<u>10.0 %</u>	<u>14.6 %</u>
\$ 22,021	\$ 1,390,788					
<u>\$ 22,021</u>	<u>\$ 1,390,788</u>					
\$ 580,790	\$ 2,104,735					
<u>5,727,027</u>	<u>3,622,292</u>					
<u>\$ 6,307,817</u>	<u>\$ 5,727,027</u>					
<u>11,226</u>	<u>10,958</u>					
<u>8,809</u>	<u>8,574</u>					

See accompanying independent auditor's report.

**HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2023**

District Mailing Address - Horizon Regional Municipal Utility District
14100 Horizon Boulevard
Horizon City, TX 79928

District Telephone Number - (915) 852-3917

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended September 30, 2023	Expense Reimbursements for the year ended September 30, 2023	Title
Gordon Jarvis	05/21 05/25 (Elected)	\$ 7,200	\$ 1,853	President
Carl Dean Hulsey	05/23 05/27 (Elected)	\$ 4,800	\$ -0-	Vice President
Mike Barton	05/23 05/27 (Elected)	\$ 7,200	\$ -0-	Secretary
Florence Thomas	05/23 05/27 (Elected)	\$ 7,200	\$ -0-	Treasurer

Note: No Director has any business or family relationships with major landowners in the District, with the District's developer or with any of the District's consultants.

Submission date of most recent District Registration Form: November 8, 2022

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution on June 20, 2003.

See accompanying independent auditor's report.

HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2023

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended September 30, 2023</u>	<u>Title</u>
Johnson Petrov LLP	03/97	\$ 224,570 \$ 785,200	General Counsel Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	09/24/15	\$ 37,150 \$ 4,500	Audit Related Bond Related
Inframark, LLC	01/09/13	\$ 3,311,009	District Manager, Operations and Bookkeeper
TRE & Associates, LLC	12/01/11	\$ 1,349,329	Engineer
Blicht Associates, Inc.	05/04/15	\$ 104,219	Financial Advisor
El Paso County Tax Assessor/Collector	03/97	\$ 82,284	Tax Assessor/ Collector
Delgado Acosta Spencer Linebarger & Perez, LLP	01/01/06	\$ 58,020	Delinquent Tax Attorney

See accompanying independent auditor's report.

APPENDIX B – Specimen Municipal Bond Insurance Policy



BAM

**MUNICIPAL BOND
INSURANCE POLICY**

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

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

Effective Date: _____

Risk Premium: \$ _____
Member Surplus Contribution: \$ _____
Total Insurance Payment: \$ _____

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

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

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

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

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

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

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

SPECIAL MEMBER

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

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