OFFICIAL STATEMENT DATED SEPTEMBER 17, 2026

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

The Bonds are designated as "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS—Qualified Tax-Exempt Obligations."

NEW ISSUE—Book-Entry-Only

RATING: Moody's Ratings (AG Insured) .... "A1"
S&P Global Ratings (AG Insured) .... "AA"
Moody's Ratings (Underlying) .... "A3"
See "MUNICIPAL BOND INSURANCE" and "RATINGS" herein.

$6,520,000
KAUFMAN COUNTY MUNICIPAL UTILITY DISTRICT NO. 5
(A Political Subdivision of the State of Texas Located within Kaufman County)
UNLIMITED TAX CONTRACT REVENUE BONDS
SERIES 2026

Dated: October 1, 2026 **Due: March 1, as shown on inside cover**
Interest Accrues From: Date of Delivery

Kaufman County Municipal Utility District No. 5 ("KC MUD 5," the "District," or "Master District") has agreed to assume the responsibility of becoming the coordinating district for provision of regional water, wastewater, and drainage facilities and service to customers within the District, Kaufman County Municipal Utility District No. 6 ("KC MUD 6"), and Kaufman County Municipal Utility District No. 7 ("KC MUD 7") (collectively referred to herein as the "Participants") in order to encourage the regionalization of and to avoid duplication of such facilities in the area.

The $6,520,000 Unlimited Tax Contract Revenue Bonds, Series 2026 (the "Bonds"), are special limited obligations of the Master District payable solely from and to the extent of payments required to be made to the Master District by the Participants (the "Pledged Contract Payments") within the Service Area (hereinafter defined) from proceeds of an unlimited annual ad valorem contract tax levied by each Participant for debt service pursuant to the terms of a separate "Contract for Financing and Operation of Regional Waste Collection, Treatment and Disposal Facilities and Regional Water Supply and Delivery Facilities" entered into between the Master District and each Participant with identical terms (collectively, the "Master District Contract") as described under "SUMMARY OF CERTAIN DOCUMENTS—Master District Contract." The Bonds are limited obligations of the Master District payable solely from the Pledged Contract Payments pursuant to the Indenture (hereinafter defined), and are not obligations of the State of Texas; the City of Dallas, Texas; the City of Forney, Texas; the City of Mesquite, Texas; the City of Heath, Texas; Kaufman County, Texas; or any other entity other than the Master District. See "THE BONDS—Source of Payment."

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

Principal of the Bonds is payable to the registered owner(s) of the Bonds (the "Bondholder(s)") at the principal payment office of the Paying Agent/Registrar upon surrender of the Bonds for payment at maturity or upon prior redemption. The Bonds are dated October 1, 2026, and interest on the Bonds accrues from the initial date of delivery (on or about October 15, 2026) (the "Date of Delivery"), and is payable on March 1, 2027, and each September 1 and March 1 thereafter to the person in whose name the Bonds are registered as of the 15th day of the calendar month next preceding each interest payment date. Unless otherwise agreed between the Paying Agent/Registrar and a Bondholder, such interest is payable by check mailed to such persons or by other means acceptable to such persons and the Paying Agent/Registrar. The Bonds are issuable in principal denominations of $5,000 or any integral multiple thereof in fully registered form only.

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

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 **ASSURED GUARANTY INC. ("AG").**

ASSURED GUARANTY®

The Bonds constitute the sixth series of unlimited tax contract revenue bonds issued by the Master District, including one issue for refunding purposes. Voters within the boundaries of the Participants have authorized the issuance of unlimited tax contract revenue bonds in an amount necessary to provide the facilities intended to be provided by the Master District on parity with the Bonds. See "THE BONDS—Authority for Issuance." The Bonds, when issued, will constitute valid and legally binding special limited obligations of the Master District. See "THE BONDS—Source of Payment."

The Bonds are offered when, as and if issued by the District to the winning bidder of the Bonds (the "Initial Purchaser"), subject, among other things, to the approval of the Attorney General of Texas and of Coats Rose, P.C., Dallas, Texas, Bond Counsel. Delivery of the Bonds in book-entry form through the facilities of DTC is expected on or about October 15, 2026.

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

$2,045,000 Serial Bonds

Maturity (March 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number 48618M (b)	Maturity (March 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number 48618M (b)
2028	$45,000	6.875%	3.400%	AK0	2032 (c)	$55,000	6.875%	3.900%	AP9
2029	50,000	6.875%	3.500%	AL8	***	***	***	***	***
2030	50,000	6.875%	3.650%	AM6	2047 (c)	875,000	4.875%	5.060%	BE3
2031	55,000	6.875%	3.800%	AN4	2048 (c)	915,000	4.875%	5.080%	BF0

$4,475,000 Term Bonds

$105,000 Term Bond due March 1, 2034 (c)(d) Interest Rate: 6.875% (Price: $112.341) (a) CUSIP No. 48618M AR5(b)
$100,000 Term Bond due March 1, 2036 (c)(d) Interest Rate: 5.500% (Price: $105.308) (a) CUSIP No. 48618M AT1(b)
$140,000 Term Bond due March 1, 2039 (c)(d) Interest Rate: 4.625% (Price: $98.835) (a) CUSIP No. 48618M AW4(b)
$225,000 Term Bond due March 1, 2044 (c)(d) Interest Rate: 4.875% (Price: $98.554) (a) CUSIP No. 48618M BB9(b)
$880,000 Term Bond due March 1, 2046 (c)(d) Interest Rate: 4.875% (Price: $98.089) (a) CUSIP No. 48618M BD5(b)
$3,025,000 Term Bond due March 1, 2051 (c)(d) Interest Rate: 5.000% (Price: $98.882) (a) CUSIP No. 48618M BJ2(b)

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

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

(c) Bonds maturing on March 1, 2032, and thereafter, shall be subject to redemption and payment at the option of the District, in whole or from time to time in part on October 1, 2031, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS—Redemption Provisions—*Optional Redemption*."

(d) Subject to certain mandatory sinking fund redemption provisions as set forth herein under "THE BONDS—Redemption Provisions—*Mandatory Redemption.*"

USE OF INFORMATION IN OFFICIAL STATEMENT

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

All of the summaries of the statutes, resolutions, 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 Bond Counsel, for further information.

The Financial Advisor has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in the Official Statement in accordance with, and as part of, its responsibility to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

This Official Statement does not constitute, and 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.

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

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

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 final official statement for any purposes.

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SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid resulting in the lowest net effective interest rate to the District, which was tendered by SAMCO Capital Markets (the "Initial Purchaser") to purchase the Bonds bearing the interest rates shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS AND CUSIPS" at a price of 97.007330% of the par value thereof, which resulted in a net effective interest rate of 5.114043%, as calculated pursuant to Chapter 1204 of the Texas Government Code.

Prices and Marketability

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

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

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

Securities Laws

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

Delivery of Official Statements

The District shall furnish to the Initial Purchaser (and to each participating underwriter of the Bonds, within the meaning of SEC Rule 15c2-12(a), designated by the Initial Purchaser), within seven (7) business days after the sale date, the aggregate number of Official Statements agreed upon between the District and the Initial Purchaser. The District also shall furnish to the Initial Purchaser a like number of any supplements or amendments approved and authorized for distribution by the District for dissemination to potential underwriters of the Bonds, as well as such additional copies of the Official Statement or any such supplements or amendments as the Initial Purchaser may reasonably request prior to the 90th day after the end of the underwriting period described in SEC Rule 15c2-12(f)(2). The District shall pay the expense of preparing the number of copies of the Official Statement agreed upon between the District and the Initial Purchaser and an equal number of any supplements or amendments issued on or before the delivery date, but the Initial Purchaser shall pay for all other copies of the Official Statement or any supplement or amendment thereto.

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

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

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

Assured Guaranty Inc.

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL" and together with its subsidiaries, "Assured Guaranty"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO." AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets, and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates, and in the annuity reinsurance business through Assured Life Reinsurance Ltd. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

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

Current Financial Strength Ratings

On August 3, 2026, KBRA announced that it had affirmed AG's insurance financial strength rating of "AA+" (stable outlook).

On July 27, 2026, Moody's announced that it had affirmed AG's insurance financial strength rating of "A1" (stable outlook).

On July 17, 2026, S&P announced that it had affirmed AG's financial strength rating of "AA" (stable outlook).

AG can give no assurance as to any further ratings action that S&P, Moody's and/or KBRA may take. For more information regarding AG's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

Capitalization of AG

At June 30, 2026:

- The policyholders' surplus of AG was approximately $3,088 million.
- The contingency reserve of AG was approximately $1,569 million.
- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately $2,411 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG and (ii) the net unearned premium reserves and net deferred ceding commissions of AG's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK"), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

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

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AG are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2025 (filed by AGL with the SEC on February 27, 2026);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2026 (filed by AGL with the SEC on May 8, 2026); and

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2026 (filed by AGL with the SEC on August 7, 2026).

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

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

Miscellaneous Matters

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

RATINGS

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

The Bonds are expected to receive an insured rating of "A1" (stable outlook) from Moody's solely in reliance upon the issuance and delivery of the Policy by AG at the time of delivery of the Bonds. Moody's has assigned an underlying rating of "A3" to the Bonds. An explanation of the ratings may be obtained from Moody's, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. Furthermore, a security rating is not a recommendation to buy, sell, or hold securities. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by Moody's, if in their judgment, circumstances so warrant. Any such revisions or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

The District is not aware of any rating assigned to the Bonds other than the ratings discussed above.

OFFICIAL STATEMENT SUMMARY

The following is a summary of certain information contained herein and is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Official Statement. The summary should not be detached and should be used in conjunction with the more complete information contained herein. A full review should be made of this entire Official Statement and of the documents summarized or described herein.

THE BONDS

The District..........	Kaufman County Municipal Utility District No. 5 (the "District," "KC MUD 5," or the "Master District"), a political subdivision of the State of Texas, is located in Kaufman County, Texas. See "THE DISTRICT."
The Bonds..........	The $6,520,000 Unlimited Tax Contract Revenue Bonds, Series 2026 (the "Bonds"), are dated October 1, 2026, and mature on March 1 in the years and in the principal amounts as set forth on the inside cover page hereof. Interest accrues on the Bonds from the initial date of delivery (on or about October 15, 2026) (the "Date of Delivery"), at the rates shown on the inside cover page hereof and is payable March 1, 2027, and each September 1 and March 1 thereafter until the earlier of stated maturity or redemption. See "THE BONDS—General."
Redemption Provisions..........	Optional Redemption: The Bonds maturing on and after March 1, 2032, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on October 1, 2031, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS—Redemption Provisions—*Optional Redemption*." *Mandatory Redemption:* The Bonds maturing on March 1 in the years 2034, 2036, 2039, 2044, 2046 and 2051 are term bonds (the "Term Bonds") and are subject to certain mandatory sinking fund redemption provisions as set forth herein under "THE BONDS—Redemption Provisions—*Mandatory Redemption.*"
Book-Entry-Only System..........	The Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in principal denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the Beneficial Owners (hereinafter defined) thereof. Principal of and interest on the Bonds will be payable by Zions Bancorporation, National Association, Houston, Texas (the "Paying Agent/Registrar"), to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the Beneficial Owners of the Bonds. See "THE BONDS—Book-Entry-Only System."
Authority for Issuance	The rights, powers, privileges, authority and functions of the Master 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—General" and "THE BONDS—Authority for Issuance."
Source of Payment..........	Principal of and interest on the Bonds are payable from and secured by an unconditional obligation made severally by the District, Kaufman County Municipal Utility District No. 6 ("KC MUD 6"), and Kaufman County Municipal Utility District No. 7 ("KC MUD 7") (the "Participants" collectively or "Participant" individually) pursuant to a Master District Contract (as hereinafter defined) entered into between the Master District and each Participant to make certain debt service payments on the Bonds (collectively the "Pledged Contract Payments"). By execution of the Master District Contract, each Participant has agreed to pay a pro rata share of debt service on the Bonds based upon the certified assessed valuation of such Participant as a percentage of the total assessed valuation of all taxable property located within boundaries of all Participants (the "Service Area"). Participants are obligated to make such Pledged Contract Payments from the proceeds of an

annual unlimited ad valorem contract tax levied by such Participant on land within its boundaries for debt service requirements (the "Contract Tax"). No Participant is liable for the payments due by any other Participant. The Bonds are further secured by a Debt Service Fund (as hereinafter defined) held by the Trustee (as hereinafter defined) pursuant to the terms of the Indenture (as hereinafter defined). THE BONDS ARE LIMITED OBLIGATIONS OF THE MASTER DISTRICT, PAYABLE SOLELY FROM CERTAIN PLEDGED CONTRACT PAYMENTS OF EACH PARTICIPANT AND CERTAIN FUNDS HELD BY THE TRUSTEE UNDER THE INDENTURE, AND ARE NOT OBLIGATIONS OF THE CITY OF DALLAS, TEXAS; THE CITY OF FORNEY, TEXAS; THE CITY OF MESQUITE, TEXAS; KAUFMAN COUNTY, TEXAS; OR ANY OTHER POLITICAL SUBDIVISION OR AGENCY. See "THE BONDS—Source of Payment" and "SUMMARY OF CERTAIN DOCUMENTS—Master District Contract."

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

Outstanding Bonds................The District has previously issued four (4) series of unlimited tax contract revenue bonds, in its capacity as the Master District, as follows: $2,955,000 Unlimited Tax Contract Revenue Bonds, Series 2007; $3,070,000 Unlimited Tax Contract Revenue Bonds, Series 2008; $1,515,000 Unlimited Tax Contract Revenue Bonds, Series 2019; and $8,200,000 Unlimited Tax Contract Revenue Bonds, Series 2020. In addition, the Master District has issued the $4,000,000 Unlimited Tax Contract Revenue Refunding Bonds, Series 2014. As of July 1, 2026, $11,270,000 principal amount of such series of bonds remains outstanding (the "Outstanding Bonds"). See "THE BONDS—Outstanding Bonds."

Use and Distribution of Bond Proceeds................Proceeds of the Bonds will be used to fund the following: (i) rehabilitation of the Master District lift station; (ii) repairing the Master District sanitary sewer facilities repair; and (iii) the engineering and miscellaneous expenses related to the Master District lift station rehabilitation. In addition, proceeds of the Bonds will be used to pay developer interest on the Bonds and costs of issuance associated with the Bonds. See "THE BONDS—Use and Distribution of Bond Proceeds" for further information.

Qualified Tax-Exempt Obligations................The Bonds are designated "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS—Qualified Tax-Exempt Obligations."

Municipal Bond Insurance................The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Inc. ("AG"). See "MUNICIPAL BOND INSURANCE."

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

Legal Opinion................Coats Rose, P.C., Dallas, Texas. See "LEGAL MATTERS."

Financial Advisor................Cedar Creek Municipal Advisors, LLC, Irving, Texas.

Disclosure Counsel................McCall, Parkhurst & Horton L.L.P., Houston, Texas.

THE MASTER DISTRICT

Description................The District, a political subdivision of the State of Texas, was created by an order of the Texas Commission on Environmental Quality ("TCEQ"), on February 13, 2003, as Lake Vista Ranch Municipal Utility District No. 1. The District changed its name to Kaufman County Municipal Utility District No. 5 by an Order issued by the TCEQ on January 13, 2005. The District, in its capacity as the Master District, has agreed to serve as the coordinating district for provision of regional water and wastewater facilities and service to customers within the Service Area (approximately 1,946.60 acres). The District, in its capacity as a Participant, KC MUD 6, and KC MUD 7 have each entered into the "Contract for Financing and Operation of Regional Waste Collection, Treatment and Disposal Facilities and Regional Water Supply and Delivery Facilities" (collectively, the "Master District Contract") with the Master District. See "THE MASTER DISTRICT—General."

Location .... The District is located in Kaufman County, Texas, approximately 20 miles east of downtown Dallas and 2 miles north of downtown Forney. The District is located approximately 1 mile north of the intersection of Farm-to-Market 460 ("FM 460") and Farm-to-Market 740 ("FM 740"). The District is bordered by FM 740 on the east, Lake Ray Hubbard on the west, KC MUD 6 on the north, FM 460 on the southeast and State Highway 80 on the south. All of the land within the District is within the extraterritorial jurisdiction ("ETJ") of the Cities of Dallas, Forney or Mesquite. See "THE MASTER DISTRICT—Location."

Development within the Service Area .... Land within the Service Area has been developed as the single-family subdivisions of "Travis Ranch," "Trinity Crossing," "Clements Ranch," and "Lakeside at Heath." To date, approximately 1,294 acres (6,510 lots) have been developed within the Service Area. As of July 1, 2026, the Service Area consisted of 6,484 completed homes, 6 homes under construction, and 20 vacant developed lots. Additionally, the Service Area contains an elementary school and an amenity center that includes a resort-style pool, a splash pad, a fitness center, parks and open spaces.

The remaining land within the Service Area consists of approximately 18 acres of remaining developable land and approximately 576 acres of undevelopable land. See "DEVELOPMENT WITHIN THE SERVICE AREA."

Developers .... Land within the Service Area was developed by Clements Ranch, LLC, Lennar Homes of Texas Land and Construction, Ltd., MM TR South II, LLC, Pulte Homes of Texas, L.P., CADG TR South, LLC, MM Clements 10, LLC, CTMGT Travis Ranch, LLC, Travis Ranch Marina, LLC, and D.R. Horton-Texas, Ltd. (collectively the "Developers"). See "THE DEVELOPERS."

Homebuilders within the Service Area .... Homes are currently being constructed within Travis Ranch Marina, Phases 1 and 2. Travis Ranch Marina, Phase 1 is a custom community where Travis Ranch Marina, LLC is selling vacant developed lots to individuals and/or unaffiliated homebuilders for custom home construction. Homes within Travis Ranch Marina, Phase 2 are being constructed by Castlerock Homes ranging in price from $303,990 to $437,649 and in size from 1,362 square feet to 2,843 square feet. See "DEVELOPMENT WITHIN THE SERVICE AREA—Homebuilders within the Service Area."

INVESTMENT CONSIDERATIONS

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

SELECTED FINANCIAL INFORMATION

(UNAUDITED)

Assessed Values of the Participants:

	2026 Taxable Assessed Value (a)	Percent of Total
KC MUD 5	$ 690,614,822	36.51%
KC MUD 6	679,519,604	35.92%
KC MUD 7	521,557,589	27.57%
Total	$1,891,692,015	100.00%

Direct Debt:	
The Outstanding Bonds (as of July 1, 2026)	$ 11,270,000
The Bonds	$ 6,520,000
Total	$ 17,790,000
Estimated Overlapping Debt	$ 374,481,713 (b)
Total Direct and Estimated Overlapping Debt	$392,271,713
Direct Debt Ratios:	
As a percentage of the 2026 Taxable Assessed Valuation of the Participants	0.94 %
Direct and Estimated Overlapping Debt Ratios:	
As a percentage of the 2026 Taxable Assessed Valuation of the Participants	20.74 %
Debt Service Fund Balance (Master District) (as of July 16, 2026)	$ 796,065 (c)
General Fund Balance (Master District) (as of July 16, 2026)	$ 296,956 (d)
Capital Projects Fund Balance (Master District) (as of July 16, 2026)	$ 2,112,071

2026 Tax Rate per $100 of Assessed Value of Participants	**KC MUD 5**	**KC MUD 6**	**KC MUD 7**
Utility System Debt Service	$0.3525	$0.2500	$0.2025
Road System Debt Service	0.3925	0.3225	0.2925
Contract Tax	0.0550	0.0575	0.0575
Maintenance	0.2000	0.1300	0.1425
Total	$1.0000	$0.7600	$0.6950

(a) Represents the taxable assessed valuation of taxable property as of January 1, 2026, provided by the Kaufman Central Appraisal District. See "TAX DATA" and "TAXING PROCEDURES."

(b) See "MASTER DISTRICT DEBT—Direct and Estimated Overlapping Debt Statement."

(c) Neither Texas law, the Bond Order (hereinafter defined) nor the Indenture (hereinafter defined) requires that the Master District maintain any particular sum in the Debt Service Fund.

(d) The Master District maintains a minimal balance in its operating fund and relies on the collection of monthly payments by the Participants to pay its monthly expenses.

SELECTED FINANCIAL INFORMATION

(UNAUDITED)

Average Annual Debt Service Requirement (2027-2051)	$1,089,862 (a)
Maximum Annual Debt Service Requirement (2046)	$1,114,219 (a)
Contract Tax Rate per $100 of Taxable Assessed Valuation Required to Pay Average Annual Debt Service Requirement (2027-2051) at 95% Tax Collections Based on the 2026 Taxable Assessed Valuation of the Participants	$0.07
Contract Tax Rate per $100 of Taxable Assessed Valuation Required to Pay Maximum Annual Debt Service Requirement (2046) at 95% Tax Collections Based on the 2026 Taxable Assessed Valuation of the Participants	$0.07

Status of Development in Service Area as of July 1, 2026:

Participant	Total Acreage	Homes Completed	Homes Under Construction	Developed Vacant Lots
KC MUD 5	1,076.90	2,503	0	13
KC MUD 6	477.40	2,355	5	7
KC MUD 7	392.30	1,626	1	0
Total	1,946.60	6,484	6	20

(a) Requirement of debt service on the Outstanding Bonds and the Bonds. See "MASTER DISTRICT DEBT—Debt Service Requirement Schedule."

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INTRODUCTION

This Official Statement of Kaufman County Municipal Utility District No. 5 (the "District," "Master District," or "KC MUD 5") is provided to furnish information with respect to the issuance by the District of its $6,520,000 Unlimited Tax Contract Revenue Bonds, Series 2026 (the "Bonds").

The Bonds are issued pursuant to (i) Article XVI, Section 59 of the Texas Constitution, and the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code, (ii) an election held within the District on February 5, 2005, (iii) a bond order (the "Bond Order") adopted by the Board of Directors of the District (the "Board"), (iv) a trust indenture (the "Indenture") between the Master District and The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the "Trustee"), and (v) an order of the Texas Commission on Environmental Quality (the "TCEQ").

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

This Official Statement also includes information about the District and the Service Area (hereinafter defined) and certain reports and other statistical data. The summaries and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive and each summary and reference is qualified in its entirety by reference to each such document, statute, report, or instrument.

THE BONDS

General

The following is a description of certain terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Order and the Indenture. A copy of the Bond Order and the Indenture may be obtained from the Master District upon request to Bond Counsel. The Bond Order and the Indenture authorize the issuance and sale of the Bonds and prescribes the terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the Master District.

The Bonds are dated October 1, 2026, with interest payable on March 1, 2027, and on each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. The Bonds mature on March 1 in the years and in principal amounts as set forth on the inside cover page of this Official Statement and interest on the Bonds accrues from the initial date of delivery (on or about October 15, 2026) (the "Date of Delivery"), and thereafter from the most recent Interest Payment Date to which interest has been paid.

The Bonds will be issued only in fully registered form in any integral multiples of $5,000 of principal amount for any one maturity and will be initially registered and delivered only to The Depository Trust Company, New York, New York ("DTC"), in its nominee name of Cede & Co., pursuant to the book-entry-only system described herein. No physical delivery of the Bonds will be made to the owners thereof. Initially, principal of and interest on the Bonds will be payable by Zions Bancorporation, National Association, Houston, Texas (the "Paying Agent/Registrar"), to Cede & Co., as registered owner. DTC will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "Book-Entry-Only System" below.

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

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

Book-Entry-Only System

This section describes how ownership of the Bonds 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 believes the source of such information to be reliable but takes no responsibility for the accuracy or completeness thereof.

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

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

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

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

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

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

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

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

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

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

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

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

Use of Certain Terms in Other Sections of this Official Statement

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

Registration, Transfer and Exchange

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

Mutilated, Lost, Stolen or Destroyed Bonds

In the event the Book-Entry-Only System should be discontinued, the Master 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 Master District and the Paying Agent/Registrar of security or indemnity which they determine to be sufficient to hold them harmless. The Master District may require payment of taxes, governmental charges and other expenses in connection with any such replacement.

Authority for Issuance

At separate elections held within the boundaries of each Participant (hereinafter defined) on February 5, 2005, the voters of each Participant approved the Master District Contract (hereinafter defined), thereby, authorizing the levy and collection of the Contract Tax (hereinafter defined) and the issuance of the Bonds and future unlimited tax bonds to be issued by the Master District ("Contract Revenue Bonds") to fund the regional water supply and wastewater treatment facilities, as well as the regional water distribution and wastewater collection trunklines and drainage and detention facilities (collectively, the "Master District Facilities" as further defined in "THE SYSTEM—The Master District"). See "Issuance of Additional Debt" below.

A TCEQ order has authorized the Master District to sell the Bonds subject to certain restrictions, including the use of Bond proceeds as summarized in "– Use and Distribution of Bond Proceeds" below.

