TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
(Travis County, Texas)

PRELIMINARY OFFICIAL STATEMENT
DATED: JUNE 28, 2012

$4,500,000
UNLIMITED TAX BONDS
SERIES 2012

BIDS TO BE SUBMITTED: 11:00 A.M., AUSTIN, TEXAS TIME
THURSDAY, SEPTEMBER 13, 2012

RBC Capital Markets®

Financial Advisor

This Preliminary Official Statement and the Information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 28, 2012

In the opinion of Bond Counsel, interest on the Bonds is excludable from gross income for federal income tax purposes under existing law, and interest on the Bonds is not subject to the alternative minimum tax on individuals or corporations, except for certain alternative minimum tax consequences for