The Bonds are issued pursuant to (i) Article XVI, Section 59 of the Texas Constitution, and the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code, (ii) various elections held within the District and the other Participants, (iii) the Bond Order, (iv) the Indenture, and (v) an order of the TCEQ.

Before the Bonds can be issued, the Attorney General of Texas must pass upon the legality of certain related matters. The Attorney General of Texas does not guarantee or pass upon the safety of the Bonds as an investment, the sufficiency of the Pledged Revenues (hereinafter defined) to pay principal and interest on the Bonds or upon the adequacy of the information contained in this Official Statement.

Outstanding Bonds

The District, in its capacity as the Master District, has previously issued four (4) series of unlimited tax contract revenue bonds as follows: $2,955,000 Unlimited Tax Contract Revenue Bonds, Series 2007; $3,070,000 Unlimited Tax Contract Revenue Bonds, Series 2008; $1,515,000 Unlimited Tax Contract Revenue Bonds, Series 2019; and $8,200,000 Unlimited Tax Contract Revenue Bonds, Series 2020. In addition, the Master District has issued the $4,000,000 Unlimited Tax Contract Revenue Refunding Bonds, Series 2014. As of July 1, 2026, $11,270,000 principal amount of such series of bonds remains outstanding (the "Outstanding Bonds").

Source of Payment

The Bonds are payable solely from and to the extent that certain payments required by the Master District Contract are made by the Trustee for the purpose of paying the debt service on the Bonds. The Master District Contract provides that all Participants shall pay a pro rata share of debt service on the Master District bonds, including the Outstanding Bonds, the Bonds, and any future unlimited tax Contract Revenue Bonds, based upon each Participant's certified assessed valuation as a percentage of the total assessed valuation of the Service Area. The debt service requirements shall be calculated to include the charges and expenses of paying agents, registrars and trustees utilized in connection with the Bonds and any bonds of the District subsequently issued, the principal, interest and redemption requirements of the Bonds and any bonds of the Master District subsequently issued and all amounts required to establish and maintain funds established under the Bond Order or the Indenture. Each Participant is obligated to pay its pro rata share of the annual debt service on the Bonds from the proceeds of an annual ad valorem contract tax which is not limited as to rate or amount, or from any other legally available funds of each Participant. Each Participant's pro rata share of debt service requirements will be calculated annually by the Master District; however, the levy of a contract tax for the purpose of paying debt service on the Bonds and any bonds of the Master District subsequently issued is the sole responsibility of each Participant. See "SUMMARY OF CERTAIN DOCUMENTS."

The Bonds are secured by the Indenture entered into by the Master District and the Trustee. Pursuant to the Indenture, the Master District has assigned to the Trustee all of the Master District's right, title and interest in and to the Pledged Contract Payments required by the Master District Contract. See "SUMMARY OF CERTAIN DOCUMENTS—Indenture."

Pledged Contract Payments by the Participants

Principal of and interest on the Bonds, the Outstanding Bonds, and any bonds of the Master District subsequently issued are payable from and secured by an unconditional obligation to make certain payments that are to be made severally by the each of the District (in its capacity as a Participant (as defined defined)), Kaufman County Municipal Utility District No. 6 ("KC MUD 6"), and Kaufman County Municipal Utility District No. 7 ("KC MUD 7") (the District, KC MUD 6, and KC MUD 7 being referred to herein individually as a "Participant" and collectively as the "Participants") pursuant to the "Contract for Financing and Operation of Regional Waste Collection, Treatment and Disposal Facilities and Regional Water Supply and Delivery Facilities (the "Master District Contract") for the purpose of paying their pro rata shares of debt service requirements which includes principal of and interest on the Bonds, the Outstanding Bonds, and any additional bonds, and fees and charges due the Trustee and the Paying Agent/Registrar (the "Pledged Contract Payments"). By execution of the Master District Contract, the Participants have each agreed to pay such pro rata share of debt service on the Bonds based upon the certified assessed valuation of each Participant as a percentage of the total assessed valuation of the total area encompassed by the Participants (the "Service Area"). Participants are obligated to make such debt service requirement payments from the proceeds of the ad valorem taxes levied by such Participant for such purpose (the "Contract Tax") or other monies legally available to the Participant. NO PARTICIPANT IS LIABLE FOR THE PAYMENTS DUE BY ANY OTHER PARTICIPANT.

The Bonds are limited obligations of the Master District, payable solely from the Pledged Contract Payments and certain funds held by the Trustee under the Indenture (i.e., all monies paid into the Debt Service Fund for the Bonds, including capitalized interest), and are not obligations of the State of Texas; Kaufman County, Texas; the cities of Dallas, Forney, Mesquite, and Heath; or any entity other than the Master District. See "SUMMARY OF CERTAIN DOCUMENTS—Master District Contract." The Master District shall calculate on or before September 1 of each year, or as soon thereafter as practical, the amount of Pledged Contract Payments due from each Participant in the following calendar year. The Pledged Contract Payments shall be billed to each Participant by the Master District on or before September 1 of the year prior to the year in which such Pledged Contract Payments become due, or as soon thereafter as practical. Such Pledged Contract Payments shall be due and payable from each Participant directly to the Trustee semiannually on or before August 15 and February 15 of each year.

Unconditional Obligation to Pay

All charges imposed by the Master District to pay debt service on the Bonds will be made by the Participants without set-off, counterclaim, abatement, suspension, or diminution, nor will any Participant have any right to terminate the Master District Contract nor be entitled to the abatement of any such payment or any reduction thereof nor will the obligations of the Participants be otherwise affected for any reason, including without limitation acts or conditions of the Master District that might be considered failure of consideration, eviction or constructive eviction, destruction or damage to the Master District Facilities, failure of the Master District to perform and observe any agreement, whether expressed or implied, or any duty, liability or obligation arising out of or connected with the Master District Contract. All sums required to be paid by the Participants to the Master District for such purposes will continue to be payable in all events and the obligations of the Participants will continue unaffected, unless the requirement to pay is reduced or terminated pursuant to an express provision of the Master District Contract. If any Participant disputes the amount to be paid to the Master District, the Participant shall nonetheless promptly make payments as billed by the Master District, and if it is subsequently determined by agreement, arbitration, regulatory decision, or court decision that such disputed payment should have been less, the Master District will then make proper adjustments to all Participants so that the appropriate Participant will receive credit for its over payments. See "SUMMARY OF CERTAIN DOCUMENTS—Master District Contract."

Funds

Pursuant to the Indenture, a debt service fund has been created as a trust fund for the benefit of the Registered Owners (the "Debt Service Fund"). The proceeds from Pledged Contract Payments collected for and on account of the Bonds authorized by the Bond Order shall be deposited and collected, in the Debt Service Fund. See "SUMMARY OF CERTAIN DOCUMENTS—Indenture."

Record Date for Interest Payment

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

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

Redemption Provisions

Optional Redemption: The Bonds maturing on and after March 1, 2032, shall be subject to redemption at the option of the District, in whole or from time to time in part, on October 1, 2031, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the bond register. If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed shall be selected by the District. If less than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds or portions thereof to be redeemed will be selected by the Paying Agent/Registrar prior to the redemption date by a random selection method in integral multiples of $5,000 within any one maturity. The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present such Bond to the Paying Agent/Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond of the same series in the principal amount equal to the portion of such Bond not redeemed.

Mandatory Redemption: The Bonds maturing on March 1 in the years 2034, 2036, 2039, 2044, 2046 and 2051 are term bonds (the "Term Bonds") and shall be redeemed by lot or other customary method of random selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form) prior to maturity, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the "Mandatory Redemption Date"), and in the principal amount set forth in the following schedule:

$105,000 Term Bonds Maturing on March 1, 2034

Mandatory Redemption Date	Principal Amount
March 1, 2033	$ 55,000
March 1, 2034 (Maturity)	$ 50,000

$100,000 Term Bonds Maturing on March 1, 2036

Mandatory Redemption Date	Principal Amount
March 1, 2035	$ 50,000
March 1, 2036 (Maturity)	$ 50,000

$140,000 Term Bonds Maturing on March 1, 2039

Mandatory Redemption Date	Principal Amount
March 1, 2037	$ 50,000
March 1, 2038	$ 45,000
March 1, 2039 (Maturity)	$ 45,000

$225,000 Term Bonds Maturing on March 1, 2044

Mandatory Redemption Date	Principal Amount
March 1, 2040	$ 45,000
March 1, 2041	$ 45,000
March 1, 2042	$ 45,000
March 1, 2043	$ 45,000
March 1, 2044 (Maturity)	$ 45,000

$880,000 Term Bonds Maturing on March 1, 2046

Mandatory Redemption Date	Principal Amount
March 1, 2045	$ 45,000
March 1, 2046 (Maturity)	$ 835,000

$3,025,000 Term Bonds Maturing on March 1, 2051

Mandatory Redemption Date	Principal Amount
March 1, 2049	$ 960,000
March 1, 2050	$ 1,010,000
March 1, 2051 (Maturity)	$ 1,055,000

On or before 30 days prior to each Mandatory Redemption Date set forth above, the Paying Agent/Registrar shall (i) determine the principal amount of such Term Bonds that must be mandatorily redeemed on such Mandatory Redemption Date, after taking into account deliveries for cancellation and optional redemptions as more fully provided for below, (ii) select, by lot or other customary random method, the Term Bonds or portions of the Term Bonds of such maturity to be mandatorily redeemed on such Mandatory Redemption Date, and (iii) give notice of such redemption as provided in the Bond Order. The principal amount of the Term Bonds to be mandatorily redeemed on such Mandatory Redemption Date, either has been purchased in the open market and delivered or tendered for cancellation by or on behalf of the District to the Paying Agent/Registrar or optionally redeemed and which, in either case, has not previously been made the basis for a reduction under this sentence.

Annexation

The Master District lies partly within the extraterritorial jurisdiction ("ETJ") of the City of Dallas, Texas, the City of Forney, Texas, and the City of Mesquite, Texas. Certain portions of the Master District may be annexed and dissolved by the City of Dallas, by the City of Forney, or by the City of Mesquite only if (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed and (ii) if the registered voters in the area to be annexed do not own more than 50% of the land in the area, a petition has been signed by more than 50% of the landowners, consenting to annexation. If the Master District is annexed, the City of Dallas, the City of Forney, or the City of Mesquite must assume the Master District's assets and obligations (including the Bonds) and abolish the District within ninety (90) days of the date of annexation. Annexation of territory by the City of Dallas, the City of Forney, or the City of Mesquite is a policy-making matter within the discretion of the Mayors and City Councils of such cities, and therefore, the District makes no representation that the City of Dallas, the City of Forney, or the City of Mesquite will ever annex the Master District and assume its debt. Moreover, no representation is made concerning the ability of the City of Dallas, the City of Forney, or the City of Mesquite to make debt service payments should annexation occur. The Bond Order provides for the termination of the pledge of taxes to the Bonds upon annexation and dissolution by a city.

Consolidation

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

Defeasance

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

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

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

Issuance of Additional Debt

The Master District may issue additional unlimited tax Contract Revenue Bonds necessary to provide those improvements and facilities pursuant to the terms of the Master District Contract, with the approval of the TCEQ, and upon the issuance of such bonds, each of the Participants would be responsible for the contract payments in an amount sufficient to pay their pro rata share of the debt service on such bonds. See "Source of Payment" above and "INVESTMENT CONSIDERATIONS—Future Debt." The Bond Order imposes no limitation on the amount of additional unlimited tax Contract Revenue Bonds which may be issued by the Master District. Any additional unlimited tax Contract Revenue Bonds issued by the Master District will be on a parity with the Bonds.

The issuance of additional obligations may increase the Master District's and the Participants' tax rate and adversely affect the security for, and the investment quality and value of, the Bonds. The Master District does not employ any formula with respect to assessed valuations, tax collections, or otherwise to limit the amount of parity bonds which it may issue. The issuance of additional bonds for the construction of additional Master District Facilities is subject to approval by the TCEQ pursuant to issuance guidelines established by it. See "INVESTMENT CONSIDERATIONS—Future Debt."

Each of the Participants may issue additional unlimited tax bonds to finance facilities to serve the land within their respective boundaries. See "APPENDIX A" for a description of the authorized but unissued unlimited tax bonds of the Participants.

Specific Tax Covenants

The Master District has additionally covenanted and represented in the Bond Order that it:

(1) will not use, permit the use of, or omit to use proceeds of the sale of the Bonds, amounts derived from the investment thereof, or funds held in the Debt Service Fund (the "Proceeds") or any other amounts (or any property acquired, constructed, or improved with the Proceeds) in a manner which, if made or omitted, respectively, would cause interest on any Bond to become includable in the gross income, as defined in Section 61 of the Internal Revenue Code of 1986, as amended (the "Code"), of the owners of the Bonds for federal income tax purposes;

(2) will not, at any time prior to the maturity of the Bonds, either (a) use or permit the use of Proceeds or any property acquired, constructed or improved with the Proceeds in any trade or business carried on by any person or entity other than a state or local government (or in any activity of any person other than a natural person) or (b) directly or indirectly impose or accept any charge or other payment for the use of the Proceeds or any property acquired, constructed or improved with the Proceeds in any trade or business carried on by any person other than a state or local government (or any activity of any person other than a natural person), unless in each case such use is merely as a member of the general public or said charge or payment consists of taxes of general application within the Master District or interest earned on certain investments acquired with the Proceeds pending application for their intended purposes;

(3) will not use the Proceeds to make or finance loans to any person or entity other than a state or local government, excluding loans consisting of temporary investment of the Proceeds pending application for their intended purposes but including any transaction which constructively transfers ownership of property financed with Proceeds for federal income tax purposes;

(4) will not, except during certain temporary periods described in the Bond Order, at any time prior to the maturity of the Bonds, directly or indirectly invest the Proceeds in taxable investments (or use such proceeds to replace money if so invested), if as a result of such investment the yield of all such taxable investments acquired with the Proceeds (or with money replaced thereby), whether then held or previously disposed of, exceeds the yield of the Bonds;

(5) will not (a) use any money to pay principal of or interest on the Bonds, or pledge (or permit to be pledged) or otherwise restrict any money, funds, or investments so as to give reasonable assurance of their availability for such purpose, except in each case amounts deposited to the Debt Service Fund, or (b) apply any proceeds from the sale of the Bonds or income from the investment thereof, directly or indirectly, to pay principal of or interest on any other indebtedness of the Master District, any other governmental entity which is included within the Master District, or any corporate or other instrumentality of the Master District or any such governmental entity;

(6) will not cause the Bonds to be treated as "federally guaranteed" obligations for purposes of Section 149{b) of the Code or "hedge bonds" within the meaning of Section 149{g) of the Code; and

(7) will file with the Secretary of the Treasury of the United States, not later than the 15th date of the second calendar month after the close of the calendar quarter in which the Bonds were issued, an information report in compliance with the Code.

The Master District may omit to comply with any of the foregoing covenants if it obtains an opinion of nationally recognized bond counsel that such omission would not adversely affect the excludability from gross income for federal income tax purposes of interest on any Bond.

Amendments to the Bond Order

The Master District may, without the consent of or notice to any Registered Owners, amend the Bond Order 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 Master 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 Order, provided that, without the consent of the Registered Owners of all of the Bonds affected, and provided that it has not failed to make a timely payment of principal of or interest on the Bonds, no such amendment, addition or rescission may (1) change the date specified as the date on which the principal of or any installment of interest on any Bond is due and payable, reduce the principal amount thereof, the redemption price thereof, or the rate of interest thereon, change the place or places at, or the coin or currency in which any Bond or the interest thereon is payable, or in any other way modify the terms or sources of payment of the principal of or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) modify any of the provisions of the Bond Order relating to the amendment thereof, except to increase any percentage provided thereby or to provide that certain other provisions of the Bond Order cannot be modified or waived without the consent of the holder of each Bond affected thereby. 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. See "SUMMARY OF CERTAIN DOCUMENTS—Indenture" for a discussion on amendments to the Indenture.

Registered Owners' Remedies

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

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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Use and Distribution of Bond Proceeds

The construction costs below were compiled by the Master District's engineer and were submitted to the TCEQ in the Master District's TCEQ Bond Application Report. Non-construction costs are based upon either contract amounts or estimates of various costs by the Engineer and the Financial Advisor. The actual amounts to be reimbursed by the Master District and the non-construction costs will be finalized after the sale of the Bonds and completion of agreed-upon procedures by the Master District's auditor. The surplus funds may be expended for any lawful purpose for which surplus construction funds may be used, if approved by the TCEQ, where required.

Construction Costs		**Amount**
1. Master Lift Station Rehabilitation	$	4,966,450
2. Shared Sanitary Sewer Facilities Repair		103,905
3. Contingencies (Item 1)		496,645
4. Engineering (Item 1)		365,000
Total Construction Costs	$	5,932,000
Non-Construction Costs		
1. Legal Fees	$	145,400
2. Fiscal Agent Fees		130,400
3. Bond Discount		195,122
4. Bond Issuance Expenses		48,780
5. Bond Application Report		45,000
6. Attorney General Fee		6,520
7. TCEQ Bond Issuance Fee		16,300
8. Contingency (a)		478
Total Non-Construction Costs	$	588,000
Total Bond Issue Requirement	**$**	**6,520,000**

(a) Represents the budgeted vs actual amount of bond discount

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

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SUMMARY OF CERTAIN DOCUMENTS

Master District Contract

Each of the Participants has executed the Master District Contract, as amended, with the Master District and obtained approval of the Master District Contract from the voters of each Participant at elections held separately within the boundaries of each Participant. The Master District Contract provides that all Participants shall pay a pro rata share, based upon each Participant's assessed valuation as a percentage of the total certified assessed valuation in the Service Area, of debt service on the Master District bonds, including the Bonds, and any future unlimited tax Contract Revenue Bonds. Each Participant is obligated to pay its pro rata share of the annual debt service payments from the proceeds of an annual ad valorem Contract Tax which is not limited as to rate or amount which includes the charges and expenses of paying agents, registrars, and trustees utilized in connection with the Bonds, the principal, interest and redemption requirements of the Bonds and all amounts required to establish and maintain funds established under the Bond Order or Indenture (the "Pledged Contract Payments"). Each Participant's pro rata share of debt service requirements will be calculated annually by the Master District; however, the levy of a Contract Tax or other available means of payment is the sole responsibility of each Participant for the purpose of paying its pro rata share of debt service on the Bonds. The Master District Facilities have been, and are expected to be, constructed with funds provided by the Developers and proceeds from the Bonds and future unlimited tax Contract Revenue Bonds issued by the Master District, which will also be used to reimburse the Developers for such facilities. The Master District Contract also provides for duties of the parties; establishment and maintenance of funds; assignment; arbitration; amendments; force majeure; and other provisions.

It is anticipated that the Master District Facilities will be acquired or constructed in stages to meet the needs of a continually expanding population within the Service Area. In the event that the Master District fails to meet its obligations to provide Master District Facilities as required by the Master District Contract, each Participant has the right, pursuant to the Master District Contract, to design, acquire, construct, or expand the Master District Facilities needed to provide service to each Participant, and convey such Master District Facilities to the Master District in consideration of payment by the Master District of the actual reasonable necessary capital costs expended by each Participant for such Master District Facilities. See "APPENDIX A" for information concerning each Participant's authorized but unissued unlimited tax bond authority.

All sums payable by each Participant to the Master District pursuant to the Master District Contract are to be paid without set off, counterclaim, abatement, suspension, or diminution. If any Participant fails to pay its share of these costs in a timely manner, the Master District Contract provides that the Master District shall be entitled to cancel, in whole or in part, any reservation or allocation of capacity in the Master District's Facilities by such Participant in addition to the Master District's other remedies under the Master District Contract. See "THE BONDS—Source of Payment" and "—Unconditional Obligation to Pay." Under certain conditions, the Master District may extend the Service Area and provide services to other parties who will become Participants and agree to assume their pro rata share of the bonded indebtedness of the Master District Facilities in the same manner as the existing Participants.

Indenture

The Bonds are further secured by the Indenture from the Master District to The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (or a successor to) as Trustee. Pursuant to the Indenture, the Master District has assigned to the Trustee all of the Master District's right, title and interest in and to the Pledged Contract Payments under the Master District Contract. Such Pledged Contract Payments, together with all amounts from time to time on deposit in the Debt Service Fund maintained by the Trustee pursuant to the Indenture, together with any other security from time to time thereafter granted to the Trustee shall constitute the "Pledged Revenues" held by the Trustee under the Indenture.

Pursuant to the Indenture, the Trustee is to maintain the Debt Service Fund as trust funds to be held in trust solely for the benefit of the Registered Owners of the Bonds. The Master District has covenanted in the Indenture that it will cause to be charged to each Participant, and collected and deposited into the Debt Service Fund, Pledged Contract Payments in amounts sufficient, together with other Pledged Revenues, to provide for the payment of all interest due on the Bonds on or before each interest payment date and all principal payments on the Bonds on each principal payment date. The Debt Service Fund are to be invested only in investments authorized by the laws of the State of Texas but must be invested in a manner such that the money required to be expended from any fund will be available at the proper time or times.

The Indenture provides that an "Event of Default" shall be either of the following occurrences:

(a) Failure to pay when due the principal of or interest on any Bond; or

(b) Failure to deposit to the Debt Service Fund money sufficient to pay any principal of or interest on any Bond no later than the date when it becomes due and payable.

Upon the occurrence of an Event of Default, the Trustee is required to give notice thereof to the Registered Owners and, subject to the other provisions of the Indenture, may proceed to protect and enforce its rights and the rights of the Registered Owners of the Bonds by suit, action or proceeding at equity or at law or otherwise, whether for the specific performance of any covenant or agreement contained in the Indenture, Bond Order or Bonds or in aid of the execution of any power granted in the Indenture or for the enforcement of any of the legal, equitable or other remedy as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of the rights of the Trustee or such Registered Owner, including, without limitation, requesting a writ of mandamus issued by a court of competent jurisdiction compelling the directors and other officers of the Master District and/or the Participants to make such payment (but only from and to the extent of the sources provided in the Indenture) or to observe and perform its other covenants, obligations and agreements in the Indenture. The Indenture provides that the Trustee may seek the appointment of receivers, may act without possession of the Bonds, may act as attorney in fact for the Registered Owners, that no remedy is exclusive and that the delay or omission in the exercise of any right or remedy shall not constitute a waiver.

The Indenture does not provide for any acceleration of maturity of the Bonds or provide for the foreclosure upon any property or assets of the Master District or the Participants, other than applying the Pledged Revenues as defined in the Indenture in the manner provided in the Indenture.

The Indenture imposes certain limitations on Registered Owners of Bonds to institute suits, actions or proceedings at law or in equity for the appointment of a receiver or other remedy unless and until the Trustee shall have received the written request of the Registered Owners of not less than 25% of all Bonds and any additional bonds from time to time outstanding and secured by the Indenture and the Trustee shall have refused or neglected to institute such suit, action or proceeding for a period of 10 days after having been furnished reasonable indemnity.

Notwithstanding the foregoing, Registered Owners of more than 50% of the aggregate principal amount of the Bonds and any additional bonds from time to time issued and outstanding shall have the right, by written instrument delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture.

Without the consent of the Registered Owners, the Master District and the Trustee may from time to time enter into one or more indentures supplemental to the Indenture, which shall form a part of the Indenture, for any one or more of the following purposes:

(1) to cure any ambiguity, inconsistency or formal defect or omission in the Indenture;

(2) to grant to or confer upon the Trustee for the benefit of the Registered Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Registered Owners of the Bonds or the Trustee or either of them;

(3) to subject to the lien of the Indenture additional revenues, properties or collateral;

(4) to modify, amend or supplement the Indenture or any supplemental indenture in such manner as to provide further assurances that interest on the Bonds will, to the greatest extent legally possible, be excludable from gross income for federal income tax purposes;

(5) to obtain bond insurance or a rating for the Bonds;

(6) to permit any unlimited tax contract revenue bonds to be issued in book entry-only-form; and

(7) to permit the assumption of the Master District's obligations under the Indenture by any other entity that may become the legal successor to the Master District;

provided, however, that no provision in such supplemental indenture shall be inconsistent with the Indenture or shall impair in any manner the rights of the Registered Owners.

Except as provided in the preceding paragraph, any modification, change or amendment of the Indenture may be made only by a supplemental indenture adopted and executed by the Master District and the Trustee with the consent of the owners of not less than a majority of the aggregate principal amount of the bonds then outstanding. However, without the consent of the holders of each outstanding Bond, no modification, change, or amendment to the Indenture shall:

(1) extend the time of payment of the principal thereof or interest thereon, or reduce the principal amount thereof or premium, if any, thereon, or the rate of interest thereon, or make the principal thereof or premium, if any, or interest thereon payable in any coin or currency other than that provided in the Indenture, or deprive such Registered Owner of the lien on the revenues pledged under the Indenture; or

(2) change or amend the Indenture to permit the creation of any lien on the revenues pledged therein equal or prior to the lien thereof, or reduce the aggregate principal amount of Bonds.

The Trustee may be removed at any time by an instrument or concurrent instruments in writing, signed by the owners of a majority in principal amount of the Bonds then outstanding and delivered to the Trustee, with notice thereof given to the Master District.

The Trustee may at any time resign and be discharged from the trusts created by giving written notice to the Master District and by providing written notice to the Registered Owners of its intended resignation at least sixty (60) days in advance thereof. Such notice shall specify the date on which such resignation shall take effect and shall be sent by first-class mail, postage prepaid to each Registered Owner. Resignation by the Trustee shall not take effect unless and until a successor to such Trustee shall have been appointed.

In case the Trustee shall resign, or shall be removed or dissolved, or shall be in the course of dissolution or liquidation, or shall otherwise become incapable of acting, or in case the Trustee shall be taken under control of any public officer or officers or a receiver appointed by a court, a successor may be appointed by the Registered Owners of a majority in principal amount of the Bonds then outstanding, by an instrument or concurrent instruments in writing, signed by such owners or their duly authorized representatives delivered to the Trustee, with notice thereof given to the Master District; provided however, that in any of the events above mentioned, the Master District may nevertheless appoint a temporary Trustee to fill such vacancy until a successor shall be appointed by the Registered Owners in the manner above provided, and any such temporary Trustee so appointed by the Master District shall immediately and without further act be automatically succeeded by the successor to the Trustee appointed by the Registered Owners. The Master District shall provide written notice to the Registered Owners of the appointment of any successor Trustee, whether temporary or permanent, in the manner provided in the Indenture for providing notice of the resignation of the Trustee. Any successor Trustee or temporary Trustee shall be a trust company or bank in good standing located in or incorporated under the laws of the State of Texas duly authorized to exercise trust powers and subject to examination by federal or state authority, having a reported capital and surplus of not less than $100,000,000.

In the event that no appointment of a successor Trustee is made by the Registered Owners or by the Master District pursuant to the Indenture for a period of ninety (90) days from the receipt of notice of such resignation or removal, the Registered Owner of any Bond or the retiring Trustee may apply to any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice as it shall deem proper, if any, appoint a successor Trustee.

Service Agreement with Forney Lake Water Supply Corporation and the City of Heath

The Master District entered into agreements with Forney Lake Water Supply Corporation ("FLWSC") and the City of Heath concerning the supply of water and wastewater services to the Service Area. The agreement with FLWSC is the "Agreement By and Between Forney Lake Water Supply Corporation and Travis Ranch Development, L.P.," ("Water Service Agreement") entered into with FLWSC and Travis Ranch Development, L.P. ("TRD"). Such Water Service Agreement was assigned by TRD to the Master District upon its creation. The agreement with the City of Heath is the "Wastewater Service Contract," ("Wastewater Service Agreement") entered into with the City of Heath and the Master District. The Water Service Agreement and the Wastewater Service Agreement are collectively referred to as the "Service Agreements." The following is a summary of certain terms and conditions of the Service Agreements, but is not a complete description and is qualified by reference to the Service Agreements, copies of which are available from the Master District.

Water Service Agreement: The Water Service Agreement with FLWSC provides that the Participants will provide the infrastructure, transmission and distribution lines, storage facilities, and associated facilities necessary for FLWSC to provide retail water service to the Service Area. The water provided by FLWSC is transported through transmission lines, distribution lines, water lines, ground storage tanks, storage towers, pump stations, and associated facilities (the "Utility System") built by TRD or the Participants for the benefit of FLWSC. TRD and the Participants have full responsibility for the cost and construction the Utility System. FLWSC has no obligation to construct such facilities but, once constructed and after a one-year warranty period, FLWSC has fully responsibility for any normal repairs from normal system operations. If a particular expense is greater than $2,500, it will be deemed a capital cost borne by the applicable Participant and if such expense is less than $2,500 it will be deemed an operation expense borne by FLWSC. All revenues from water service are paid directly to FLWSC.

The Water Service Agreement, as amended, provides for the construction of Phase 1, Phase 2 and Phase 3 improvements to serve up to 4,000 equivalent single-family connections (ESFCs) within the Service Area, of which all phases have been completed. As of the date of this Official Statement, there are 6,510 active ESFCs within the Service Area.

Wastewater Service Agreement: The Wastewater Service Agreement with the City of Heath provides that the City of Heath will utilize its rights under several contracts that entitle the City of Heath to discharge wastewater into the North Texas Municipal Water District's regional wastewater treatment facilities to provide wholesale wastewater treatment service to the land within the Service Area so that the Master District may serve the Service Area through full development. All costs necessary to transport wastewater from the Service Area, including the costs of sewer lines, trunklines, a metering vault station, meter and operations and maintenance costs of such transportation system are the responsibility of the Master District. Charges for wastewater services are calculated based on the actual flow of wastewater multiplied by the current unit cost per one thousand gallons being charged to the City of Heath by the North Texas Municipal Water District, plus 20%.

MASTER DISTRICT DEBT

General

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

Assessed Values of the Participants:

	2026 Taxable Assessed Value (a)	Percent of Total
KC MUD 5	$ 690,614,822	36.51%
KC MUD 6	679,519,604	35.92%
KC MUD 7	521,557,589	27.57%
Total	$1,891,692,015	100.00%

Direct Debt:	
The Outstanding Bonds (as of July 1, 2026)	$ 11,270,000
The Bonds	$ 6,520,000
Total	$ 17,790,000
Estimated Overlapping Debt	$ 374,481,713 (b)
Total Direct and Estimated Overlapping Debt	$392,271,713
Direct Debt Ratios:	
As a percentage of the 2026 Taxable Assessed Valuation of the Participants	0.94 %
Direct and Estimated Overlapping Debt Ratios:	
As a percentage of the 2026 Taxable Assessed Valuation of the Participants	20.74 %
Debt Service Fund Balance (Master District) (as of July 16, 2026)	$ 796,065 (c)
General Fund Balance (Master District) (as of July 16, 2026)	$ 296,956 (d)
Capital Projects Fund Balance (Master District) (as of July 16, 2026)	$ 2,112,071

2026 Tax Rate per $100 of Assessed Value of Participants	**KC MUD 5**	**KC MUD 6**	**KC MUD 7**
Utility System Debt Service	$0.3525	$0.2500	$0.2025
Road System Debt Service	0.3925	0.3225	0.2925
Contract Tax	0.0550	0.0575	0.0575
Maintenance	0.2000	0.1300	0.1425
Total	$1.0000	$0.7600	$0.6950

Average Annual Debt Service Requirement (2027-2051)	$1,089,862 (e)
Maximum Annual Debt Service Requirement (2046)	$1,114,219 (e)
Contract Tax Rate per $100 of Taxable Assessed Valuation Required to Pay Average Annual Debt Service Requirement (2027-2051) at 95% Tax Collections Based on the 2026 Taxable Assessed Valuation of the Participants	$0.07
Contract Tax Rate per $100 of Taxable Assessed Valuation Required to Pay Maximum Annual Debt Service Requirement (2046) at 95% Tax Collections Based on the 2026 Taxable Assessed Valuation of the Participants	$0.07

(a) Represents the taxable assessed valuation of taxable property as of January 1, 2026, provided by the Kaufman Central Appraisal District. See "TAX DATA" and "TAXING PROCEDURES."
(b) See "MASTER DISTRICT DEBT—Direct and Estimated Overlapping Debt Statement."
(c) Neither Texas law, the Bond Order nor the Indenture requires that the Master District maintain any particular sum in the Debt Service Fund.
(d) The Master District maintains a minimal balance in its operating fund and relies on the collection of monthly payments by the Participants to pay its monthly expenses.
(e) Requirement of debt service on the Outstanding Bonds and the Bonds. See "MASTER DISTRICT DEBT—Debt Service Requirement Schedule.

Direct and Estimated Overlapping Debt Statement

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

Taxing Jurisdiction	Outstanding Debt July 31, 2026	Overlapping (a) Percent	Overlapping (a) Amount
Kaufman County	$ 200,305,000	6.43%	$ 12,886,168
Forney Independent School District	1,260,154,911	13.44%	169,377,088
Rockwall Independent School District (b)	903,942,666	2.70%	24,373,456
KC MUD 5	76,460,000	100.00%	76,460,000
KC MUD 6	56,425,000	100.00%	56,425,000
KC MUD 7	34,960,000	100.00%	34,960,000
Total Estimated Overlapping Debt			$ 374,481,713
The Master District (c)			$ 17,790,000
Total Direct & Estimated Overlapping Debt (c)			$ 392,271,713

Debt Ratios

Direct Debt Ratios (c):
As a percentage of the 2026 Taxable Assessed Valuation of the Participants .... 0.94 %

Direct and Estimated Overlapping Debt Ratios (c):
As a percentage of the 2026 Taxable Assessed Valuation of the Participants .... 20.74 %

(a) Based on the 2026 certified values provided by the Appraisal District.
(b) A portion of KC MUD 6 and KC MUD 7 are located within the Rockwall independent School District.
(c) Includes the Bonds and the Outstanding Bonds.

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Debt Service Requirement Schedule

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

Calendar Year	Outstanding Debt Service	Plus: The Bonds			Total Debt Service
		Principal	Interest	Debt Service	
2026	$144,837	–	–	–	$144,837
2027	723,717	–	$124,329	$124,329	848,046
2028	726,593	$45,000	329,106	374,106	1,100,699
2029	724,093	50,000	326,013	376,013	1,100,106
2030	725,688	50,000	322,575	372,575	1,098,263
2031	723,719	55,000	319,138	374,138	1,097,856
2032	727,675	55,000	315,356	370,356	1,098,031
2033	730,175	55,000	311,575	366,575	1,096,750
2034	737,725	50,000	307,794	357,794	1,095,519
2035	740,350	50,000	304,356	354,356	1,094,706
2036	742,650	50,000	301,606	351,606	1,094,256
2037	744,625	50,000	298,856	348,856	1,093,481
2038	751,200	45,000	296,544	341,544	1,092,744
2039	752,050	45,000	294,463	339,463	1,091,513
2040	756,831	45,000	292,381	337,381	1,094,213
2041	760,456	45,000	290,188	335,188	1,095,644
2042	763,241	45,000	287,994	332,994	1,096,234
2043	765,519	45,000	285,800	330,800	1,096,319
2044	767,291	45,000	283,606	328,606	1,095,897
2045	769,025	45,000	281,413	326,413	1,095,438
2046	–	835,000	279,219	1,114,219	1,114,219
2047	–	875,000	238,513	1,113,513	1,113,513
2048	–	915,000	195,856	1,110,856	1,110,856
2049	–	960,000	151,250	1,111,250	1,111,250
2050	–	1,010,000	103,250	1,113,250	1,113,250
2051	–	1,055,000	52,750	1,107,750	1,107,750
Total	$14,277,459	$6,520,000	$6,593,929	$13,113,929	$27,391,388

Average Annual Debt Service Requirement (2027-2051) $1,089,862

Maximum Annual Debt Service Requirement (2046) $1,114,219

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TAXING PROCEDURES

Authority to Levy Taxes

Each Participant is authorized to levy a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within its boundaries in sufficient amount to pay the principal and interest on any bonds issued by it, its pro rata share of interest on the Bonds, and any additional bonds payable from taxes which the Master District may hereafter issue, and to pay the expenses of assessing and collecting such taxes. Voters within each Participant have also authorized the levy of a maintenance tax not to exceed $0.99 per $100 valuation.

Property Tax Code and County-Wide Appraisal District

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

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

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

Property Subject to Taxation by the Participants

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 Service Area are subject to taxation by the applicable Participant. 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 applicable Participant 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 applicable Participant. The applicable Participant may be required to offer such exemptions if a majority of voters approve same at an election. The Participant 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. Each Participant is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair its obligation to pay tax supported debt incurred prior to adoption of the exemption by such district. Furthermore, each Participant 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. Surviving spouses of a deceased veteran who has received a disability rating of 100% are entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries. In addition, a partially disabled veteran or the surviving spouse of a partially disabled veteran is 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 at no cost by a charitable organization. This exemption also applies to a residence homestead that was donated by a charitable organization at some cost to such veterans. 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. KC MUD 7 granted a $10,000 exemption for disabled persons and persons 65 and older for the 2026 tax year. Neither the District nor KC MUD 6 have ever granted an exemption for disabled persons and persons 65 and older.

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State to exempt up to twenty percent (20%) of the appraised market value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted by July 1. None of the Participants has ever adopted a homestead exemption.

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. Each of the Participants has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Tax Abatement

Kaufman County may designate all or part of the area within the Service Area as a reinvestment zone. Thereafter, Kaufman County and the applicable Participant, 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 a Participant, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions. At this time, Kaufman County has not designated any of the area within the Service Area as a reinvestment zone.

Valuation of Property for Taxation

Generally, property in the Service Area 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 Participants 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 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 fair market value. The Property Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all of such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by one political subdivision while claiming it for another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the district can collect taxes based on the new use, including taxes for the previous three years for agricultural use, open space land, and timberland. As of January 1, 2026, no land within the Service Area was designated for agricultural use.

Reappraisal of Property after Disaster

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

Rollback of Operation and Maintenance Tax Rate

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

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

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 Tax Code, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus 1.035 times the previous year's operation and maintenance tax rate plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor of Texas or President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Special Taxing Unit and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Special Taxing Units

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

The District: A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board on an annual basis. For the 2026 tax year, the District was classified as a Developed District by the Board. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

Participant and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the Participants, 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 Participants 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

Each Participant is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The date of delinquency may be postponed if the tax bills are mailed after January 10. A person over sixty-five (65) years of age is entitled by law to pay current taxes on his residential homestead in installments or to defer tax without penalty during the time he owns and occupies the property as his residential homestead. By September 1 of each year, or as soon thereafter as practicable, the rate of taxation is set by the Board based on valuation of property within the Participant as of the preceding January 1.

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

Participant's Rights in the Event of Tax Delinquencies

Taxes levied by a Participant 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 the state and each taxing unit, including the Participant, having the power to tax the property. The Participant's tax lien is on a parity with the tax liens of other such taxing units. A tax lien on real property takes priority over the claims of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the Participant 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 Participant 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 Participant must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property within two (2) years for residential and agricultural property and six 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.

TAX DATA

General

Taxable property within the Service Area is subject to the assessment, levy and collection by the applicable Participant of a continuing direct, annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay its pro-rata share of the principal of and interest on the Outstanding Bonds and the Bonds (and any future tax-supported bonds which may be issued from time to time as authorized). Taxes are levied by each Participant each year against such Participant's assessed valuation as of January 1 of that year. Taxes become due October 1 of such year, or when billed, and generally become delinquent after January 31 of the following year. The Board of KC MUD 5 covenants in the Bond Order to assess and levy an ad valorem tax sufficient to produce funds to pay its pro rata portion of the principal and interest on the Bonds. Pursuant to the requirements of the Master District Contract, KC MUD 6 and KC MUD 7 are likewise required to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay its pro-rata portion of the principal of and interest on the Bonds. The actual rate of such taxes will be determined from year to year as a function of the Participant's tax base, its debt service requirements, and available funds. In addition, each Participant has the power and authority to assess, levy, and collect ad valorem taxes, not to exceed $0.99 per $100 of assessed Valuation for operation and maintenance purposes. In 2026, the Participants levied the following total tax rates:

2026 Tax Rate per $100 of Assessed Value of Participants	KC MUD 5	KC MUD 6	KC MUD 7
Utility System Debt Service	$0.3525	$0.2500	$0.2025
Road System Debt Service	0.3925	0.3225	0.2925
Contract Tax	0.0550	0.0575	0.0575
Maintenance	0.2000	0.1300	0.1425
Total	$1.0000	$0.7600	$0.6950

Debt Service Tax

Each Participant, including the Master District, has the statutory authority to issue unlimited tax bonds for the purpose of providing water distribution, wastewater collection, and storm drainage facilities to the land within its boundaries. Such bonds, if issued, will be served by a continuing, annual ad valorem tax adequate to provide funds to pay the principal of and interest on such bonds. Such tax is in addition to the contract tax. See "APPENDIX A" for information related to each Participant's historical tax data and authorized but unissued unlimited tax bonds.

Maintenance Tax

The boards of directors of each Participant has the statutory authority to levy and collect an annual ad valorem tax for maintenance purposes, including, but not limited to, funds for planning, constructing, maintaining, repairing and operating all necessary land, plants, works, facilities, improvements, appliances and equipment, if such maintenance tax is authorized by a vote of the Participant's electors. Such tax would be in addition to the contract tax and taxes levied for paying principal of and interest on any tax bonds which may be issued in the future by the Participant. Voters within each Participant have also authorized the levy of a maintenance tax not to exceed $0.99 per $100 valuation.

Tax Rate Limitations of Participants

Debt Service (Water, Wastewater & Drainage):	Unlimited (no legal limit as to rate or amount).
Debt Service (Roads):	Unlimited (no legal limit as to rate or amount).
Maintenance:	$0.99 per $100 Assessed Taxable Valuation.
Contract Tax:	Unlimited (no legal limit as to rate or amount).

Assessed Taxable Valuation Summary

The following represents the type of property comprising the 2026 tax rolls as certified by the Appraisal District.

Type of Property	KC MUD 5 Taxable Assessed Valuation	KC MUD 6 Taxable Assessed Valuation	KC MUD 7 Taxable Assessed Valuation
Land	$186,700,206	$177,589,189	$132,629,882
Improvements	527,741,224	521,676,880	410,281,019
Personal Property	698,217	1,351,980	1,552,714
Exemptions	(24,524,825)	(21,098,445)	(22,906,026)
Total	$690,614,822	$679,519,604	$521,557,589

Principal Taxpayers

The following are the principal taxpayers within the Service Area as shown on the combined certified appraisal rolls of the Participants for the 2026 tax year. See "APPENDIX A" for the principal taxpayers within the boundaries of each Participant.

Taxpayer	Types of Property	Taxable Value 2026 Tax Roll
High Opportunity Neighborhood LLC	Land & Improvements	$3,574,016
1003 Travis Ranch LLC	Land & Improvements	2,301,342
MM TR South II LLC (a)	Land & Improvements	2,103,725
McDonalds Real Estate Co	Land & Improvements	1,888,323
Yassine LLC	Land & Improvements	1,856,000
SFR JV HD 2024 1 Borrower LLC	Land & Improvements	1,753,113
SN DFW LLC	Land & Improvements	1,669,826
Dallas SOS LC	Land & Improvements	1,488,953
Magpri SFR TX LLC	Land & Improvements	1,446,000
SFR JV 1 2020 1 Borrower LLC	Land & Improvements	1,303,535
Total of Principal Taxpayers		$19,384,833
Principal Taxpayers Percent of Total of Service Area		1.02%

(a) See "THE DEVELOPERS."

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of taxable assessed valuation that would be required to meet certain debt service requirements on the Outstanding Bonds and the Bonds if no growth occurs in the tax base of the Service Area beyond the taxable assessed valuation as of January 1, 2026 ($1,891,692,015). The calculations assume collection of 95% of taxes levied, the sale of the Bonds but not the sale of any additional bonds.

Average Annual Debt Service Requirement (2027-2051)	$1,089,862
Contract Tax Rate of $0.07 on the 2026 Taxable Assessed Valuation of the Participants	$1,257,975
Maximum Annual Debt Service Requirement (2046)	$1,114,219
Contract Tax Rate of $0.07 on the 2026 Taxable Assessed Valuation of the Participants	$1,257,975

Estimated Overlapping Taxes

Property within the Service Area is subject to taxation by several taxing authorities in addition to the Participants. Under Texas law, if ad valorem taxes levied by a taxing authority become delinquent, a lien is created upon the property which has been taxed. A tax lien on property in favor of a Participant is on a parity with tax liens of other taxing jurisdictions. In addition to ad valorem taxes required to make debt service payments on bonds of the Master District and of such other jurisdictions (see "MASTER DISTRICT DEBT—Direct and Estimated Overlapping Debt Statement"), certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes. Set forth below is an estimation of all taxes per $100 of assessed valuation levied by such jurisdictions. No recognition is given to local assessments for civic association dues, emergency medical service contributions, fire department contributions or any other charges made by entities other than political subdivisions.

The following chart includes the 2026 taxes per $100 of assessed valuation levied by all such taxing jurisdictions. No prediction can be made of the tax rates that will be levied in future years by the respective taxing jurisdictions.

Taxing Jurisdiction	2026 Tax Rate
Participant (a)	$1.000000
Kaufman County	0.334854
Kaufman County Road and Bridge Fund	0.080259
Kaufman County Emergency Services District No. 6	0.069976
Forney Independent School District (b)	1.286900
Total Tax Rate	$2.771989

(a) Represents the highest total tax rate levied by a Participant, the District. KC MUD 6 levied a total tax rate of $0.7600 per $100 of assessed valuation for the 2026 tax year. KC MUD 7 levied a total tax rate of $0.6950 per $100 of assessed valuation for the 2026 tax year.

(b) A portion of KC MUD 6 and KC MUD 7 are located within the Rockwall Independent School District, which levied a total tax rate of $1.066900 per $100 of assessed valuation for the 2026 tax year.

THE MASTER DISTRICT

General

The Master District, a political subdivision of the State of Texas, was created by an order of the Texas Commission on Environmental Quality ("TCEQ"), on February 13, 2003 as Lake Vista Ranch Municipal Utility District No. 1. The District changed its name to Kaufman County Municipal Utility District No. 5 by an Order issued by the TCEQ on January 13, 2005. The Master District is vested with all the rights, privileges, authority and functions conferred by the laws of the State of Texas applicable to municipal utility districts, including without limitation hose conferred by Chapters 49 and 54 of the Texas Water Code, as amended.

The District is empowered, among other things, to purchase, construct, operate, and maintain all works, improvements, facilities, and plants necessary for the supply of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water within its boundaries. The Master District is also empowered to construct, acquire, improve, maintain, or operate macadamized, gravel, or paved roads and turnpikes, or improvements in aid of those road and turnpikes, inside its boundaries. The Master District may also provide solid waste collection and disposal service and operate and maintain recreational facilities. Currently, the Master District contracts for solid waste collection service. The Master District may operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, if approved by the voters and the TCEQ. The Master District does not operate and/or maintain a fire department. The Master District is subject to the continuing supervision of the TCEQ and is located within the ETJ of the City of Dallas, the City of Forney and the City of Mesquite.

Location

The District is located in Kaufman County, Texas, approximately 20 miles east of downtown Dallas and 2 miles north of downtown Forney. The District is located approximately 1 mile north of the intersection of Farm-to-Market 460 ("FM 460") and Farm-to-Market 740 ("FM 740"). The District is bordered by FM 740 on the east, Lake Ray Hubbard on the west, KC MUD 6 on the north, FM 460 on the southeast and State Highway 80 on the south. All of the land within the District is within the ETJ of the Cities of Dallas, Forney and Mesquite.

The Participants

KC MUD 5, KC MUD 6 and KC MUD 7 were created by separate orders of the TCEQ on February 13, 2003, March 6, 2003, and November 10, 2004, respectively. The Participants are vested with all of the rights, privileges, authority and functions conferred by the laws of the State of Texas applicable to municipal utility districts, including without limitation, those conferred by Chapters 49 and 54, Texas Water Code, as amended. The Participants are empowered to contract with the Master District for the joint construction, financing, ownership, and operation of any works, improvements, facilities, plants, equipment, and appliances necessary for the supply of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water, among other things. The Participants are subject to the continuing supervision of the TCEQ. The District is located within the ETJ of the Cities of Dallas, Forney and Mesquite. KC MUD 6 is located within the ETJ of the City of Dallas and KC MUD 7 is located within the ETJ of the Cities of Dallas and Heath.

The Service Area

Pursuant to the Master District Contract, the Master District is obligated to provide certain regional water supply facilities and transmission lines, wastewater treatment facilities and conveyance lines and stormwater drainage and detention facilities to serve the land in KC MUD 5, KC MUD 6, and KC MUD 7.

The Service Area contains approximately 1,946.60 acres, including a total of approximately 1,076.90 acres in the District. The Service Area is located in Kaufman County, Texas, approximately 2 miles north of downtown Forney and 20 miles east of downtown Dallas. The Service Area is located approximately 1 mile north of the intersection of FM 460 and FM 740. The

Service Area is located within the ETJ of the Cities of Dallas, Forney, Mesquite and Heath. The Service Area lies partially within the Forney Independent School District and partially within the Rockwall Independent School District.

Management of the District

The District is governed by the Board consisting of five (5) directors, who have control over and management supervision of all affairs of the District. All of the Directors own property in the District. Four (4) of the directors live in the District. The directors serve four-year staggered terms. Elections are held in even-numbered years in May. The current members and officers of the Board are listed below:

Name	Title	Term Expires May
Kendra Gentry	President	2030
Ramon Ramos	Vice President	2030
Russell Underwood	Secretary	2028
Kevin Johnson	Assistant Secretary	2028
Ashley Lee	Assistant Secretary	2030

Consultants

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

Tax Assessor/Collector: The tax assessor/collector for the District is Utility Tax Service, LLC.

Bookkeeper: The District's bookkeeper is L&S District Services, LLC.

Auditor: As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which audited financial statements are filed with the TCEQ. A copy of the District's financial statements audited by McGrath & Co., PLLC ("Auditor") for the fiscal year ended July 31, 2025, is attached as "APPENDIX A" to this Official Statement.

Utility System Operator: The District's water and sewer system is operated by Inframark.

Engineer: The consulting engineer retained by the District in connection with the design and construction of the District's facilities is Westwood Professional Services, Inc. (the "Engineer").

Attorney: The District has engaged Coats Rose, P.C., Dallas, Texas, as general counsel to the District and as bond counsel ("Bond Counsel") in connection with the issuance of the Bonds. The fees to be paid Bond Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds. See "LEGAL MATTERS."

Disclosure Counsel: McCall, Parkhurst & Horton L.L.P., Houston, Texas, serves as Disclosure Counsel to the District. The fee to be paid Disclosure Counsel for services rendered in connection with the issuance of the Bonds is contingent on the issuance, sale and delivery of the Bonds.

Financial Advisor: The District has engaged Cedar Creek Municipal Advisors, LLC as Financial Advisor to the District in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

DEVELOPMENT WITHIN THE SERVICE AREA

Land within the Service Area has been developed as the single-family subdivisions of "Travis Ranch," "Trinity Crossing," "Clements Ranch," and "Lakeside at Heath." To date, approximately 1,294 acres (6,510 lots) have been developed within the Service Area. As of July 1, 2026, the Service Area consisted of 6,484 completed homes, 6 homes under construction, and 20 vacant developed lots. Additionally, the Service Area contains an elementary school and two (2) amenity centers that include resort-style pools, splash pads, a fitness center, parks, an in-line skating rink and open spaces. There is no current development activity within the Service Area.

The remaining land within the Service Area consists of approximately 18 acres of remaining developable land and approximately 576 acres of undevelopable land.

The following is a summary of the status of development within the Service Area as of July 1, 2026:

District	Section	Acreage	No. of Lots	Homes Complete	Homes Under Construction	Vacant Lots
MUD 5	Clements Ranch, Phase 1	39	165	165	-	-
MUD 5	Clements Ranch, Phase 2A	5	26	26	-	-
MUD 5	Clements Ranch, Phase 2B	49	233	233	-	-
MUD 5	Clements Ranch, Phase 3	29	196	196	-	-
MUD 5	Clements Ranch, Phase 4	37	177	177	-	-
MUD 5	Clements Ranch, Phase 5	27	63	63	-	-
MUD 5	Clements Ranch, Phase 6	27	155	155	-	-
MUD 7	Lakeside at Heath, Phase 3C	44	204	204	-	-
MUD 7	Lakeside at Heath, Phase 3C1	31	136	136	-	-
MUD 7	Lakeside at Heath, Phase 3F	31	130	130	-	-
MUD 7	Lakeside at Heath, Phase 3G	16	45	45	-	-
MUD 7	Lakeside at Heath, Phase 3G1	15	51	51	-	-
MUD 7	Lakeside at Heath, Phase 3G2	9	26	26	-	-
MUD 5	Travis Ranch Estate Lots	5	13	-	-	13
MUD 6	Travis Ranch Marina, Phase 1	13	77	68	2	7
MUD 6/MUD7	Travis Ranch Marina, Phase 2	30	147	144	3	-
MUD 6	Travis Ranch Marina, Phase 3	32	190	190	-	-
MUD 5	Travis Ranch Model Park	8	29	29	-	-
MUD 5	Travis Ranch South (Fieldcrest)	44	263	263	-	-
MUD 5	Travis Ranch, Governor Lots	24	150	150	-	-
MUD 6	Travis Ranch, Phase 1H	29	133	133	-	-
MUD 6	Travis Ranch, Phase 2A	72	325	325	-	-
MUD 6	Travis Ranch, Phase 2B	66	333	333	-	-
MUD 6	Travis Ranch, Phase 2B1	14	78	78	-	-
MUD 6	Travis Ranch, Phase 2C	47	223	223	-	-
MUD 6	Travis Ranch, Phase 2D	18	117	117	-	-
MUD 6	Travis Ranch, Phase 2E1	17	98	98	-	-
MUD 6	Travis Ranch, Phase 2E2	25	132	132	-	-
MUD 6	Travis Ranch, Phase 2G	36	186	186	-	-
MUD 6	Travis Ranch, Phase 2I	29	154	154	-	-
MUD 6	Travis Ranch, Phase 2J	22	140	140	-	-
MUD 7	Travis Ranch, Phase 2K	31	194	194	-	-
MUD 7	Travis Ranch, Phase 3A	61	308	308	-	-
MUD 7	Travis Ranch, Phase 3B	62	316	316	-	-
MUD 7	Travis Ranch, Phase 3D1	15	77	77	-	-
MUD 7	Travis Ranch, Phase 3D2	25	139	139	-	-
MUD 5	Travis Ranch, Phase 3E	31	139	138	1	-
MUD 5	Trinity Crossing, Phase 1	27	132	132	-	-
MUD 5	Trinity Crossing, Phase 2	24	99	99	-	-
MUD 5	Trinity Crossing, Phase 3	29	154	154	-	-
MUD 5	Trinity Crossing, Phase 4	20	129	129	-	-
MUD 5	Trinity Crossing, Phase 5, 5A, 5B & 5C	50	249	249	-	-
MUD 5	Trinity Crossing, Phase 6A	28	169	169	-	-
MUD 5	Trinity Crossing, Phase 6B	1	10	10	-	-
	Total	1,294	6,510	6,484	6	20
MUD 5	Right of Way / Open Space/ Amenity / Commercial	43				
MUD 6	Elementary School	15				
MUD 5	Under Development	-				
ALL	Undevelopable	576				
MUD 5	Remaining Developable	18				
	Total Service Area Acreage	1,947				

Travis Ranch

A portion of land within the Service Area is part of the master-planned community known as Travis Ranch, a development which, in total, comprises approximately 761 acres. To date, such land has been developed as the single-family subdivisions of Travis Ranch, Phases 1H, 2A, 2B, 2B1, 2C, 2D, 2E1, 2E2, 2G, 2I, 2J, 2K, 3A, 3B, 3D1, 3D2, and 3E; Travis Ranch Governor Lots; Travis Ranch Marina, Phases 1, 2, and 3; Travis Ranch Model Park, Travis Ranch Fieldcrest, and Travis Ranch Estate Lots (an aggregated total of approximately 756 acres and 3,961 lots).

Travis Ranch, Phase 1H, Travis Ranch Fieldcrest, Travis Ranch Governor Lots and Travis Ranch Estate Lots are located within KC MUD 5; Travis Ranch, Phases 2A, 2B, 2B1, 2C, 2D, 2E1, 2E2, 2G, 2I, 2J, and 2K, Travis Ranch Marina, Phases 1 and 3, a portion of Travis Ranch Marina, Phase 2, and Travis Ranch Model Park are located within the KC MUD 6; and Travis Ranch, Phases 3A, 3B, 3D1, 3D2, and 3E and a portion of Travis Ranch Marina, Phase 2 are located within KC MUD 7. As of July 1, 2026, Travis Ranch consisted of approximately 3,935 completed homes, 6 homes under construction, and 20 vacant developed lots.

In addition to single-family residential development, Travis Ranch includes an amenity center with pool, a splash park, a covered pavilion, playgrounds, an in-line skating rink, pocket parks and an elementary school, which serves the existing subdivisions.

Clements Ranch

A portion of land within the Service Area encompasses all of the land that makes up the master-planned community of Clements Ranch (approximately 256 acres). Clements Ranch lies wholly within KC MUD 5. Such land has been developed as the single-family subdivisions Clements Ranch, Phases 1, 2A, 2B, 3, 4, 5 and 6 (an aggregate of approximately 214 acres and 1,015 lots). As of July 1, 2026, completed homes have been constructed on all 1,015 single-family lots within Clements Ranch.

In addition to single-family residential development, Clements Ranch includes an 8,000 square-foot historic ranch house converted to an amenity center, resort-style pool, splash pad, playground, fitness center, parks, and open spaces.

Trinity Crossing

A portion of land within the Service Area encompasses all of the land that makes up the master-planned community of Trinity Crossing (approximately 190 acres). Trinity Crossing lies fully within KC MUD 5. Such land has been developed as the single-family subdivision of Trinity Crossing, Phases 1, 2, 3, 4, 5, 5A, 5B, 5C, 6A, and 6B (approximately 179 acres and 942 lots). As of July 1, 2026, completed homes have been constructed on all 942 single-family lots within Trinity Crossing.

Lakeside at Heath

A portion of the land within the Service Area is part of the residential community of Lakeside at Heath. Lakeside at Heath lies fully within KC MUD 7.

To date, such land has been developed as the single-family subdivisions of Lakeside at Heath, Phases 3C, 3C1, 3F, 3G, 3G1 and 3G2 (an aggregate of approximately 145 acres and 592 lots). As of July 1, 2026, completed homes have been constructed on all 592 single-family lots within Lakeside at Heath.

The remaining land within the Service Area consists of approximately 43 acres for right-of-way, open space, amenity centers and commercial property, approximately 18 undeveloped but developable acres, and approximately 576 undevelopable acres.

Homebuilders within the Service Area

Homes are currently being constructed within Travis Ranch Marina, Phases 1 and 2. Travis Ranch Marina, Phase 1 is a custom community where Travis Ranch Marina, LLC is selling vacant developed lots to individuals and/or unaffiliated homebuilders for custom home construction. Homes within Travis Ranch Marina, Phase 2 are being constructed by Castlerock Homes ranging in price from $303,990 to $437,649 and in size from 1,362 square feet to 2,843 square feet.

Future Development

Approximately 18 acres of developable land in the Service Area remain to be developed with water, sanitary sewer and drainage facilities and approximately 576 acres are undevelopable. The Master District can make no representation that any future development will occur within the Service Area. In the event that future development does occur within the Service Area, it is anticipated that the development costs will be financed through the sale of future bond issues.

PHOTOGRAPHS TAKEN WITHIN THE SERVICE AREA

(KC MUD 5 as a Participant)

PHOTOGRAPHS TAKEN WITHIN THE SERVICE AREA

(KC MUD 6)

PHOTOGRAPHS TAKEN WITHIN THE SERVICE AREA

(KC MUD 7)

THE DEVELOPERS

Role of the Developer

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

Description of the Developers

Affiliates of CTMGT Land Holdings, L.P., a Texas limited partnership ("CTMGT"), have been the principal developers within the Service Area, including the District, since its inception. CTMGT is comprised of two members, CTMGT LLC, a Texas limited liability company, and Centamtar Terras, L.L.C., a Texas limited liability company.

CTMGT Travis Ranch, LLC: CTMGT Travis Ranch, LLC, a Texas limited liability company ("CTMGT Travis Ranch"), was the principal developer of land within the master-planned community known as "Travis Ranch." Travis Ranch is comprised of land within KC MUD 5, KC MUD 6 and KC MUD 7. Development activities within Travis Ranch are managed by Scarborough Management LLC ("Scarborough"), a third-party management company controlled by James R. Feagin.

Clements Ranch LLC: In 2015, CTMGT purchased the 257 acres that were developed as the master-planned community of "Clements Ranch," which were subsequently annexed into KC MUD 5 and sold to Clements Ranch, LLC, the developer of Clements Ranch. Development activities within Clements Ranch are managed by Scarborough.

Lennar Homes of Texas Land and Construction, Ltd: In 2017, CTGMT sold approximately 90 acres within the original boundary of the District to Lennar Homes of Texas Land and Construction, LTD., a Texas limited partnership ("Lennar"). In 2019, Lennar purchased an additional 100 acres, on which it developed the master-planned community of Trinity Crossing.

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

MM TR South II, LLC: The land within KC MUD 5 that is part of the master-planned community of Travis Ranch (approximately 102 acres) was developed by MM TR South II, LLC, a Texas limited liability company, and CADG TR South, LLC, a Texas limited liability company.

D.R. Horton-Texas, Ltd: D.R. Horton-Texas, Ltd., a Texas limited partnership ("D.R. Horton"), controlled by D.R. Horton, Inc., a Delaware corporation and a publicly traded corporation, developed the master-planned community of Lakeside at Heath that lies wholly within KC MUD 7 (approximately 145 acres).

D.R. Horton, Inc. is a publicly traded corporation whose stock is listed on the New York Stock Exchange as "DHI". Audited financial statements for D.R. Horton, Inc. can be found online at https://investor.drhorton.com. D.R. Horton, Inc. is subject to the information requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports and other information with the SEC. Reports, proxy statements and other information filed by D.R. Horton, Inc. can be inspected at the office of the SEC at Judiciary Plaza, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such material can be obtained from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Copies of the above reports, proxy statements and other information may also be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005. The SEC maintains a website at http://www.sec.gov that contains reports, proxy information statements and other information regarding registrants that file electronically with the SEC.

Pulte Homes of Texas, L.P.: Pulte Homes developed approximately 125 acres of land within Travis Ranch that lies within KC MUD 6. Pulte Homes is a subsidiary of PulteGroup, Inc., which is a publicly traded company on the New York Stock Exchange and a national homebuilder. For more information, visit www.pultegroupinc.com.

Travis Ranch Marina, LLC: Travis Ranch Marina, LLC, or its related entities, developed approximately 75 acres within KC MUD 6 and approximately 13 acres within KC MUD 7 as Travis Ranch Marina. Development activities within Travis Ranch Marina Lots are managed by Scarborough.

CTMGT, Clements Ranch LLC, Lennar, MM TR South, LLC, CADG TR South, LLC, D.R. Horton, Pulte Homes and Travis Ranch Marina, LLC are referred to herein as the "Developers."

THE SYSTEM

The Master District

On October 5, 2004, each of the Participants executed a "Contract for Financing and Operation of Regional Waste Collection, Treatment and Disposal Facilities and Regional Water Supply and Delivery Facilities" (referred to herein as the Master District Contract) with the Master District relating to the following facilities and services: the Master District wastewater collection system, the Master District water supply and distribution system, and the offsite wastewater transportation system (collectively, the "Master District Facilities"). The Master District Contract was approved by the voters of each of the Participants at separate elections held on February 5, 2005. The Master District is authorized to issue unlimited tax Contract Revenue Bonds sufficient to complete acquisition and construction of the Master District Facilities. The Master District Contract provides that the Master District and all other districts that have executed similar contracts with the Master District (such as the Participants) pay a pro rata share of debt service on contract revenue bonds issued to finance the Master District Facilities based upon certified appraised valuation. Each of the Participants, including the District, are obligated to pay each entity's pro rata share from the proceeds of the Contract Tax for such purpose, revenues derived from the operation of such Participant's water distribution system and wastewater collection system or from any other legally available funds of such Participant. See "INVESTMENT CONSIDERATIONS—Contract Tax." The Master District Contract also provides for operation and maintenance expenses for facilities constructed pursuant to the Master District Contract; duties of the parties; establishment and maintenance of funds; assignment; arbitration; amendments; force majeure; insurance; and other provisions.

Each Participant, including the District, is responsible for constructing its internal water distribution, wastewater collection, and storm drainage lines within its respective boundaries. The internal facilities are financed with unlimited tax bonds sold by each district. The Master District Facilities will be constructed in stages to meet the needs of a continually expanding population within the Service Area. In the event that the Master District fails to meet its obligations under the Master District Contract to provide Master District Facilities, each of the other Participants has the right pursuant to the Master District Contract to design, acquire, construct, or expand the Master District Facilities needed to provide service to such district, and convey such Master District Facilities to the Master District in consideration of payment by the Master District of the actual reasonable necessary capital costs expended by such district for such Master District Facilities.

Each Participant, including the District, is further obligated to pay monthly charges for water and sewer services rendered pursuant to the Master District Contract. The monthly charges will be used to pay the Master District's operation and maintenance expenses and to provide for an operation and maintenance reserve equivalent to three (3) months of operation and maintenance expenses. Each Participant's share of operation and maintenance expenses and reserve requirements is determined by dividing the total number of equivalent single family residential connections ("ESFCs") for all of the Participants within the Service Area by the number of ESFCs for each Participant, as of the first day of the month. The District's monthly payment for operation and maintenance expenses is calculated by multiplying such Participant's pro rata share by the actual operation and maintenance expenses of the Master District.

Pursuant to the Master District Contract, each Participant is obligated to establish and maintain rates, fees and charges for services provided by the Master District's water distribution system and wastewater collection system, together with taxes levied and funds received from any other lawful sources, sufficient at all times to pay the Master District's operation and maintenance expenses, and the Master District's obligations pursuant to the Master District Contract, including the Master District's debt service requirements and monthly charges. Likewise, each Participant is obligated by the Master District Contract to levy taxes and pay from funds received from any other lawful source each Participant's pro rata share of the Master District's debt service requirements. All sums payable by such Participant pursuant to the Master District Contract are to be paid by each of the Participants without set off, counterclaim, abatement, suspension, or diminution. If a Participant fails to pay its share of these costs in a timely manner, the Master District Contract provides that the Master District shall be entitled to cancel, in whole or in part, any reservation or allocation of capacity in the Master District's Facilities by such

Participant in addition to the Master District's other remedies. As a practical matter, the Participants have no alternative provider of these services rendered under the Master District Contract.

Regulation

According to the Master District Engineer, the Master District's water distribution, wastewater collection and drainage facilities (the "Utility System") has been designed in accordance with accepted engineering practices and the requirements of all governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities. Water, wastewater, and storm drainage facilities are subject to the regulatory authority of Kaufman County, Texas, the Federal Emergency Management Agency and, in some instances, the TCEQ, the U.S. Army Corps of Engineers, and the cities of Dallas, Forney, Mesquite, and Heath. Operation of the Master District's System as it now exists or as it may be expanded from time to time is subject to regulation by, among others, the United States Environmental Protection Agency and the TCEQ. Regulations promulgated by these agencies are subject to further development and revisions, which could in turn require additional expenditures by the District in order to achieve compliance with the regulatory requirements. According to the Master District's Engineer, the design of all such facilities has been approved by all required governmental agencies and inspected by the TCEQ.

Description of the Utility System

Wastewater Treatment and Conveyance System: Wastewater treatment for the Service Area is being provided by the City of Heath through its participation in the North Texas Municipal Water District's ("NTMWD") South Mesquite Creek Sewage Treatment Plant ("NTMWD Plant"). Pursuant to an October 7, 2004 agreement between the City of Heath and the Master District, the City of Heath has agreed to provide wholesale wastewater service for the full development of the Service Area.

The NTMWD Plant is sized sufficient to treat 41 million gallons per day ("MGD") of wastewater and the current flows at the NTMWD Plant are approximately 14 MGD. Capacity in the NTMWD is available to its participants on a first come-first serve basis and NTMWD has committed to its participants to expand the NTMWD Plant or construct other facilities to serve its customers' needs.

Water Supply and Distribution: Water supply for the Service Area is provided by Forney Lake Water Supply Corporation ("FLWSC"), which holds a Certificate of Convenience and Necessity over a certain area, including all of the Service Area. FLWSC purchases wholesale water from the NTMWD. Pursuant to an August 11, 2003 agreement between FLWSC and the Service Area, as amended, FLWSC has committed 7,083 ESFCs to its existing capacity of the Service Area, but it is currently serving all active ESFCs within the Service Area. In addition, FLWSC is currently designing additional ground storage that will add to the overall system to continue service to all ESFCs within the Service Area, including the District. FLWSC has contracted with NTMWD to purchase 1,500 gallons per minute ("gpm") of water supply. FLWSC owns and operates five ground storage tanks with a total capacity of 1,425,000 gallons, two elevated storage tanks with a total capacity of 1,000,000 gallons, and 1,500 gpm supply line. FLWSC is capable of serving 7,083 ESFCs, which is sufficient to serve all active ESFCs within the Service Area, including the District.

FLWSC operates and maintains the water lines serving the Service Area and receives all of the revenue from providing retail water service. The FLWSC is capable of serving approximately 7,083 ESFCs, which is sufficient to serve all active ESFCs existing within the Service Area, including the District. As development proceeds within the Service Area, FLWSC will need to purchase additional water supply from NTMWD and the Master District has agreed to construct the water infrastructure necessary to serve the Service Area.

Drainage: Within the Service Area, storm sewer runoff drains to curb and gutters, then into each Participant's storm sewer system. The storm sewer system outfalls at various points into tributaries of the East Fork Trinity River or Lake Ray Hubbard.

Description of the Road System

Construction of the road improvements within the boundaries of the Service Area has been financed with funds advanced by the Developers, to be reimbursed with bond proceeds of each Participant. The roads within the Service Area vary in width in accordance with standards adopted by Kaufman County, but are sized to accommodate the anticipated traffic demands of full build-out of the property within the Service Area. Each of the Participants owns and maintains the roads within such Participant.

INVESTMENT CONSIDERATIONS

General

The Bonds are limited obligations of the Master District and are not obligations of the State of Texas; Kaufman County, Texas; the City of Dallas, Texas; the City of Forney, Texas; the City of Mesquite, Texas; the City of Heath, Texas; or any entity other than the Master District. The Bonds are payable solely from and to the extent of the Pledged Contract Payments. The obligations of the Participants to make Pledged Contract Payments are several, not joint, obligations pro-rated among the Participants based upon the proportion of the assessed valuation of property within their respective boundaries to the total assessed valuation of the Service Area. No Participant is obligated to pay the Pledged Contract Payments allocated to any other Participant. The security for payment of the principal of and interest on the Bonds, therefore, depends on the ability of each Participant to collect annual ad valorem taxes (without legal limit as to rate or amount) levied on taxable property within its boundaries sufficient to pay its Pledged Contract Payments. Taxes collected by each Participant are allocated between Pledged Contract Payments which are the source of payment of the Bonds and other ad valorem taxes levied by such Participant without priority of taxes levied for one purpose over taxes levied for any other purpose.

The collection by each Participant of delinquent taxes owed to it and the enforcement by the Registered Owners of the Participant's obligation to collect sufficient taxes, if required, may be a costly and lengthy process. The Master District does not make any representations that continued development of taxable property within the Service Area will accumulate or maintain taxable values sufficient to justify continued payment of taxes by property owners or that there will be a market for the property, if such property is foreclosed upon by a Participant for nonpayment of taxes. The Master District makes no representations that over the life of the Bonds the property within the Service Area will maintain a value sufficient to justify continued payment of taxes by the property owners. The potential increase in taxable valuation of property in the Service Area is directly related to the economics of the commercial and residential industry, not only due to general economic conditions, but also due to the particular factors discussed below. See "Registered Owners' Remedies" below, "THE BONDS—Source of Payment," and "APPENDIX A—CERTAIN FINANCIAL INFORMATION REGARDING THE PARTICIPANTS."

Contract Tax

The District, in its capacity as the Master District, is responsible for constructing or otherwise obtaining the water supply and wastewater treatment, as well as the Master District Facilities. By execution of the Master District Contract, the Participants are obligated to pay a pro rata share of debt service on the Contract Revenue Bonds based upon the certified assessed valuation of each Participant. Each Participant is obligated to pay its pro rata share of debt service on the Contract Revenue Bonds, including the Bonds, from the proceeds of the Contract Tax or from any other lawful source of District income.

The Bonds are the fourth series of unlimited tax Contract Revenue Bonds to be issued by the Master District, including one series for refunding purposes. The Master District is authorized to issue unlimited tax Contract Revenue Bonds in an amount necessary to finance the Master District Facilities to serve the Service Area, without additional voter approval. The District cannot represent whether any of the development planned or occurring within the boundaries of the Service Area will be successful. The levy of a Contract Tax to substantially higher levels could have an adverse impact upon future development and upon development and home sales within the Service Area, including the District, and the ability of each Participant to collect, and the willingness of owners of property located within the Service Area to pay ad valorem taxes (including the Contract Tax). See "THE SYSTEM" and "SUMMARY OF CERTAIN DOCUMENTS."

Overlapping Debt and Tax Rates

The Master District and each Participant may each independently issue additional debt that may change the Participants' projected tax rates in the future. Owners of taxable property in the Service Area are responsible for the payment of ad valorem taxes levied by each Participant, as applicable, for payment of Pledged Contract Payments. In addition, owners of property located in the Service Area are responsible for the payment of ad valorem taxes levied by a Participant, as applicable, for the payment of debt service on unlimited tax bonds issued by the Participant and are also responsible for the payment of ad valorem taxes levied by a Participant, as applicable, for the purpose of paying the Participant's operation and maintenance costs. See "APPENDIX A" attached hereto for information related to indebtedness and taxation requirements of each Participant.

In addition, property located within the Service Area is subject to taxation by various other governmental entities. See "TAX DATA—Estimated Overlapping Taxes."

Factors Affecting Taxable Values and Tax Payments

*<u>Economic Factors</u>***:** The rate of development within the Service Area is directly related to the vitality of the single-family housing in the Dallas metropolitan area. New single-family residential construction can be significantly affected by factors such as interest rates, construction costs, and consumer demand. Decreased levels of single-family residential construction would restrict the growth of property values in the District. Although 6,490 single-family homes are either completed or under construction within the District as of July 1, 2026, the Master District cannot predict the pace or magnitude of any future development in the Service Area. See "DEVELOPMENT WITHIN THE SERVICE AREA."

*<u>Maximum Impact on District Tax Rates</u>***:** Assuming no further development or home construction, the value of the land, improvements, and other taxable property currently within the Service Area will be the major determinant of the ability or willingness of property owners to pay their taxes. The taxable assessed valuation as of January 1, 2026, of all taxable property located within the Service Area is $1,891,692,015. After issuance of the Bonds, the maximum annual debt service requirement of the Outstanding Bonds and the Bonds (2046) will be $1,114,219 and the average annual debt service requirement of the Outstanding Bonds and the Bonds (2027–2051) will be $1,089,862. Assuming no increase to nor

decrease from the taxable assessed valuation as of January 1, 2026, a tax rate of each Participant of $0.07 and $0.07 per $100 of assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively. In 2026, the Participants levied the following total tax rates:

2026 Tax Rate per $100 of Assessed Value of Participants	**KC MUD 5**	**KC MUD 6**	**KC MUD 7**
Utility System Debt Service	$0.3525	$0.2500	$0.2025
Road System Debt Service	0.3925	0.3225	0.2925
Contract Tax	0.0550	0.0575	0.0575
Maintenance	0.2000	0.1300	0.1425
Total	$1.0000	$0.7600	$0.6950

Tax Collections and Foreclosure Remedies

The Master District's ability to make debt service payments on the Bonds may be adversely affected by difficulties experienced by each Participant in collecting ad valorem taxes. Under Texas law, the levy of ad valorem taxes by a Participant constitutes a lien in favor of the Participant on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by judicial foreclosure. The Participant's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time consuming and expensive collection procedures; (b) a bankruptcy court's stay of tax collection proceedings against a taxpayer; or (c) market conditions affecting the marketability of taxable property within the Service Area and limiting the proceeds from a foreclosure sale of such property.

Moreover, the proceeds of any sale of property within the Service Area available to pay debt service on the Bonds may be limited by the existence of other tax liens on the property (see "TAX DATA—Estimated Overlapping Taxes"), by the current aggregate tax rate being levied against the property, and by other factors (including the taxpayers' right to redeem property after foreclosure). Finally, a bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the Service Area pursuant to the Federal Bankruptcy Code could stay any attempt by such Participant to collect delinquent ad valorem taxes assessed against such taxpayer. See "TAXING PROCEDURES."

Registered Owners' Remedies

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

Statutory language authorizing local governments such as the Master 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 Master District in its covenants in the Bond Order may not be reduced to a judgment for money damages. If such a judgment against the Master District were obtained, it could not be enforced by direct levy and execution against the Master District's property. Further, the Registered Owners cannot themselves foreclose on property within the Master District or sell property within the Master District to enforce tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may be further limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights and creditors of political subdivisions, such as the Master 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 Master District. Texas law requires a district, such as the District, to obtain the approval of the TCEQ as a condition to seeking relief under the Federal Bankruptcy Code.

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

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

The Master District may not be placed into bankruptcy involuntarily.

Future Debt

Pursuant to the Master District Contract, the Master District may sell additional unlimited tax Contract Revenue Bonds In an amount necessary to provide the facilities intended to be provided by the Master District on parity with the Bonds. The Master District anticipates that it will continue to issue unlimited tax Contract Revenue Bonds in installments over the next several years. The Developers have been fully reimbursed for the Master District Facilities to-date. Each future issue of bonds is intended to be sold at the earliest practicable date consistent with the maintenance of a reasonable tax rate in the Service Area (assuming projected increases in the value of taxable property made at the time of issuance of bonds are accurate). The Master District does not employ any formula with respect to assessed valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. The issuance of additional bonds is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. See "DEVELOPMENT WITHIN THE SERVICE AREA."

Each of the Participants may issue additional unlimited tax bonds to finance facilities to serve the land within their respective boundaries. See "APPENDIX A" for a description of the authorized but unissued unlimited tax bonds of the Participants.

Competitive Nature of Dallas Residential Housing Market

The housing industry in the Dallas area is very competitive, and the Master District can give no assurance that the building programs which are planned by the Developers will be continued or completed. The respective competitive positions of the Developers and any of the homebuilders are affected by most of the factors discussed in this section, and such competitive positions are directly related to tax revenues received by the Master District and the growth and maintenance of taxable values in the Service Area.

Marketability

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

Continuing Compliance with Certain Covenants

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

Environmental Regulations

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

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

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

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

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

On October 7, 2022, the EPA published final notice reclassifying the DFW Area from "serious" to "severe" under the 2008 Ozone Standard, effective November 7, 2022. As the DFW Area is now designated a "severe" nonattainment area, it must meet the attainment date of July 20, 2027 with an attainment year of 2026. The "severe" nonattainment classification provides for more stringent controls on emissions from the industrial sector. In addition, the EPA may impose a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects if it finds that an area fails to demonstrate progress in reducing ozone levels.

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

In order to demonstrate progress toward attainment of the EPA's ozone standards, the TCEQ has established a state implementation plan ("SIP") for the DFW Area setting emission control requirements, some of which regulate the inspection and use of automobiles. These types of measures could impact how people travel, what distances people are willing to travel, where people choose to live and work, and what jobs are available in the DFW Area. These SIP requirements can negatively impact business due to the additional permitting/regulatory constraints that accompany this designation and because of the community stigma associated with a nonattainment designation. It is possible that additional controls will be necessary to allow the DFW Area to reach attainment with the ozone standards by the EPA's attainment deadlines. These additional controls could have a negative impact on the DFW Area's economic growth and development. As a result of the DFW Area's reclassification, the TCEQ must submit revisions of the SIP to the EPA no later than January 1, 2023, addressing the "moderate" nonattainment classification and by May 2024 addressing the "severe" nonattainment classification.

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

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

Pursuant to the federal Safe Drinking Water Act ("SDWA") and the EPA's National Primary Drinking Water Regulations ("NPDWRs"), which are implemented by the TCEQ's Water Supply Division, a municipal utility district's provision of water for human consumption is subject to extensive regulation as a public water system. Municipal utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency's rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future. Further, the EPA has established a NPDWR for six (6) Per- and Polyfluoroalkyl Substances ("PFAS"), which requires public water systems to perform certain monitoring and remediation measures. Public water systems may be subject to additional PFAS regulation in the future, which could increase the cost of constructing, operating, and maintaining water production and distribution facilities.

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

The TCEQ issued the General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit") on August 15, 2024. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. The District has an application for a waiver from MS4 permitting requirements pending with the TCEQ, but, if the District's application is unsuccessful or inclusion of the District were required at a future date, the District could incur substantial costs to develop, implement, and maintain the necessary plans as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff in order to comply with the MS4 Permit.

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

In 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. Subsequently, the EPA and the USACE issued a final rule amending the definition of "waters of the United States" under the CWA to conform with the Supreme Court decision.

While the *Sackett* decision and subsequent regulatory action 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 Regional District, could potentially be subject to additional restrictions and requirements, including additional permitting requirements, in the future.

Approval of the Bonds

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

Potential Impact of Natural Disaster

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

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

Cybersecurity

The District's consultants use digital technologies to collect taxes, hold funds and process disbursements. These systems necessarily hold sensitive protected information that is valued on the black market. As a result, the electronic systems and networks of organizations like the District's consultants are considered targets for cyber-attacks and other potential breaches of their systems. To the extent the District is determined to be the party responsible for various electronic systems or suffers a loss of funds due to a security breach, there could be a material adverse effect on the District's finances. Insurance to protect against such breaches may be limited.

Bond Insurance Investment Considerations

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

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

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

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

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

Neither the District nor the Initial Purchaser have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal of and interest on the Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment. See "MUNICIPAL BOND INSURANCE" and "RATINGS" herein for further information provided by the Bond Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer.

LEGAL MATTERS

Legal Opinions

Issuance of the Bonds is subject to the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and binding obligations of the Master District payable from the Pledged Contract Payments. Issuance of the Bonds is also subject to the legal opinion of Bond Counsel that, based upon examination of the transcript of the proceedings incident to authorization and issuance of the Bonds, the Bonds are valid and legally binding obligations of the Master 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. The legal opinion will further state that the interest on the Bonds is excludable from gross income for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions as described below under "TAX MATTERS." The legal opinion of Bond Counsel will be printed on the Bonds, if certificated Bonds are issued. Such opinions will express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds. Certain legal matters will be passed upon for the Master District by McCall, Parkhurst & Horton L.L.P., Houston, Texas, Disclosure Counsel.

In addition to serving as Bond Counsel, Coats Rose, P.C. also acts as general counsel to the Master District on matters not related to the issuance of bonds. The legal fees to be paid Bond Counsel and Disclosure Counsel for services rendered in connection with the issuance of the Bonds are based upon a percentage of bonds actually issued, sold, and delivered, and, therefore, such fees are contingent upon the sale and delivery of the Bonds.

No-Litigation Certificate

The Master District and each of the Participants will furnish the Initial Purchaser a certificate, dated as of the date of delivery of the Bonds, executed by both the President and Secretary of such Board, to the effect that no litigation of any nature is then pending against or, to the best knowledge and belief of the certifying officers, threatened against such district contesting or attacking the Bonds; restraining or enjoining the authorization, execution or delivery of the Bonds; affecting the provisions made for the payment of or security for the Bonds; in any manner questioning the authority of proceedings for the authorization, execution or delivery of the Bonds; or affecting the validity of the Bonds, the corporate existence or boundaries of such District or the titles of the then present officers of the Board.

No Material Adverse Change

The obligations of the Initial Purchaser to take and pay for the Bonds, and of the Master 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 Master 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

On the date of initial delivery of the Bonds, Coats Rose, P.C., Dallas, Texas, Bond Counsel, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds.

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

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

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

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

Tax Accounting Treatment of Original Issue Discount Bonds

The issue price of certain of the Bonds (the "Original Issue Discount Bonds") may be less than the stated redemption price at maturity. In such case, under existing law, and based upon the assumptions hereinafter stated (a) the difference between (i) the stated amount payable at the maturity of each Original Issue Discount Bond and (ii) the issue price of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond at the initial public offering price in the initial public offering of the Bonds; and (b) such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Bond was held by such initial owner) is includable in gross income. (Because original issue discount is treated as interest for federal income tax purposes, the discussion regarding interest on the Bonds under the caption "TAX MATTERS" generally applies, except as otherwise provided below, to original issue discount on an Original Issue Discount Bond held by an owner who purchased such Bond at the initial offering price in the initial public offering of the Bonds, and should be considered in connection with the discussion in this portion of the Official Statement.)

The foregoing is based on the assumptions that (a) the Initial Purchaser has purchased the Bonds for contemporaneous sale to the general public and not for investment purposes, and (b) all of the Original Issue Discount Bonds have been offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a cash price (and with no other consideration being included) equal to the initial offering prices thereof stated on the inside cover page of this Official Statement, and (c) the respective initial offering prices of the Original Issue Discount Bonds to the general public are equal to the fair market value thereof. Neither the District nor Bond Counsel warrants that the Original Issue Discount Bonds will be offered and sold in accordance with such assumptions.

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

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

Qualified Tax-Exempt Obligations

Section 265 of the Code provides, in general, that interest expense incurred to acquire or carry tax-exempt obligations is not deductible from the gross income of the owner thereof. In addition, interest expense incurred by certain owners that are "financial institutions" within the meaning of such section and which is allocable to tax-exempt obligations acquired after August 7, 1986, is completely disallowed as a deduction for taxable years beginning after December 31, 1986. Section 265(b) of the Code provides an exception to this rule for interest expense incurred by financial institutions and allocable to tax-exempt obligations (other than private activity bonds) which are designated by an issuer, such as the District, as "qualified tax-exempt obligations." An issue may be designated as "qualified tax-exempt obligations" only where the amount of such issue, when added to all other tax-exempt obligations (other than private activity bonds) issued or reasonably anticipated to be issued by the issuer during the same calendar year, does not exceed $10,000,000.

The Master District has, pursuant to the Bond Order, designated the Bonds as "qualified tax-exempt obligations" and certified its expectation that the above-described $10,000,000 ceiling will not be exceeded. Accordingly, it is anticipated that financial institutions that purchase the Bonds will not be subject to the 100 percent disallowance of interest expense allocable to interest on the Bonds under Section 265(b) of the Code. However, 20 percent of the interest expense incurred by a financial institution which is allocable to the interest on the Bonds would not be deductible pursuant to Section 291 of the Code.

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The Master District will provide certain updated financial information and operating data to the MSRB annually. The information to be updated and provided includes all quantitative financial information and operating data with respect to the Master District and the Participants of the general type included in this Official Statement included under the headings "MASTER DISTRICT DEBT," "TAX DATA," "APPENDIX A," and "APPENDIX B." The Master District will update and provide this information to the MSRB within six months after the end of each of its fiscal years ending in or after 2026.

Any information so provided shall be prepared in accordance with generally accepted accounting principles 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 Master District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six (6) month period, and audited financial statements when and if the audit report becomes available. The Master District's current fiscal year end is July 31. Accordingly, it must provide updated information by January 31 in each year, unless the Master District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Event Notices

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

Availability of Information from EMMA

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

Limitations and Amendments

The Master District has agreed to update information and to provide notices of specified events only as described above. The Master District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The Master 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 Master 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 and beneficial owners of Bonds may seek a writ of mandamus to compel the Master District to comply with its agreement.

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

Compliance with Prior Undertakings

The District has entered into continuing disclosure agreements pursuant to the Rule in connection with its issuance of the Bonds and its Outstanding Bonds. The District, in its capacity as the Master District, did not timely file the fiscal year end July 31, 2022 audited financial statements for the Participants. Such filings have since been made and a notice of late filing has been made. The District has established procedures and disclosures are prepared and submitted in a timely manner. Otherwise, during the last five years, the District has not failed to materially comply with its prior continuing disclosure obligations.

OFFICIAL STATEMENT

General

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

The District's financial statements for the year ended July 31, 2025, were audited by McGrath & Co., Certified Public Accountants, PLLC, and have been attached hereto as "APPENDIX A." The Auditor has consented to the publication of such financial statements in this Official Statement.

Experts

Bond Counsel has reviewed the information appearing in this Official Statement under the captions "THE BONDS," "SUMMARY OF CERTAIN DOCUMENTS," "TAXING PROCEDURES," "THE MASTER DISTRICT—General," "LEGAL MATTERS," "TAX MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION." Bond Counsel has reviewed the information under the aforementioned sections solely to determine whether such information fairly summarizes the law or documents referred to in such sections. Bond Counsel has not independently verified other factual information contained in this Official Statement nor conducted an investigation of the affairs of the Master District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon the limited participation of such firm as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of any of the other information contained herein.

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

The information contained in this Official Statement relating to development and the status of development within the Master District generally and, in particular, the information in the section captioned "DEVELOPMENT WITHIN THE SERVICE AREA" and "THE DEVELOPERS" has been provided by the Developers and has been included herein in reliance upon their authority and knowledge of such party concerning the matters described therein.

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

Certification as to Official Statement

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

Updating of Official Statement

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

CONCLUDING STATEMENT

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

This Official Statement was approved by the Board of Directors of Kaufman County Municipal Utility District No. 5 as of the date shown on the first page hereof.

/s/ Kendra Gentry
President, Board of Directors
Kaufman County Municipal Utility District No. 5

ATTEST:

/s/ Russell Underwood
Secretary, Board of Directors
Kaufman County Municipal Utility District No. 5

APPENDIX A

CERTAIN FINANCIAL INFORMATION REGARDING THE PARTICIPANTS

KAUFMAN COUNTY MUNICIPAL UTILITY DISTRICT NO. 5

(In its Capacity as a Participant)

Voter Authorized Unlimited Tax Water, Sewer and Drainage Bonds	$ 67,650,250
Voter Authorized Unlimited Tax Road Bonds	$ 211,500,000
Total Principal Amount of Unlimited Tax Bonds Issued to Date (a)	$86,740,000
Debt Service Tax Limitation (per $100 of assessed valuation)	Unlimited
Maintenance Tax Limitation (per $100 of assessed valuation)	$0.99
Contract Tax Limitation	Unlimited
Gross Outstanding Direct Debt	$ 76,460,000
2026 Taxable Assessed Valuation	$ 690,614,822
2026 Taxable Assessed Valuation as a Percentage of 2026 Taxable Assessed Valuation of all Participants	36.51 %
Average Annual Debt Service on the Bonds and the Outstanding Bonds ($1,089,862): Pro rata Share of the Bonds based on 2026 Taxable Assessed Valuation	$397,884
Maximum Annual Debt Service on the Bonds and the Outstanding Bonds ($1,114,219): Pro rata Share of the Bonds based on 2026 Taxable Assessed Valuation	$406,777
Tax Rate Required to Pay Pro rata Share of the Bonds based upon the 2026 Certified Taxable Assessed Value at 95% collections:	
Average Annual Debt Service	$0.07
Maximum Annual Debt Service	$0.07
Status of Development as of July 1, 2026:	
Acreage	1,076.90
Total Completed Homes	2,503
Total Developed Lots	2,516

(a) Excludes unlimited tax bonds issued to refund bonds issued for Utility System or Road System purposes.

Principal Taxpayers

The following are the principal taxpayers in the District as shown on the District's certified appraisal rolls for the 2026 tax year.

Taxpayer	Types of Property	Taxable Value 2026 Tax Roll	Percent of District Value
MM TR South II LLC	Land & Improvements	$2,103,725	0.30%
McDonalds Real Estate Co	Land & Improvements	1,888,323	0.27%
SFR JV HD 2024 1 Borrower LLC	Land & Improvements	1,753,113	0.25%
Dallas SOS LC	Land & Improvements	1,488,953	0.22%
Magpri SFR TX LLC	Land & Improvements	1,446,000	0.21%
SFR JV 1 2020 1 Borrower LLC	Land & Improvements	1,303,535	0.19%
Tenax DPI Property LLC	Land & Improvements	1,042,828	0.15%
FKH SFR PropCo 1 LP	Land & Improvements	1,015,896	0.15%
IDF1 SFR PropCo A LLC	Land & Improvements	1,011,475	0.15%
SSAA Triangle Ventures 1 LLC	Land & Improvements	1,000,000	0.14%
Total of Principal Taxpayers		$14,053,848	2.03%

Historical Tax Collections

Tax Year	Assessed Valuation	Tax Rate (a)	Adjusted Levy	% of Collections Current Year	Tax Year Ending 9/30	% of Collections as of 5/31/2026
2021	$328,163,128	$1.0000	$ 3,281,631	98.83%	2022	99.73%
2022	580,965,503	0.9600	5,577,269	98.67	2023	99.74
2023	710,443,249	0.9300	6,607,122	99.11	2024	99.51
2024	755,570,854	0.9300	7,026,809	98.69	2025	99.00
2025	729,472,867	0.9600	7,002,940	98.14(b)	2026	98.14

(a) Total tax rate per $100 of assessed valuation for each respective tax year. See "Tax Rate Distribution" below.
(b) Collections as of May 31, 2026.

Tax Rate Distribution

	2026	2025	2024	2023	2022
Road Debt Service	$0.3925	$0.3750	$0.3425	$0.3550	$0.4000
Utility System Debt Service	0.3525	0.3350	0.3225	0.3625	0.3000
M&O	0.2000	0.2100	0.2275	0.1750	0.2125
Contract	0.0550	0.0400	0.0375	0.0375	0.0475
Total	$1.0000	$0.9600	$0.9300	$0.9300	$0.9600

KAUFMAN COUNTY MUNICIPAL UTILITY DISTRICT NO. 6

Voter Authorized Unlimited Tax Water, Sewer and Drainage Bonds	$ 70,780,000
Voter Authorized Unlimited Tax Road Bonds	$ 50,900,000
Total Principal Amount of Unlimited Tax Bonds Issued to Date (a)	$ 66,670,000
Debt Service Tax Limitation (per $100 of assessed valuation)	Unlimited
Maintenance Tax Limitation (per $100 of assessed valuation)	$0.99
Contract Tax Limitation	Unlimited
Gross Outstanding Direct Debt	$ 56,425,000
2026 Taxable Assessed Valuation	$ 679,519,604
2026 Taxable Assessed Valuation as a Percentage of 2026 Taxable Assessed Valuation of all Participants	35.92 %
Average Annual Debt Service on the Bonds and the Outstanding Bonds ($1,089,862): Pro rata Share of the Bonds based on 2026 Taxable Assessed Valuation	$391,492
Maximum Annual Debt Service on the Bonds and the Outstanding Bonds ($1,114,219): Pro rata Share of the Bonds based on 2026 Taxable Assessed Valuation	$400,241
Tax Rate Required to Pay Pro rata Share of the Bonds based upon the 2026 Certified Taxable Assessed Value at 95% collections:	
Average Annual Debt Service	$0.07
Maximum Annual Debt Service	$0.07
Status of Development as of July 1, 2026:	
Acreage	477.40
Total Completed Homes	2,355
Total Developed Lots	2,367

(a) Excludes unlimited tax bonds issued to refund bonds issued for Utility System or Road System purposes.

Principal Taxpayers

The following are the principal taxpayers in the District as shown on the District's certified appraisal rolls for the 2026 tax year.

Taxpayer	Types of Property	Taxable Value 2026 Tax Roll	Percent of District Value
1003 Travis Ranch LLC	Land & Improvements	$2,301,342	0.34%
Yassine LLC	Land & Improvements	1,856,000	0.27%
High Opportunity Neighborhood LLC	Land & Improvements	1,093,771	0.16%
Homeowner	Land & Improvements	1,039,011	0.15%
MLTD Enterprises LLC	Land & Improvements	1,026,186	0.15%
Homeowner	Land & Improvements	908,710	0.13%
Homeowner	Land & Improvements	898,943	0.13%
FKH SFR PropCo A LP	Land & Improvements	840,439	0.12%
SN DFW LLC	Land & Improvements	768,826	0.11%
Homeowner	Land & Improvements	687,251	0.10%
Total of Principal Taxpayers		$11,420,479	1.68%

Historical Tax Collections

Tax Year	Assessed Valuation	Tax Rate (a)	Adjusted Levy	% of Collections Current Year	Tax Year Ending 9/30	% of Collections as of 5/31/2026
2021	$ 367,106,605	$ 0.9000	$ 3,303,959	98.93%	2022	99.76%
2022	494,433,286	0.8625	4,264,487	98.66	2023	99.68
2023	691,436,182	0.7325	5,064,770	99.05	2024	99.64
2024	719,245,557	0.7325	5,268,474	99.28	2025	99.41
2025	707,527,596	0.7325	5,182,640	98.00 (b)	2026	98.00

(a) Total tax rate per $100 of assessed valuation for each respective tax year. See "Tax Rate Distribution" below.
(b) Collections as of May 31, 2026.

Tax Rate Distribution

	2026	2025	2024	2023	2022
Road System Debt Service	$0.3225	$0.3125	$0.2850	$0.3050	$0.4075
Utility System Debt Service	0.2500	0.2400	0.2350	0.2500	0.3350
Maintenance & Operation	0.1350	0.1400	0.1725	0.1400	0.0725
Contract	0.0575	0.0400	0.0400	0.0375	0.0475
	$0.7650	$0.7325	$0.7325	$0.7325	$0.8625

KAUFMAN COUNTY MUNICIPAL UTILITY DISTRICT NO. 7

Voter Authorized Unlimited Tax Water, Sewer and Drainage Bonds	$ 52,530,000
Voter Authorized Unlimited Tax Road Bonds	$ 33,900,000
Total Principal Amount of Unlimited Tax Bonds Issued to Date (a)	$ 43,660,000
Debt Service Tax Limitation (per $100 of assessed valuation)	Unlimited
Maintenance Tax Limitation (per $100 of assessed valuation)	$0.99
Contract Tax Limitation	Unlimited
Gross Outstanding Direct Debt	$34,960,000
2026 Taxable Assessed Valuation	$ 521,557,589
2026 Taxable Assessed Valuation as a Percentage of 2026 Taxable Assessed Valuation of all Participants	27.57 %
Average Annual Debt Service on the Bonds and the Outstanding Bonds ($1,089,862): Pro rata Share of the Bonds based on 2026 Taxable Assessed Valuation	$300,485
Maximum Annual Debt Service on the Bonds and the Outstanding Bonds ($1,114,219): Pro rata Share of the Bonds based on 2026 Taxable Assessed Valuation	$307,201
Tax Rate Required to Pay Pro rata Share of the Bonds based upon the 2026 Certified Taxable Assessed Value at 95% collections:	
Average Annual Debt Service	$0.07
Maximum Annual Debt Service	$0.07
Status of Development as of July 1, 2026:	
Acreage	392.30
Total Completed Homes	1,626
Total Developed Lots	1,627

(a) Excludes unlimited tax bonds issued to refund bonds issued for Utility System or Road System purposes.

Principal Taxpayers

The following are the principal taxpayers in the District as shown on the District's certified appraisal rolls for the 2026 tax year.

Taxpayer	Types of Property	Taxable Value 2026 Tax Roll	Percent of District Value
High Opportunity Neighborhood LLC	Land & Improvements	$2,480,245	0.48%
Oncor Electric Delivery Co LLC	Land & Improvements	1,207,114	0.23%
RDMS Properties LLC	Land & Improvements	1,023,937	0.20%
SN DFW LLC	Land & Improvements	901,000	0.17%
Homeowner	Land & Improvements	838,442	0.16%
SN Texas II LLC	Land & Improvements	721,526	0.14%
Homeowner	Land & Improvements	692,078	0.13%
Jianqing Guo Living Trust	Land & Improvements	617,004	0.12%
AMH 2014-2 Borrower LLC	Land & Improvements	601,489	0.12%
Homeowner	Land & Improvements	597,769	0.11%
Total of Principal Taxpayers		$9,680,604	1.86%

Historical Tax Collections

Tax Year	Assessed Valuation	Tax Rate (a)	Adjusted Levy	% of Collections Current Year	Tax Year Ending 9/30	% of Collections as of 5/31/2026
2021	$ 334,395,664	$ 0.9000	$ 3,009,561	98.91%	2022	99.58%
2022	450,741,253	0.8000	3,605,930	98.04	2023	99.59
2023	564,731,297	0.6750	3,811,936	98.81	2024	99.45
2024	557,924,278	0.6650	3,710,196	99.06	2025	99.27
2025	549,451,859	0.6500	3,571,437	97.95 (b)	2026	97.95

(a) Total tax rate per $100 of assessed valuation for each respective tax year. See "Tax Rate Distribution" below.
(b) Collections through May 31, 2026.

Tax Rate Distribution

	2026	2025	2024	2023	2022
Road System Debt Service	$0.2925	$0.2375	$0.2350	$0.2350	$0.3000
Utility System Debt Service	0.2025	0.1925	0.1875	0.1900	0.2500
Maintenance & Operation	0.1425	0.1675	0.2275	0.2025	0.2025
Contract	0.0575	0.0525	0.0150	0.0475	0.0475
	$0.6950	$0.6500	$0.6650	$0.6750	$0.8000

APPENDIX B

KAUFMAN COUNTY MUNICIPAL UTILITY DISTRICT NO. 5

KAUFMAN COUNTY, TEXAS

FINANCIAL REPORT

July 31, 2025

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McGRATH & CO., PLLC

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

Independent Auditor's Report

Board of Directors
Kaufman County Municipal Utility District No. 5
Kaufman County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Kaufman County Municipal Utility District No. 5 (the "District"), as of and for the year ended July 31, 2025, 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 Kaufman County Municipal Utility District No. 5, as of July 31, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Texas Supplementary Information schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Texas Supplementary Information schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

McGrath & Co, PLLC

Houston, Texas
November 20, 2025

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Management's Discussion and Analysis

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Using this Annual Report

This section of the financial report of Kaufman County Municipal Utility District No. 5 (the "District") provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended July 31, 2025. This analysis should be read in conjunction with the independent auditor's report and the basic financial statements that follow this section.

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

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

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

Financial Analysis of the District as a Whole

The District's net position at July 31, 2025, was negative $12,302,370. A comparative summary of the District's overall financial position, as of July 31, 2025 and 2024, is as follows:

	2025	2024
Current and other assets	$ 11,955,163	$ 11,314,649
Capital assets	67,432,687	69,114,422
Total assets	79,387,850	80,429,071
Total deferred outflows of resources	63,834	79,792
Current liabilities	5,527,577	6,105,849
Long-term liabilities	86,226,477	87,591,477
Total liabilities	91,754,054	93,697,326
Net position		
Net investment in capital assets	(18,381,663)	(18,994,111)
Restricted	3,491,004	3,404,960
Unrestricted	2,588,289	2,400,688
Total net position	$ (12,302,370)	$ (13,188,463)

The total net position of the District increased during the current fiscal year by $886,093. A comparative summary of the District's *Statement of Activities* for the past two fiscal years is as follows:

	2025	2024
Revenues		
Sewer and garbage services	$ 1,806,051	$ 1,674,233
Participant billings	3,718,693	3,492,947
Property taxes, penalties and interest	7,134,498	6,747,323
Contract taxes	721,906	722,969
Other	589,415	590,352
Total revenues	13,970,563	13,227,824
Expenses		
Current service operations	7,359,213	7,023,595
Debt interest and fees	2,899,934	2,652,510
Developer interest		754,775
Debt issuance costs	168,269	800,056
Contractual obligations	282,845	255,216
Depreciation	2,374,209	2,328,567
Total expenses	13,084,470	13,814,719
Change in net position	886,093	(586,895)
Net position, beginning of year	(13,188,463)	(12,601,568)
Net position, end of year	$ (12,302,370)	$ (13,188,463)

Financial Analysis of the District's Funds

General Fund

A comparative summary of the General Fund's financial position as of July 31, 2025 and 2024, is as follows:

	2025	2024
Total assets	$ 3,072,304	$ 3,130,614
Total liabilities	$ 457,687	$ 703,598
Total deferred inflows	39,242	25,405
Total fund balance	2,575,375	2,401,611
Total liabilities, deferred inflows and fund balance	$ 3,072,304	$ 3,130,614

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

	2025	2024
Total revenues	$ 3,765,309	$ 3,260,238
Total expenditures	(3,632,881)	(3,412,235)
Revenues over (under) expenditures	132,428	(151,997)
Other changes in fund balance	41,336	
Net change in fund balance	$ 173,764	$ (151,997)

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

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. Property tax revenues increased from prior year because the District increased the maintenance and operations component of the levy and because assessed values increased from prior year.
- Sewer revenues are dependent upon customer usage, which fluctuates from year to year as a result of factors beyond the District's control.

Master District Debt Service Fund

A comparative summary of the Master District Debt Service Fund's financial position as of July 31, 2025 and 2024, is as follows:

	2025	2024
Total assets	$ 625,644	$ 607,299
Total fund balance	$ 625,644	$ 607,299

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

	2025	2024
Total revenues	$ 746,253	$ 750,325
Total expenditures	(727,908)	(729,230)
Revenues over expenditures	$ 18,345	$ 21,095

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

Internal District Debt Service Fund

A comparative summary of the Internal District Debt Service Fund's financial position as of July 31, 2025 and 2024, is as follows:

	2025	2024
Total assets	$ 4,051,769	$ 4,002,014
Total deferred inflows	$ 186,862	$ 141,753
Total fund balance	3,864,907	3,860,261
Total deferred inflows and fund balance	$ 4,051,769	$ 4,002,014

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

	2025	2024
Total revenues	$ 5,491,770	$ 5,553,769
Total expenditures	(5,487,124)	(4,547,728)
Revenues over expenditures	$ 4,646	$ 1,006,041

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

Master District Capital Projects Fund

A comparative summary of the Master District Capital Projects Fund's financial position as of July 31, 2025 and 2024, is as follows:

	2025	2024
Total assets	$ 2,039,611	$ 2,051,693
Total liabilities	$ 236,658	$ 332,847
Total fund balance	1,802,953	1,718,846
Total liabilities and fund balance	$ 2,039,611	$ 2,051,693

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

	2025	2024
Total revenues	$ 93,116	$ 134,569
Total expenditures	(9,009)	(1,176,371)
Revenues over (under) expenditures	$ 84,107	$ (1,041,802)

The District's capital asset activity in the last two fiscal years primarily consisted of construction costs related to the ground storage tank addition.

Internal District Capital Projects Fund

A comparative summary of the Internal District Capital Projects Fund's financial position as of July 31, 2025 and 2024, is as follows:

	2025	2024
Total assets	$ 1,570,262	$ 535,306
Total liabilities	$ 33,922	$ -
Total fund balance	1,536,340	535,306
Total liabilities and fund balance	$ 1,570,262	$ 535,306

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

	2025	2024
Total revenues	$ 94,286	$ 19,151
Total expenditures	(736,916)	(11,510,877)
Revenues under expenditures	(642,630)	(11,491,726)
Other changes in fund balance	1,643,664	11,465,000
Net change in fund balance	$ 1,001,034	$ (26,726)

The District has had considerable capital asset activity in the last two fiscal years, which was financed with proceeds from the issuance of its Series 2024 Unlimited Tax Road Bonds in the current fiscal year and the issuance of its Series 2024 Unlimited Tax Bonds in the prior fiscal year.

Master District Operations Fund

A comparative summary of the Master District Operations Fund's financial position as of July 31, 2025 and 2024, is as follows:

	2025	2024
Total assets	$ 753,788	$ 1,145,938
Total liabilities	$ 746,116	$ 1,138,266
Total fund balance	7,672	7,672
Total liabilities and fund balance	$ 753,788	$ 1,145,938

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

	2025	2024
Total revenues	$ 3,720,883	$ 3,493,906
Total expenditures	(3,720,883)	(3,493,906)
Revenues over (under) expenditures	$ -	$ -

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

General Fund Budgetary Highlights

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board did not amend the budget during the fiscal year.

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was $171,650 greater than budgeted. The *Budgetary Comparison Schedule* on page 42 of this report provides variance information per financial statement line item.

Capital Assets

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

Capital assets held by the District at July 31, 2025 and 2024, are summarized as follows:

	2025	2024
Capital assets not being depreciated		
Master District facilities		
Land and improvements	$ 137,784	$ 137,784
Construction in progress		1,928,822
Internal facilities		
Land and improvements	11,097,134	11,097,134
Construction in progress	614,349	46,932
	11,849,267	13,210,672
Capital assets being depreciated		
Master District facilities		
Water and sewer facilities	10,396,601	8,458,770
Internal facilities		
Water, sewer, and drainage facilities	30,208,792	30,092,744
Roads	29,437,402	29,437,402
	70,042,795	67,988,916
Less accumulated depreciation		
Master District facilities		
Water and sewer facilities	(2,260,358)	(2,029,326)
Internal facilities		
Water, sewer, and drainage facilities	(3,845,733)	(3,174,427)
Roads	(8,353,284)	(6,881,413)
	(14,459,375)	(12,085,166)
Depreciable capital assets, net	55,583,420	55,903,750
Capital assets, net	$ 67,432,687	$ 69,114,422

Capital asset additions during the current fiscal year include the ground storage tank addition and Clements Ranch sidewalk erosion repair. The District's construction in progress is for the construction of Travis Ranch Estate Lots – primary location and Travis Ranch Estate Lots – Forney, TX.

Long-Term Debt and Related Liabilities

As of July 31, 2025, the District owes approximately $466,477 to developers for completed projects and operating advances. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. The District intends to reimburse the developers from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developers is trued up when the developers are reimbursed.

At July 31, 2025 and 2024, the District had total bonded debt outstanding as shown below:

Series	2025	2024
Contract Revenue Bonds		
2007	$ 225,000	$ 225,000
2008	485,000	485,000
2014 Refunding	1,535,000	1,885,000
2019	1,515,000	1,515,000
2020	7,940,000	8,005,000
Unlimited Tax Bonds		
2018 Road	3,675,000	3,800,000
2019 Road	2,680,000	2,770,000
2020 Road	8,425,000	8,735,000
2020	5,630,000	5,830,000
2020A Road	5,830,000	6,095,000
2021	12,425,000	12,870,000
2021A Road	8,320,000	8,620,000
2022	8,390,000	8,615,000
2022 Road	5,830,000	5,980,000
2023 Road	3,040,000	3,115,000
2024	11,180,000	11,465,000
2024 Road	1,660,000	
	$ 88,785,000	$ 90,010,000

During the current fiscal year, the District issued $1,685,000 in unlimited tax road bonds. At July 31, 2025, the District had $27,225,250 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and $101,475,375 for refunding such bonds; and $167,155,000 for road improvements and $317,250,000 for refunding such bonds.

Property Taxes

The District's property tax base decreased approximately $26,283,000 for the 2025 tax year from $755,897,146 to $729,613,966. This decrease was primarily due to decreased property. For the 2025 tax year, the District has levied a maintenance tax rate of $0.21 per $100 of assessed value; a water, sewer and drainage debt service tax rate of $0.335 per $100 of assessed value; a road debt service tax rate of $0.375 per $100 of assessed value; and a contract tax rate of $0.04 per $100 of assessed value, for a total combined tax rate of $0.96 per $100 of assessed value. Tax rates for the 2024 tax year were $0.2275 per $100 for maintenance and operations; $0.3225 per $100 for water, sewer and drainage debt service; $0.3425 per $100 for road debt service; and $0.0375 per $100 for contract tax, for a combined total of $0.93 per $100 of assessed value.

Next Year's Budget

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

	2025 Actual	2026 Budget
Total revenues	$ 3,765,309	$ 3,870,887
Total expenditures	(3,632,881)	(3,745,970)
Revenues over expenditures	132,428	124,917
Other changes in fund balance	41,336	
Net change in fund balance	173,764	124,917
Beginning fund balance	2,401,611	2,575,375
Ending fund balance	$ 2,575,375	$ 2,700,292

Basic Financial Statements

Kaufman County Municipal Utility District No. 5
Statement of Net Position and Governmental Funds Balance Sheet
July 31, 2025

	General Fund	Master District Debt Service Fund	Internal District Debt Service Fund	Master District Capital Projects Fund
Assets				
Cash	$ 696,838	$ -	$ 85,563	$ 1,953,368
Investments	1,562,404	625,644	3,775,624	
Taxes receivable	39,242		186,862	
Customer service receivables	189,396			
Due from other districts	190,861			
Internal balances	228,141		(6,870)	
Restricted cash				86,243
Operating reserve	158,215			
Other receivables	7,207		10,590	
Capital assets not being depreciated				
Capital assets, net				
Total Assets	$ 3,072,304	$ 625,644	$ 4,051,769	$ 2,039,611
Deferred Outflows of Resources				
Deferred difference on refunding				
Liabilities				
Accounts payable	$ 452,482	$ -	$ -	$ -
Other payables	5,205			
Retainage payable				
Operating reserve				
Due to other districts				236,658
Accrued interest payable				
Due to developers				
Long-term debt				
Due within one year				
Due after one year				
Total Liabilities	457,687			236,658
Deferred Inflows of Resources				
Deferred property taxes	39,242		186,862	
Fund Balances/Net Position				
Fund Balances				
Nonspendable	158,215			
Restricted		625,644	3,864,907	1,802,953
Committed				
Unassigned	2,417,160			
Total Fund Balances	2,575,375	625,644	3,864,907	1,802,953
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 3,072,304	$ 625,644	$ 4,051,769	$ 2,039,611
Net Position				
Net investment in capital assets				
Restricted for debt service				
Unrestricted				
Total Net Position				

See notes to basic financial statements.

Internal District Capital Projects Fund	Master District Operations Fund	Total	Adjustments	Statement of Net Position
$ 1,836,909	$ 316,281	$ 4,888,959	$ -	$ 4,888,959
		5,963,672		5,963,672
		226,104		226,104
		189,396		189,396
	392,131	582,992		582,992
(266,647)	45,376			
		86,243		86,243
		158,215	(158,215)	
		17,797		17,797
			11,849,267	11,849,267
			55,583,420	55,583,420
$ 1,570,262	$ 753,788	$ 12,113,378	67,274,472	79,387,850
			63,834	63,834
$ -	$ 294,073	$ 746,555		746,555
		5,205		5,205
33,922		33,922		33,922
	452,043	452,043	(158,215)	293,828
		236,658		236,658
			1,186,409	1,186,409
			466,477	466,477
			3,025,000	3,025,000
			85,760,000	85,760,000
33,922	746,116	1,474,383	90,279,671	91,754,054
		226,104	(226,104)	
		158,215	(158,215)	
1,536,340		7,829,844	(7,829,844)	
	7,672	7,672	(7,672)	
		2,417,160	(2,417,160)	
1,536,340	7,672	10,412,891	(10,412,891)	
$ 1,570,262	$ 753,788	$ 12,113,378		
			(18,381,663)	(18,381,663)
			3,491,004	3,491,004
			2,588,289	2,588,289
			$ (12,302,370)	$ (12,302,370)

Kaufman County Municipal Utility District No. 5
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended July 31, 2025

	General Fund	Master District Debt Service Fund	Internal District Debt Service Fund	Master District Capital Projects Fund
Revenues				
Sewer service	$ 1,043,772	$ -	$ -	$ -
Garbage service	762,279			
Participant billings				
Property taxes	1,703,058		5,267,750	
Penalties and interest	53,512		51,232	
Contract tax from participants		721,906		
Storm water fees	106,539			
Miscellaneous	512		5,172	
Investment earnings	95,637	24,347	167,616	93,116
Total Revenues	3,765,309	746,253	5,491,770	93,116
Expenditures/Expenses				
Current service operations				
Purchased services	1,431,765			
Professional fees	183,543			
Contracted services	1,643,488		106,860	
Repairs and maintenance	157,900			
Utilities	46,030			
Administrative	54,106		13,408	
Other				
Capital outlay	116,049			9,009
Debt service				
Principal		415,000	2,495,000	
Interest and fees		312,908	2,589,011	
Debt issuance costs				
Contractual obligations			282,845	
Depreciation				
Total Expenditures/Expenses	3,632,881	727,908	5,487,124	9,009
Revenues Over (Under) Expenditures	132,428	18,345	4,646	84,107
Other Financing Sources (Uses)				
Proceeds from sale of bonds				
Internal transfers	41,336			
Net Change in Fund Balances	173,764	18,345	4,646	84,107
Change in Net Position				
Fund Balance/Net Position				
Beginning of the year	2,401,611	607,299	3,860,261	1,718,846
End of the year	$ 2,575,375	$ 625,644	$ 3,864,907	$ 1,802,953

See notes to basic financial statements.

Internal District Capital Projects Fund	Master District Operations Fund	Total	Adjustments	Statement of Activities
$ -	$ -	$ 1,043,772	$ -	$ 1,043,772
		762,279		762,279
	3,718,693	3,718,693		3,718,693
		6,970,808	43,714	7,014,522
		104,744	15,232	119,976
		721,906		721,906
		106,539		106,539
		5,684		5,684
94,286	2,190	477,192		477,192
94,286	3,720,883	13,911,617	58,946	13,970,563
	3,643,211	5,074,976		5,074,976
	3,500	187,043		187,043
	14,721	1,765,069		1,765,069
	23,499	181,399		181,399
	21,904	67,934		67,934
	14,048	81,562		81,562
1,230		1,230		1,230
567,417		692,475	(692,475)	
		2,910,000	(2,910,000)	
		2,901,919	(1,985)	2,899,934
168,269		168,269		168,269
		282,845		282,845
			2,374,209	2,374,209
736,916	3,720,883	14,314,721	(1,230,251)	13,084,470
(642,630)		(403,104)	403,104	
1,685,000		1,685,000	(1,685,000)	
(41,336)				
1,001,034		1,281,896	(1,281,896)	
			886,093	886,093
535,306	7,672	9,130,995	(22,319,458)	(13,188,463)
$ 1,536,340	$ 7,672	$ 10,412,891	$ (22,715,261)	$ (12,302,370)

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Note 1 – Summary of Significant Accounting Policies

The accounting policies of Kaufman County Municipal Utility District No. 5 (the "District") conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB"). The following is a summary of the most significant policies:

Creation

The District was organized, created and established pursuant to an order of the Texas Commission on Environmental Quality dated February 13, 2003, as Lake Vista Ranch Municipal Utility District No. 1 and changed its name to Kaufman County Municipal Utility District No. 5 by an order issued by the Texas Commission on Environmental Quality on January 13, 2005. The District operates in accordance with the Texas Water Code ("TWC"), Chapters 49 and 54. The Board of Directors held its first meeting on March 7, 2003 and the first bonds were issued on May 1, 2007.

The District's primary activities include the construction of water, sewer, drainage and road facilities and the provision of regional water supply and wastewater services. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs, other than payroll taxes on fees of office paid to the directors.

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

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

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

- The General Fund is used to account for the operations of the District's sewer system and all other financial transactions not reported in other funds. The principal sources of revenue are property taxes and sewer service fees. Expenditures include costs associated with the daily operations of the District.
- The Master District Debt Service Fund is used to account for the payment of interest and principal on the District's contract revenue bonds. The primary source of revenue is contract taxes from participants (including the District in its capacity as a participant).
- The Internal District Debt Service Fund is used to account for the payment of interest and principal on the District's general long-term debt. The primary source of revenue for debt service is property taxes. Expenditures include costs incurred in assessing and collecting these taxes.
- The Master District Capital Projects Fund is used to account for the expenditures of bond proceeds for the construction of the Master District's regional water and sewer facilities.
- The Internal District Capital Projects Fund is used to account for the expenditures of bond proceeds for the construction of the District's water, sewer, drainage and road facilities.
- The Master District Operations Fund is used to account for revenues received from participants that are restricted to expenditures for the operation and maintenance of a regional water/wastewater plant.

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

Measurement Focus and Basis of Accounting

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

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

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

Use of Restricted Resources

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

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At July 31, 2025, an allowance for uncollectible accounts was not considered necessary.

Interfund Activity

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

Capital Assets

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost that exceeds the capitalization threshold for the asset class and an estimated useful life in excess of one year. Capital assets that individually are below the capitalization threshold but, in the aggregate, are above the threshold are capitalized. Subsequent replacements of these assets that do not exceed the threshold are not capitalized. The District's capitalization threshold for infrastructure assets is $50,000. The threshold for subscription-based information technology arrangements (SBITAs) is $250,000.

Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

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

Assets	Useful Life
Water, wastewater and drainage	45 years
Roads	20 years

Deferred Inflows and Outflows of Financial Resources

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

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

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

Net Position – Governmental Activities

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

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

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

Unrestricted – resources not included in the other components.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District's nonspendable fund balance consists of operating reserves paid to the Master District Operations Fund for the regional water/wastewater plant.

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

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District.

Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The District's committed fund balances in the Master District Operations Fund consist of amounts restricted for the operation of the regional facilities in accordance with the District's contract with Kaufman County Municipal Utility District No's. 6 and 7.

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

Unassigned - all other spendable amounts in the General Fund.

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

Use of Estimates

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

Note 2 – Adjustment from Governmental to Government-wide Basis

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

Total fund balance, governmental funds		$ 10,412,891
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	$ 81,892,062	
Less accumulated depreciation	(14,459,375)	
		67,432,687
The difference between the face amount of bonds refunded and the amount paid to refund the bonds does not provide financial resources at the fund level and is recorded as a deferred outflow in the *Statement of Net Position* and amortized to interest expense.		63,834
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of:		
Accrued interest payable	(1,186,409)	
Due to developers	(466,477)	
Bonds payable	(88,785,000)	
		(90,437,886)
Deferred inflows in the fund statements consist of property taxes receivable that have been levied and are due, but are not available to pay current period expenditures. These amounts are included in revenues in the government-wide statements.		226,104
Total net position - governmental activities		$ (12,302,370)

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

Net change in fund balances - total governmental funds		$ 1,281,896
Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for property taxes and related penalties and interest.		58,946
Financial reporting for capital assets varies significantly between the fund statements and the government-wide statements. Reporting at the fund level focuses on the impact of transactions on financial resources (i.e., cash), while reporting at the government-wide level seeks to allocate the cost of the acquisition of capital assets over their useful lives and to measure the economic impact of developer financing of capital assets used by the District or conveyed to other governmental entities. Differences during the current fiscal year are for the following:		
Capital outlays	$ 692,475	
Depreciation expense	(2,374,209)	
		(1,681,734)
Financial reporting for certain obligations varies between the fund statements and the government-wide statements. At the fund level, the focus is on increases and decreases of financial resources as debt is issued and repaid. At the government-wide level, the focus is on measuring and reporting on changes in the District's obligation to repay liabilities in the future. Differences during the current fiscal year are for the following:		
Issuance of long-term debt	(1,685,000)	
Principal payments	2,910,000	
Interest expense accrual	1,985	
		1,226,985
Change in net position of governmental activities		$ 886,093

Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

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

As of July 31, 2025, the District had deposits in the amount of $199,973 which were exposed to custodial credit risk as a result of being uncollateralized. The District has subsequently implemented additional monitoring procedures in order to adequately insure deposits.

Restricted Cash

At July 31, 2025, the District held in escrow $86,243 from the Series 2007 Bonds as required by the Texas Commission on Environmental Quality, for use on Forney Lake Water Supply Corporation water pump; the Forney Lake Water Supply Corporation water line improvements; and the gravity trunk line easements. The District has determined that it is highly unlikely that the intended projects for the escrowed funds will ever meet requirements for the escrow funds to be released.

Investments

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

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

As of July 31, 2025, the District's investments consist of the following:

Type	Fund	Carrying Value	Percentage of Total	Rating	Weighted Average Maturity
Certificates of deposit	Internal District Debt Service	$ 480,000	8%	N/A	N/A
TexPool	General	1,562,404			
	Master District Debt Service	625,644			
	Internal District Debt Service	3,295,624			
		5,483,672	92%	AAAm	43 days
Total		$ 5,963,672	100%		

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

TexPool

The District participates in TexPool, the Texas Local Government Investment Pool. The State Comptroller of Public Accounts exercises oversight responsibility of TexPool, which includes (1) the ability to significantly influence operations, (2) designation of management and (3) accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

As permitted by GAAP, TexPool uses amortized cost (which excludes unrealized gains and losses) rather than market value to compute share price and seeks to maintain a constant dollar value per share. Accordingly, the fair value of the District's position in TexPool is the same as the value of TexPool shares. Investments in TexPool may be withdrawn on a same day basis, as long as the transaction is executed by 3:30 p.m.

Investment Credit and Interest Rate Risk

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

Note 4 – Interfund Balances and Transactions

Amounts due to/from other funds at July 31, 2025, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
General Fund	Internal District Debt Service Fund	$ 6,870	Maintenance tax collections not remitted as of year end
General Fund	Internal District Capital Projects Fund	266,647	Amounts transferred to cover debt issuance costs
General Fund	Master District Operations Fund	199,575	Security payments erroneously deposited to the Master District Operations Fund
Master District Operations Fund	General Fund	244,951	Master District service fees not remitted as of year end

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

A summary of internal transfers for the current fiscal year is as follows:

Transfers Out	Transfers In	Amounts	Purpose
Internal District Capital Projects Fund	General Fund	$ 41,336	Reimbursement of capital outlay and bond application fees paid by the General Fund

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended July 31, 2025, is as follows:

	Beginning Balances	Increases/ Decreases	Ending Balances
Capital assets not being depreciated			
Master District facilities			
Land and improvements	$ 137,784	$ -	$ 137,784
Construction in progress	1,928,822	(1,928,822)	
Internal facilities			
Land and improvements	11,097,134		11,097,134
Construction in progress	46,932	567,417	614,349
	13,210,672	(1,361,405)	11,849,267
Capital assets being depreciated			
Master District facilities			
Water and sewer facilities	8,458,770	1,937,831	10,396,601
Internal facilities			
Water, sewer, and drainage facilities	30,092,744	116,048	30,208,792
Roads	29,437,402		29,437,402
	67,988,916	2,053,879	70,042,795
Less accumulated depreciation			
Master District facilities			
Water and sewer facilities	(2,029,326)	(231,032)	(2,260,358)
Internal facilities			
Water, sewer, and drainage facilities	(3,174,427)	(671,306)	(3,845,733)
Roads	(6,881,413)	(1,471,871)	(8,353,284)
	(12,085,166)	(2,374,209)	(14,459,375)
Depreciable capital assets, net	55,903,750	(320,330)	55,583,420
Capital assets, net	$ 69,114,422	$ (1,681,735)	$ 67,432,687

Depreciation expense for the current fiscal year was $2,374,209.

The District has contractual commitments for construction projects as follows:

	Contract Amount	Paid To Date	Remaining Amount *
Travis Ranch Estate Lots - primary location	$ 318,342	$ 313,252	$ 5,090
Travis Ranch Estate Lots - Forney, TX	539,035	25,966	513,069
	$ 857,377	$ 339,218	$ 518,159

* Includes retainage

Note 6 – Due to Developers

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

The District's developers have also advanced funds to the District for operating expenses.

The amount due to developers at July 31, 2025, is approximately $466,477. There was no change in this liability from the prior fiscal year.

Note 7 – Long-Term Debt

Long-term debt is comprised of the following:

	Contract Revenue Bonds	Unlimited Tax Bonds	Total
Bonds payable	$ 11,700,000	$ 77,085,000	$ 88,785,000
Due within one year	$ 430,000	$ 2,595,000	$ 3,025,000

The District's bonds payable at July 31, 2025, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
Contract Revenue Bonds						
2007	$ 225,000	$ 2,955,000	4.0% - 4.375%	March 1, 2009/2030	September 1, March 1	March 1, 2014
2008	485,000	3,070,000	5.0% - 5.875%	March 1, 2011/2031	September 1, March 1	March 1, 2016
2014 Refunding	1,535,000	4,000,000	2.83%	March 1, 2015/2029	September 1, March 1	March 1, 2022
2019	1,515,000	1,515,000	3.0% - 4.0%	March 1, 2032/2044	September 1, March 1	March 1, 2024
2020	7,940,000	8,200,000	2.0% - 2.375%	March 1, 2022/2045	September 1, March 1	March 1, 2025
Unlimited Tax Bonds						
2018 Road	3,675,000	4,350,000	2.25% - 4.0%	March 1, 2020/2043	September 1, March 1	March 1, 2023
2019 Road	2,680,000	3,085,000	3.0% - 4.0%	March 1, 2021/2044	September 1, March 1	March 1, 2024
2020 Road	8,425,000	9,900,000	2.0% - 2.5%	March 1, 2021/2045	September 1, March 1	March 1, 2025
2020	5,630,000	6,400,000	2.0% - 4.5%	March 1, 2022/2046	September 1, March 1	March 1, 2025
2020A Road	5,830,000	6,890,000	2.0% - 3.0%	March 1, 2022/2046	September 1, March 1	March 1, 2025
2021	12,425,000	13,730,000	1.5% - 4.0%	March 1, 2023/2046	September 1, March 1	March 1, 2026
2021A Road	8,320,000	9,195,000	2.0% - 4.5%	March 1, 2023/2046	September 1, March 1	March 1, 2026
2022	8,390,000	8,830,000	4.0% - 6.0%	March 1, 2024/2047	September 1, March 1	March 1, 2027
2022 Road	5,830,000	6,125,000	3.5% - 6.0%	March 1, 2024/2047	September 1, March 1	March 1, 2027
2023 Road	3,040,000	3,115,000	3.25% - 5.75%	March 1, 2025/2048	September 1, March 1	May 1, 2029
2024	11,180,000	11,465,000	3.875% - 5.0%	March 1, 2025/2048	September 1, March 1	February 1, 2030
2024 Road	1,660,000	1,685,000	4.0% - 6.5%	March 1, 2025/2048	September 1, March 1	August 1, 2030
	$ 88,785,000					

Payments of principal and interest on all series of contract revenue bonds are to be provided from the participant districts, including the District in its capacity as a participant district, based on their pro-rata share of the total certified assessed valuation of all participant districts. The participant districts are contractually required to levy a contract tax in an amount sufficient to meet their required contribution. See Note 9 for additional information. Payments of principal and interest on all series of unlimited tax bonds are to be provided from taxes levied on all properties within the District. Investment income realized by the Debt Service Fund from investment of idle funds will be used to pay outstanding bond principal and interest. The District is in compliance with the terms of its bond resolutions.

At July 31, 2025, the District had authorized but unissued bonds in the amount of $27,225,250 for water, sewer and drainage facilities and $101,475,375 for refunding of such bonds; and $167,155,000 for road improvements and $317,250,000 for refunding of such bonds.

On August 16, 2024, the District issued its $1,685,000 Series 2024 Unlimited Tax Road Bonds at a net effective interest rate of 4.240956%. Proceeds of the bonds will be used to finance the construction of capital assets within the District.

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

	Contract Revenue Bonds	Unlimited Tax Bonds	Total
Bonds payable, beginning of year	$ 12,115,000	$ 77,895,000	$ 90,010,000
Bonds issued		1,685,000	1,685,000
Bonds retired	(415,000)	(2,495,000)	(2,910,000)
Bonds payable, end of year	$ 11,700,000	$ 77,085,000	$ 88,785,000

As of July 31, 2025, annual debt service requirements on unlimited tax contract revenue bonds outstanding are as follows:

Year	Principal	Interest	Totals
2026	$ 430,000	$ 301,303	$ 731,303
2027	440,000	289,675	729,675
2028	455,000	277,762	732,762
2029	465,000	265,423	730,423
2030	485,000	252,761	737,761
2031	505,000	228,612	733,612
2032	525,000	208,825	733,825
2033	540,000	196,525	736,525
2034	560,000	183,825	743,825
2035	575,000	171,625	746,625
2036	590,000	159,075	749,075
2037	605,000	146,225	751,225
2038	625,000	133,025	758,025
2039	640,000	119,375	759,375
2040	660,000	104,725	764,725
2041	680,000	88,938	768,938
2042	700,000	71,975	771,975
2043	720,000	54,506	774,506
2044	740,000	36,531	776,531
2045	760,000	18,050	778,050
	$ 11,700,000	$ 3,308,761	$ 15,008,761

As of July 31, 2025, annual debt service requirements on unlimited tax bonds outstanding are as follows:

Year	Principal	Interest	Totals
2026	$ 2,595,000	$ 2,508,615	$ 5,103,615
2027	2,675,000	2,405,059	5,080,059
2028	2,755,000	2,303,192	5,058,192
2029	2,850,000	2,213,505	5,063,505
2030	2,940,000	2,120,930	5,060,930
2031	3,025,000	2,026,230	5,051,230
2032	3,125,000	1,930,719	5,055,719
2033	3,225,000	1,836,180	5,061,180
2034	3,320,000	1,737,605	5,057,605
2035	3,430,000	1,635,795	5,065,795
2036	3,540,000	1,529,650	5,069,650
2037	3,655,000	1,418,644	5,073,644
2038	3,775,000	1,301,857	5,076,857
2039	3,900,000	1,180,451	5,080,451
2040	4,035,000	1,052,739	5,087,739
2041	4,160,000	920,519	5,080,519
2042	4,305,000	782,644	5,087,644
2043	4,450,000	638,869	5,088,869
2044	4,280,000	499,751	4,779,751
2045	4,210,000	368,237	4,578,237
2046	3,795,000	240,288	4,035,288
2047	1,990,000	123,422	2,113,422
2048	1,050,000	42,512	1,092,512
	$ 77,085,000	$ 30,817,413	$ 107,902,413

Note 8 – Property Taxes

On May 3, 2003, the voters of the District authorized the District's Board of Directors to levy taxes annually for use in financing general operations limited to $0.99 per $100 of assessed value. The District's bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

All property values and exempt status, if any, are determined by the Kaufman Central 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.

Property taxes are collected based on rates adopted in the year of the levy. The District's 2025 fiscal year was financed through the 2024 tax levy, pursuant to which the District levied property taxes of $0.93 per $100 of assessed value, of which $0.2275 was allocated to maintenance and operations; $0.3225 was allocated to water, sewer and drainage debt service; $0.3425 was allocated to road debt service; and $0.0375 was allocated for contract tax purposes. The resulting tax levy was $7,029,843 on the adjusted taxable value of $755,897,146.

Property taxes receivable, at July 31, 2025, consisted of the following:

Current year taxes receivable	$ 101,755
Prior years taxes receivable	75,433
	177,188
Penalty and interest receivable	48,916
Property taxes receivable	$ 226,104

Note 9 – Regional Water and Wastewater Services Contract

On October 5, 2004, the District entered into a contract (the "Contract") with Kaufman County Municipal Utility District No. 6 and Kaufman County Municipal Utility District No. 7 (the "Participants") whereby the District agrees to provide or cause to be provided the regional water supply and distribution facilities and the wastewater collection, treatment and disposal facilities necessary to serve the Participants and all districts located within the District's service area.

The District is authorized to issue bonds for the purpose of acquiring and constructing facilities needed to provide services to the Participants. Each Participant contributes to the payment of debt service requirements based on its pro-rata share of the total certified assessed valuation of all Participants. As of July 31, 2025, the District has $11,700,000 contract tax revenue bonds outstanding. For the year ended July 31, 2025, the District has recorded contract tax payments of $721,906 from the Participants for debt service purposes.

The Contract authorizes the establishment of an operating and maintenance reserve by the District equivalent to three months' operating and maintenance expenditures, as set forth in the District's annual budget. As of July 31, 2025, the Master District has an operating reserve of $452,043. The District shall adjust the reserve as needed, not less than annually.

The District will charge each Participant a monthly fee based on the actual unit cost per connection multiplied by the number of equivalent single-family connections reserved to the Participant. For the year ended July 31, 2025, the District has recorded $3,718,693 in revenues from the Participants under this Contract.

Note 10 – Water Service Contract

On August 5, 2003, the District entered into an agreement, as subsequently amended, with Forney Lake Water Supply Corporation ("Forney Lake"). Pursuant to the terms of this contract, the District is required to construct water facilities to serve customers within the service area. Forney Lake is responsible for the operation and maintenance of the water system and is entitled to all revenues derived from the operation of the water system. After the District's bonded debt and developers are paid in full for the water system, the District shall convey the water system to Forney Lake at Forney Lake's option.

Note 11 – Wastewater Service Contract

On October 7, 2004, the District entered into a Wastewater Service Contract (the "Contract") with the City of Heath (the "City") for wastewater treatment services to serve customers within the District. Pursuant to the terms of this Contract, the District is required to pay service fees based on the District's actual flow of wastewater times the City's current unit cost per one thousand gallons of wastewater plus 20%. The term of this Contract is for thirty five years and shall remain in effect for each year thereafter unless terminated by either party providing two years advance notice. The City bills the District each month for services provided to the District. For the year ended July 31, 2025, the Master District has incurred expenditures of $3,643,211.

Note 12 – Risk Management

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

Note 13 – Subsequent Event

On November 20, 2025, the District issued its $1,970,000 Series 2025 Unlimited Tax Road Bonds at a net effective rate of 4.504263%. Proceeds from the bonds will be used to finance infrastructure improvements in the District.

Required Supplementary Information

Kaufman County Municipal Utility District No. 5
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended July 31, 2025

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Sewer service	$ 990,000	$ 1,043,772	$ 53,772
Garbage service	720,000	762,279	42,279
Property taxes	1,400,000	1,703,058	303,058
Penalties and interest	90,000	53,512	(36,488)
Sewer connection fees	20,000		(20,000)
Storm water fees	103,000	106,539	3,539
Miscellaneous		512	512
Investment earnings	123,000	95,637	(27,363)
Total Revenues	3,446,000	3,765,309	319,309
Expenditures			
Current service operations			
Purchased services	1,448,286	1,431,765	16,521
Professional fees	122,500	183,543	(61,043)
Contracted services	1,487,000	1,643,488	(156,488)
Repairs and maintenance	277,800	157,900	119,900
Utilities	45,000	46,030	(1,030)
Administrative	63,300	54,106	9,194
Capital outlay		116,049	(116,049)
Total Expenditures	3,443,886	3,632,881	(188,995)
Revenues Over Expenditures	2,114	132,428	130,314
Other Financing Sources			
Internal transfers		41,336	41,336
Net Change in Fund Balance	2,114	173,764	171,650
Fund Balance			
Beginning of the year	2,401,611	2,401,611	
End of the year	$ 2,403,725	$ 2,575,375	$ 171,650

Kaufman County Municipal Utility District No. 5
Required Supplementary Information - Budgetary Comparison Schedule
Master District Operations Fund
For the Year Ended July 31, 2025

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Participant billings	$ 4,137,960	$ 3,718,693	$ (419,267)
Investment earnings	1,000	2,190	1,190
Total Revenues	4,138,960	3,720,883	(418,077)
Expenditures			
Current service operations			
Purchased services	4,050,000	3,643,211	406,789
Professional fees	5,400	3,500	1,900
Contracted services	15,300	14,721	579
Repairs and maintenance	37,000	23,499	13,501
Utilities	19,000	21,904	(2,904)
Administrative	12,260	14,048	(1,788)
Total Expenditures	4,138,960	3,720,883	418,077
Revenues Over (Under) Expenditures			
Fund Balance			
Beginning of the year	7,672	7,672	
End of the year	$ 7,672	$ 7,672	$ -

Budgets and Budgetary Accounting

An annual unappropriated budget is adopted for the General Fund and Master District Operations Fund by the District's Board of Directors. The budgets are prepared using the same method of accounting as for financial reporting. There were no amendments to the budgets during the fiscal year.

Texas Supplementary Information

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

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

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

[X] Other (Specify): Water services provided by Forney Lake Water Supply Corporation

2. Retail Service Providers

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

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels		
Storm Water Fee:	$ 3.55	N/A	Y			to	
Wastewater:	$ 21.50	2,000	N	$ 2.05	2,001	to	10,000
				$ 2.45	10,001	to	no limit

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

Total charges per 10,000 gallons usage: Storm Water Fee $ 3.55 Wastewater $ 37.90

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered			x 1.0	
less than 3/4"			x 1.0	
1"			x 2.5	
1.5"			x 5.0	
2"			x 8.0	
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water				
Total Wastewater	2,733	2,499	x 1.0	2,499

See accompanying auditor's report.

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

Gallons pumped into system:	N/A	Water Accountability Ratio: (Gallons billed / Gallons pumped)
Gallons billed to customers:	N/A	N/A

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

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

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

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

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

5. Location of District:

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

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

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

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

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

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

ETJs in which the District is located: Cities of Dallas, Forney and Mesquite

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

If Yes, by whom? ______

See accompanying auditor's report.

Kaufman County Municipal Utility District No. 5
TSI-2. General Fund Expenditures
For the Year Ended July 31, 2025

Purchased services	$ 1,431,765
Professional fees	
Legal	48,433
Audit	19,000
Engineering	116,110
	183,543
Contracted services	
Bookkeeping	11,074
Operator	239,464
Garbage collection	948,871
Security service	444,079
	1,643,488
Repairs and maintenance	157,900
Utilities	46,030
Administrative	
Directors fees	6,630
Insurance	8,728
Other	38,748
	54,106
Capital outlay	116,049
Total expenditures	$ 3,632,881

See accompanying auditor's report.

Kaufman County Municipal Utility District No. 5
TSI-3. Investments
July 31, 2025

Fund	Interest Rate	Maturity Date	Balance at End of Year	Interest Receivable
General				
TexPool	Variable	N/A	$ 1,562,404	$ -
Master District Debt Service				
TexPool	Variable	N/A	625,644	
Internal District Debt Service				
TexPool	Variable	N/A	1,720,424	
TexPool - Road	Variable	N/A	1,555,080	
TexPool - Contract	Variable	N/A	20,120	
Certificate of deposit	4.30%	08/22/25	240,000	4,524
Certificate of deposit	4.31%	08/26/25	240,000	4,534
			3,775,624	9,058
Total - All Funds			$ 5,963,672	$ 9,058

See accompanying auditor's report.

Kaufman County Municipal Utility District No. 5
TSI-4. Taxes Levied and Receivable
July 31, 2025

	Maintenance Taxes	Contract Taxes	W-S-D Debt Service Taxes	Road Debt Service Taxes
Taxes Receivable, Beginning of Year	$ 25,405	$ 6,338	$ 46,714	$ 55,018
Adjustments to Prior Year Tax Levy	(2,689)	(727)	(5,558)	(6,333)
Adjusted Receivable	22,716	5,611	41,156	48,685
2024 Original Tax Levy	1,725,588	284,438	2,446,163	2,597,864
Adjustments	(5,922)	(977)	(8,395)	(8,916)
Adjusted Tax Levy	1,719,666	283,461	2,437,768	2,588,948
Total to be accounted for	1,742,382	289,072	2,478,924	2,637,633
Tax collections:				
Current year	1,694,774	279,358	2,402,482	2,551,474
Prior years	8,366	1,767	16,339	16,263
Total Collections	1,703,140	281,125	2,418,821	2,567,737
Taxes Receivable, End of Year	$ 39,242	$ 7,947	$ 60,103	$ 69,896
Taxes Receivable, By Years				
2024	$ 24,892	$ 4,103	$ 35,286	$ 37,474
2023	7,612	1,631	15,767	15,441
2022	3,367	753	4,753	6,337
2021 and prior	3,371	1,460	4,297	10,644
Taxes Receivable, End of Year	$ 39,242	$ 7,947	$ 60,103	$ 69,896

	2024	2023	2022	2021
Property Valuations:				
Land	$ 204,938,240	$ 200,131,954	$ 157,120,207	$ 107,424,230
Improvements	572,897,501	528,097,873	436,261,469	225,893,140
Personal Property	619,001	689,311	1,280,701	576,703
Exemptions	(22,557,596)	(18,497,779)	(13,686,874)	(5,730,945)
Total Property Valuations	$ 755,897,146	$ 710,421,359	$ 580,975,503	$ 328,163,128
Tax Rates per $100 Valuation:				
Maintenance tax rates	$ 0.2275	$ 0.1750	$ 0.2125	$ 0.0675
Contract tax rates	0.0375	0.0375	0.0475	0.0675
W-S-D debt service tax rates	0.3225	0.3625	0.3000	0.3550
Road debt service tax rates	0.3425	0.3550	0.4000	0.5100
Total Tax Rates per $100 Valuation	$ 0.9300	$ 0.9300	$ 0.9600	$ 1.0000
Adjusted Tax Levy:	$ 7,029,843	$ 6,606,919	$ 5,577,365	$ 3,281,631
Percentage of Taxes Collected to Taxes Levied **	98.55%	99.39%	99.73%	99.73%

* Maximum Maintenance Tax Rate Approved by Voters: $0.99 on May 3, 2003

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

See accompanying auditor's report.

Totals	
$	133,475
	(15,307)
	118,168
	7,054,053
	(24,210)
	7,029,843
	7,148,011
	6,928,088
	42,735
	6,970,823
$	177,188
$	101,755
	40,451
	15,210
	19,772
$	177,188

Kaufman County Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2007 Contract Revenue Bonds--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due March 1	Interest Due September 1, March 1	Total
2026	$ -	$ 9,844	$ 9,844
2027		9,844	9,844
2028		9,843	9,843
2029		9,843	9,843
2030	225,000	9,843	234,843
	$ 225,000	$ 49,217	$ 274,217

See accompanying auditor's report.

Kaufman County Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2008 Contract Revenue Bonds--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due March 1	Interest Due September 1, March 1	Total
2026	$ -	$ 28,494	$ 28,494
2027		28,494	28,494
2028		28,494	28,494
2029		28,493	28,493
2030	235,000	28,493	263,493
2031	250,000	14,687	264,687
	$ 485,000	$ 157,155	$ 642,155

See accompanying auditor's report.

Kaufman County Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2014 Contract Revenue Refunding Bonds--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due March 1	Interest Due September 1, March 1	Total
2026	$ 365,000	$ 43,440	$ 408,440
2027	375,000	33,112	408,112
2028	390,000	22,500	412,500
2029	405,000	11,462	416,462
	$ 1,535,000	$ 110,514	$ 1,645,514

See accompanying auditor's report.

Kaufman County Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2018 Unlimited Tax Road Bonds--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due March 1	Interest Due September 1, March 1	Total
2026	$ 130,000	$ 140,220	$ 270,220
2027	140,000	136,190	276,190
2028	145,000	131,710	276,710
2029	150,000	126,925	276,925
2030	160,000	121,825	281,825
2031	165,000	115,425	280,425
2032	175,000	108,825	283,825
2033	185,000	101,825	286,825
2034	195,000	94,887	289,887
2035	205,000	87,575	292,575
2036	215,000	79,887	294,887
2037	225,000	71,825	296,825
2038	235,000	63,106	298,106
2039	245,000	54,000	299,000
2040	255,000	44,200	299,200
2041	270,000	34,000	304,000
2042	285,000	23,200	308,200
2043	295,000	11,800	306,800
	$ 3,675,000	$ 1,547,425	$ 5,222,425

See accompanying auditor's report.

Kaufman County Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2019 Unlimited Tax Road Bonds--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due March 1	Interest Due September 1, March 1	Total
2026	$ 90,000	$ 96,631	$ 186,631
2027	95,000	93,931	188,931
2028	100,000	91,081	191,081
2029	105,000	88,081	193,081
2030	110,000	84,931	194,931
2031	115,000	81,494	196,494
2032	120,000	77,756	197,756
2033	125,000	73,706	198,706
2034	130,000	69,331	199,331
2035	135,000	64,781	199,781
2036	145,000	60,056	205,056
2037	150,000	54,800	204,800
2038	155,000	49,175	204,175
2039	165,000	43,363	208,363
2040	170,000	37,175	207,175
2041	180,000	30,800	210,800
2042	190,000	23,600	213,600
2043	195,000	16,000	211,000
2044	205,000	8,200	213,200
	$ 2,680,000	$ 1,144,892	$ 3,824,892

See accompanying auditor's report.

Kaufman County Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2019 Contract Revenue Bonds--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due March 1	Interest Due September 1, March 1	Total
2026	$ -	$ 47,300	$ 47,300
2027		47,300	47,300
2028		47,300	47,300
2029		47,300	47,300
2030		47,300	47,300
2031		47,300	47,300
2032	90,000	47,300	137,300
2033	95,000	43,700	138,700
2034	100,000	39,900	139,900
2035	105,000	36,900	141,900
2036	105,000	33,750	138,750
2037	110,000	30,600	140,600
2038	115,000	27,300	142,300
2039	120,000	23,850	143,850
2040	125,000	20,250	145,250
2041	130,000	16,500	146,500
2042	135,000	12,600	147,600
2043	140,000	8,550	148,550
2044	145,000	4,350	149,350
	$ 1,515,000	$ 629,350	$ 2,144,350

See accompanying auditor's report.

Kaufman County Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2020 Unlimited Tax Road Bonds--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due March 1	Interest Due September 1, March 1	Total
2026	$ 320,000	$ 185,144	$ 505,144
2027	330,000	178,744	508,744
2028	340,000	172,144	512,144
2029	350,000	165,344	515,344
2030	355,000	158,344	513,344
2031	365,000	151,243	516,243
2032	380,000	143,944	523,944
2033	390,000	136,343	526,343
2034	400,000	128,543	528,543
2035	410,000	120,544	530,544
2036	420,000	112,343	532,343
2037	435,000	103,419	538,419
2038	445,000	94,175	539,175
2039	460,000	84,162	544,162
2040	470,000	73,813	543,813
2041	485,000	62,650	547,650
2042	495,000	51,131	546,131
2043	510,000	39,375	549,375
2044	525,000	26,625	551,625
2045	540,000	13,500	553,500
	$ 8,425,000	$ 2,201,530	$ 10,626,530

See accompanying auditor's report.

Kaufman County Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2020 Unlimited Tax Bonds--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due March 1	Interest Due September 1, March 1	Total
2026	$ 205,000	$ 129,088	$ 334,088
2027	210,000	119,862	329,862
2028	215,000	115,662	330,662
2029	225,000	111,362	336,362
2030	230,000	106,862	336,862
2031	235,000	102,262	337,262
2032	240,000	96,975	336,975
2033	245,000	91,575	336,575
2034	250,000	86,062	336,062
2035	260,000	80,438	340,438
2036	265,000	74,588	339,588
2037	270,000	68,625	338,625
2038	280,000	62,550	342,550
2039	285,000	56,250	341,250
2040	295,000	49,838	344,838
2041	300,000	43,200	343,200
2042	310,000	36,450	346,450
2043	315,000	29,475	344,475
2044	325,000	22,388	347,388
2045	330,000	15,075	345,075
2046	340,000	7,650	347,650
	$ 5,630,000	$ 1,506,237	$ 7,136,237

See accompanying auditor's report.

Kaufman County Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2020A Unlimited Tax Road Bonds--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due March 1	Interest Due September 1, March 1	Total
2026	$ 270,000	$ 127,825	$ 397,825
2027	265,000	122,425	387,425
2028	265,000	117,125	382,125
2029	270,000	111,825	381,825
2030	270,000	106,425	376,425
2031	275,000	101,025	376,025
2032	270,000	94,838	364,838
2033	270,000	88,762	358,762
2034	275,000	82,688	357,688
2035	275,000	76,500	351,500
2036	275,000	70,312	345,312
2037	275,000	64,124	339,124
2038	280,000	57,938	337,938
2039	275,000	51,638	326,638
2040	285,000	45,450	330,450
2041	280,000	39,038	319,038
2042	285,000	32,738	317,738
2043	295,000	26,325	321,325
2044	285,000	19,688	304,688
2045	290,000	13,274	303,274
2046	300,000	6,750	306,750
	$ 5,830,000	$ 1,456,713	$ 7,286,713

See accompanying auditor's report.

Kaufman County Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2020 Contract Revenue Bonds--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due March 1	Interest Due September 1, March 1	Total
2026	$ 65,000	$ 172,225	$ 237,225
2027	65,000	170,925	235,925
2028	65,000	169,625	234,625
2029	60,000	168,325	228,325
2030	25,000	167,125	192,125
2031	255,000	166,625	421,625
2032	435,000	161,525	596,525
2033	445,000	152,825	597,825
2034	460,000	143,925	603,925
2035	470,000	134,725	604,725
2036	485,000	125,325	610,325
2037	495,000	115,625	610,625
2038	510,000	105,725	615,725
2039	520,000	95,525	615,525
2040	535,000	84,475	619,475
2041	550,000	72,438	622,438
2042	565,000	59,375	624,375
2043	580,000	45,956	625,956
2044	595,000	32,181	627,181
2045	760,000	18,050	778,050
	$ 7,940,000	$ 2,362,525	$ 10,302,525

See accompanying auditor's report.

Kaufman County Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2021 Unlimited Tax Bonds--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due March 1	Interest Due September 1, March 1	Total
2026	$ 455,000	$ 338,650	$ 793,650
2027	470,000	320,450	790,450
2028	480,000	301,650	781,650
2029	495,000	287,250	782,250
2030	505,000	272,400	777,400
2031	515,000	257,250	772,250
2032	530,000	241,800	771,800
2033	545,000	225,900	770,900
2034	555,000	209,550	764,550
2035	570,000	192,900	762,900
2036	585,000	175,800	760,800
2037	600,000	158,250	758,250
2038	615,000	140,250	755,250
2039	630,000	121,800	751,800
2040	645,000	102,900	747,900
2041	660,000	83,550	743,550
2042	680,000	63,750	743,750
2043	695,000	43,350	738,350
2044	715,000	32,925	747,925
2045	730,000	22,200	752,200
2046	750,000	11,250	761,250
	$ 12,425,000	$ 3,603,825	$ 16,028,825

See accompanying auditor's report.

Kaufman County Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2021A Unlimited Tax Road Bonds--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due March 1	Interest Due September 1, March 1	Total
2026	$ 305,000	$ 216,738	$ 521,738
2027	315,000	203,013	518,013
2028	320,000	188,838	508,838
2029	330,000	182,438	512,438
2030	340,000	175,838	515,838
2031	345,000	169,038	514,038
2032	355,000	162,138	517,138
2033	365,000	155,038	520,038
2034	375,000	146,825	521,825
2035	380,000	138,388	518,388
2036	390,000	129,363	519,363
2037	400,000	120,100	520,100
2038	410,000	110,100	520,100
2039	420,000	99,850	519,850
2040	435,000	88,825	523,825
2041	445,000	77,406	522,406
2042	455,000	65,725	520,725
2043	465,000	53,213	518,213
2044	480,000	40,425	520,425
2045	490,000	27,225	517,225
2046	500,000	13,750	513,750
	$ 8,320,000	$ 2,564,274	$ 10,884,274

See accompanying auditor's report.

Kaufman County Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2022 Unlimited Tax Bonds--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due March 1	Interest Due September 1, March 1	Total
2026	$ 235,000	$ 375,213	$ 610,213
2027	245,000	363,463	608,463
2028	255,000	351,213	606,213
2029	270,000	338,462	608,462
2030	280,000	324,962	604,962
2031	290,000	310,962	600,962
2032	305,000	296,462	601,462
2033	320,000	284,262	604,262
2034	330,000	271,462	601,462
2035	345,000	258,262	603,262
2036	360,000	244,463	604,463
2037	375,000	230,063	605,063
2038	390,000	214,125	604,125
2039	410,000	197,550	607,550
2040	425,000	179,100	604,100
2041	445,000	159,975	604,975
2042	465,000	139,950	604,950
2043	485,000	119,025	604,025
2044	505,000	97,200	602,200
2045	530,000	74,475	604,475
2046	550,000	50,625	600,625
2047	575,000	25,875	600,875
	$ 8,390,000	$ 4,907,149	$ 13,297,149

See accompanying auditor's report.

Kaufman County Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2022 Unlimited Tax Road Bonds--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due March 1	Interest Due September 1, March 1	Total
2026	$ 160,000	$ 238,363	$ 398,363
2027	165,000	228,763	393,763
2028	175,000	218,863	393,863
2029	180,000	210,550	390,550
2030	190,000	202,000	392,000
2031	200,000	194,400	394,400
2032	210,000	186,400	396,400
2033	215,000	178,000	393,000
2034	225,000	169,400	394,400
2035	240,000	160,400	400,400
2036	250,000	150,800	400,800
2037	260,000	140,800	400,800
2038	270,000	130,400	400,400
2039	285,000	119,600	404,600
2040	300,000	108,200	408,200
2041	310,000	96,200	406,200
2042	325,000	83,800	408,800
2043	340,000	70,800	410,800
2044	355,000	57,200	412,200
2045	375,000	43,000	418,000
2046	390,000	28,000	418,000
2047	410,000	14,347	424,347
	$ 5,830,000	$ 3,030,286	$ 8,860,286

See accompanying auditor's report.

Kaufman County Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2023 Unlimited Tax Road Bonds--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due March 1	Interest Due September 1, March 1	Total
2026	$ 80,000	$ 128,856	$ 208,856
2027	85,000	124,256	209,256
2028	85,000	119,369	204,369
2029	90,000	114,481	204,481
2030	95,000	109,306	204,306
2031	100,000	104,794	204,794
2032	105,000	100,044	205,044
2033	110,000	96,631	206,631
2034	110,000	92,919	202,919
2035	115,000	89,069	204,069
2036	120,000	84,900	204,900
2037	125,000	80,100	205,100
2038	130,000	75,100	205,100
2039	140,000	69,900	209,900
2040	145,000	64,300	209,300
2041	150,000	58,500	208,500
2042	155,000	52,500	207,500
2043	165,000	46,106	211,106
2044	170,000	39,300	209,300
2045	180,000	32,288	212,288
2046	185,000	24,863	209,863
2047	195,000	17,000	212,000
2048	205,000	8,712	213,712
	$ 3,040,000	$ 1,733,294	$ 4,773,294

See accompanying auditor's report.

Kaufman County Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2024 Unlimited Tax Bonds--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due March 1	Interest Due September 1, March 1	Total
2026	$ 300,000	$ 462,737	$ 762,737
2027	310,000	447,737	757,737
2028	325,000	432,237	757,237
2029	335,000	415,987	750,987
2030	350,000	399,237	749,237
2031	365,000	381,737	746,737
2032	380,000	367,137	747,137
2033	395,000	351,938	746,938
2034	415,000	336,138	751,138
2035	430,000	319,538	749,538
2036	450,000	302,338	752,338
2037	470,000	284,338	754,338
2038	490,000	265,538	755,538
2039	510,000	245,938	755,938
2040	530,000	225,538	755,538
2041	555,000	205,000	760,000
2042	575,000	182,800	757,800
2043	600,000	159,800	759,800
2044	625,000	135,800	760,800
2045	650,000	110,800	760,800
2046	680,000	84,800	764,800
2047	705,000	57,600	762,600
2048	735,000	29,400	764,400
	$ 11,180,000	$ 6,204,113	$ 17,384,113

See accompanying auditor's report.

Kaufman County Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2024 Unlimited Tax Road Bonds--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due March 1	Interest Due September 1, March 1	Total
2026	$ 45,000	$ 69,150	$ 114,150
2027	45,000	66,225	111,225
2028	50,000	63,300	113,300
2029	50,000	60,800	110,800
2030	55,000	58,800	113,800
2031	55,000	56,600	111,600
2032	55,000	54,400	109,400
2033	60,000	52,200	112,200
2034	60,000	49,800	109,800
2035	65,000	47,400	112,400
2036	65,000	44,800	109,800
2037	70,000	42,200	112,200
2038	75,000	39,400	114,400
2039	75,000	36,400	111,400
2040	80,000	33,400	113,400
2041	80,000	30,200	110,200
2042	85,000	27,000	112,000
2043	90,000	23,600	113,600
2044	90,000	20,000	110,000
2045	95,000	16,400	111,400
2046	100,000	12,600	112,600
2047	105,000	8,600	113,600
2048	110,000	4,400	114,400
	$ 1,660,000	$ 917,675	$ 2,577,675

See accompanying auditor's report.

Kaufman County Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due March 1	Interest Due September 1, March 1	Total
2026	$ 3,025,000	$ 2,809,918	$ 5,834,918
2027	3,115,000	2,694,734	5,809,734
2028	3,210,000	2,580,954	5,790,954
2029	3,315,000	2,478,928	5,793,928
2030	3,425,000	2,373,691	5,798,691
2031	3,530,000	2,254,842	5,784,842
2032	3,650,000	2,139,544	5,789,544
2033	3,765,000	2,032,705	5,797,705
2034	3,880,000	1,921,430	5,801,430
2035	4,005,000	1,807,420	5,812,420
2036	4,130,000	1,688,725	5,818,725
2037	4,260,000	1,564,869	5,824,869
2038	4,400,000	1,434,882	5,834,882
2039	4,540,000	1,299,826	5,839,826
2040	4,695,000	1,157,464	5,852,464
2041	4,840,000	1,009,457	5,849,457
2042	5,005,000	854,619	5,859,619
2043	5,170,000	693,375	5,863,375
2044	5,020,000	536,282	5,556,282
2045	4,970,000	386,287	5,356,287
2046	3,795,000	240,288	4,035,288
2047	1,990,000	123,422	2,113,422
2048	1,050,000	42,512	1,092,512
	$ 88,785,000	$ 34,126,174	$ 122,911,174

See accompanying auditor's report.

	Bond Issue			
	Series 2007	Series 2008	Series 2014 Refunding	Series 2018 Road
	Contract Tax	Contract Tax	Contract Tax	Unlimited Tax
Interest rate	4.0% - 4.375%	5.0% - 5.875%	2.83%	2.25% - 4.0%
Dates interest payable	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1
Maturity dates	3/1/09 - 3/1/30	3/1/11 - 3/1/31	3/1/15 - 3/1/29	3/1/20 - 3/1/43
Beginning bonds outstanding	$ 225,000	$ 485,000	$ 1,885,000	$ 3,800,000
Bonds issued				
Bonds retired			(350,000)	(125,000)
Ending bonds outstanding	$ 225,000	$ 485,000	$ 1,535,000	$ 3,675,000
Interest paid during fiscal year	$ 9,844	$ 28,494	$ 53,345	$ 143,970

Paying agent's name and city	
Series 2007 and 2008	The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2014 Refunding and 2018 Road	Branch Banking and Trust Company, Houston, Texas
Series 2022, 2022 Road, 2023 Road, 2024 and 2024 Road	Zions Bancorporation, N.A., Amegy Bank Division, Houston, Texas
All other Series	Zions Bancorporation, N.A., Houston, Texas

Bond Authority:	Water, Sewer and Drainage Bonds	Water, Sewer and Drainage Refunding Bonds	Road Bonds	Road Refunding Bonds
Amount Authorized by Voters	$ 67,650,250	$ 101,475,375	$ 211,500,000	$ 317,250,000
Amount Issued	(40,425,000)		(44,345,000)	
Remaining To Be Issued	$ 27,225,250	$ 101,475,375	$ 167,155,000	$ 317,250,000

The District's Contract Tax Bonds are secured with contract tax revenues collected from participating districts.
The Unlimited Tax Bonds are secured with ad valorem tax revenues.
Bonds may also be secured with other revenues in combination with taxes.

All Debt Service Fund cash and investments balance as of July 31, 2025:	$ 4,486,831
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 5,343,964

See accompanying auditor's report.

Bond Issue				
Series 2019 Road	Series 2019	Series 2020 Road	Series 2020	Series 2020A Road
Unlimited Tax	Contract Tax	Unlimited Tax	Unlimited Tax	Unlimited Tax
3.0% - 4.0%	3.0% - 4.0%	2.0% - 2.5%	2.0% - 4.5%	2.0% - 3.0%
9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1
3/1/21 - 3/1/44	3/1/32 - 3/1/44	3/1/21 - 3/1/45	3/1/22 - 3/1/46	3/1/22 - 3/1/46
$ 2,770,000	$ 1,515,000	$ 8,735,000	$ 5,830,000	$ 6,095,000
(90,000)		(310,000)	(200,000)	(265,000)
$ 2,680,000	$ 1,515,000	$ 8,425,000	$ 5,630,000	$ 5,830,000
$ 99,331	$ 47,300	$ 191,344	$ 138,088	$ 135,775

	Bond Issue			
	Series 2020	Series 2021	Series 2021A Road	Series 2022
	Contract Tax	Unlimited Tax	Unlimited Tax	Unlimited Tax
Interest rate	2.0% - 2.375%	1.5% - 4.0%	2.0% - 4.5%	4.0% - 6.0%
Dates interest payable	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1
Maturity dates	3/1/22 - 3/1/45	3/1/23 - 3/1/46	3/1/23 - 3/1/46	3/1/24 - 3/1/47
Beginning bonds outstanding	$ 8,005,000	$ 12,870,000	$ 8,620,000	$ 8,615,000
Bonds issued				
Bonds retired	(65,000)	(445,000)	(300,000)	(225,000)
Ending bonds outstanding	$ 7,940,000	$ 12,425,000	$ 8,320,000	$ 8,390,000
Interest paid during fiscal year	$ 173,525	$ 356,450	$ 230,238	$ 388,713

See accompanying auditor's report.

Bond Issue				
Series 2022 Road	Series 2023 Road	Series 2024	Series 2024 Road	Totals
Unlimited Tax	Unlimited Tax	Unlimited Tax	Unlimited Tax	
3.5% - 6.0%	3.25% - 5.75%	3.875% - 5.0%	4.0% - 6.5%	
9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1	
3/1/24 - 3/1/47	3/1/25 - 3/1/48	3/1/25 - 3/1/48	3/1/25 - 3/1/48	
$ 5,980,000	$ 3,115,000	$ 11,465,000	$ -	$ 90,010,000
			1,685,000	1,685,000
(150,000)	(75,000)	(285,000)	(25,000)	(2,910,000)
$ 5,830,000	$ 3,040,000	$ 11,180,000	$ 1,660,000	$ 88,785,000
$ 247,363	$ 133,169	$ 480,962	$ 38,269	$ 2,896,180

Kaufman County Municipal Utility District No. 5
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2025	2024	2023	2022	2021
Revenues					
Sewer service	$ 1,043,772	$ 984,915	$ 869,427	$ 781,400	$ 543,525
Garbage service	762,279	689,318	608,327	555,264	401,708
Property taxes	1,703,058	1,240,600	1,223,333	222,393	473,129
Penalties and interest	53,512	87,872	76,311	43,554	23,537
Sewer connection fees		31,800	236,950	81,825	502,125
Storm water fees	106,539	102,517	90,468	82,580	59,743
Miscellaneous	512	60	525	885	675
Investment earnings	95,637	123,156	90,201	5,759	1,004
Total Revenues	3,765,309	3,260,238	3,195,542	1,773,660	2,005,446
Expenditures					
Current service operations					
Purchased services	1,431,765	1,344,993	1,030,256	550,950	397,548
Professional fees	183,543	131,970	97,161	218,918	76,019
Contracted services	1,643,488	1,521,356	1,247,151	943,226	562,366
Repairs and maintenance	157,900	265,630	77,599	41,442	18,441
Utilities	46,030	46,471	44,185	39,638	33,463
Administrative	54,106	54,883	47,903	46,155	19,456
Capital outlay	116,049	46,932	23,281		
Total Expenditures	3,632,881	3,412,235	2,567,536	1,840,329	1,107,293
Revenues Over (Under) Expenditures	$ 132,428	$ (151,997)	$ 628,006	$ (66,669)	$ 898,153
Total Active Retail Water Connections	N/A	N/A	N/A	N/A	N/A
Total Active Retail Wastewater Connections	2,499	2,497	2,299	1,991	1,712

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues				
2025	2024	2023	2022	2021
28%	30%	27%	44%	27%
20%	21%	19%	31%	20%
45%	38%	39%	13%	24%
1%	3%	2%	2%	1%
	1%	7%	5%	25%
3%	3%	3%	5%	3%
*	*	*	*	*
3%	4%	3%	*	*
100%	100%	100%	100%	100%
38%	41%	32%	31%	20%
5%	4%	3%	12%	4%
44%	47%	39%	53%	28%
4%	8%	2%	2%	1%
1%	1%	1%	2%	2%
1%	2%	1%	3%	1%
3%	1%	1%		
96%	104%	79%	103%	56%
4%	(4%)	21%	(3%)	44%

Kaufman County Municipal Utility District No. 5
TSI-7b. Comparative Schedule of Revenues and Expenditures - Master District Debt Service Fund
For the Last Five Fiscal Years

	Amounts				
	2025	2024	2023	2022	2021
Revenues					
Contract taxes from participants	$ 721,906	$ 722,969	$ 723,750	$ 675,000	$ 573,604
Investment earnings	24,347	27,356	20,444	1,054	1,778
Total Revenues	746,253	750,325	744,194	676,054	575,382
Expenditures					
Debt service					
Principal	415,000	405,000	395,000	380,000	300,000
Interest and fees	312,908	324,230	338,644	348,858	215,994
Total Expenditures	727,908	729,230	733,644	728,858	515,994
Revenues Over (Under) Expenditures	$ 18,345	$ 21,095	$ 10,550	$ (52,804)	$ 59,388

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues				
2025	2024	2023	2022	2021
97%	96%	97%	100%	100%
3%	4%	3%	*	*
100%	100%	100%	100%	100%
56%	54%	53%	56%	52%
42%	43%	46%	52%	38%
98%	97%	99%	108%	90%
2%	3%	1%	(8%)	10%

Kaufman County Municipal Utility District No. 5
TSI-7b. Comparative Schedule of Revenues and Expenditures - Internal District Debt Service Fund
For the Last Five Fiscal Years

	Amounts				
	2025	2024	2023	2022	2021
Revenues					
Property taxes	$ 5,267,750	$ 5,349,331	$ 4,317,263	$ 3,034,017	$ 1,481,259
Penalties and interest	51,232	53,654	34,171	16,669	22,568
Miscellaneous	5,172	70	70	75	
Investment earnings	167,616	150,714	97,934	5,587	1,818
Total Revenues	5,491,770	5,553,769	4,449,438	3,056,348	1,505,645
Expenditures					
Tax collection services	120,268	116,748	95,391	68,558	43,586
Debt service					
Principal	2,495,000	2,055,000	1,655,000	920,000	460,000
Interest and fees	2,589,011	2,120,764	1,790,039	975,916	577,408
Contractual obligations	282,845	255,216	277,276	217,554	150,062
Total Expenditures	5,487,124	4,547,728	3,817,706	2,182,028	1,231,056
Revenues Over Expenditures	$ 4,646	$ 1,006,041	$ 631,732	$ 874,320	$ 274,589

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues				
2025	2024	2023	2022	2021
96%	96%	97%	99%	99%
1%	1%	1%	1%	1%
*	*	*	*	
3%	3%	2%	*	*
100%	100%	100%	100%	100%
2%	2%	2%	2%	3%
45%	37%	37%	30%	31%
47%	38%	40%	32%	38%
5%	5%	6%	7%	10%
99%	82%	85%	71%	82%
1%	18%	15%	29%	18%

Kaufman County Municipal Utility District No. 5
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended July 31, 2025

Complete District Mailing Address:	16000 North Dallas Parkway, Suite 350, Dallas, Texas 75248
District Business Telephone Number:	(972) 788-1600
Submission Date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	June 17, 2025
Limit on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution -- TWC Section 49.060)	$ 7,200

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse-ments	Title at Year End
Board Members				
John Sammons	05/22 to 05/26	$ 1,105	$ 34	President
Brent Lasater	05/22 to 05/26	1,105		Vice President
Carrie Solley	05/24 to 05/28	1,326	81	Secretary
Ana Lam	05/22 to 05/26	1,547	203	Assistant Secretary
Kevin Johnson	05/24 to 05/28	1,547	153	Assistant Secretary
		Amounts Paid		
Consultants				
Coats Rose, P.C.	2003	$ 114,301		Attorney/Delinquent Tax Attorney
Inframark, LLC	2006	249,489		Operator
L & S District Services, LLC	2016	18,243		Bookkeeper
Utility Tax Service, Inc.	2005	31,533		Tax Collector
Kaufman Central Appraisal District	Legislation	61,641		Property Valuation
Westwood Professional Services, Inc.	2017	200,357		Engineer
H2O Services	2017	123,873		Billing Service
McGrath & Co., PLLC	2016	24,000		Auditor
Robert W. Baird & Co.	2015	35,646		Financial Advisor

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

See accompanying auditor's report.

APPENDIX C
SPECIMEN MUNICIPAL BOND ISNURANCE POLICY

ASSURED GUARANTY

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No.: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

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

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

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

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

To the fullest extent permitted by applicable law, AG 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 AG to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

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

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

ASSURED GUARANTY INC.

By ______________________________
Authorized Officer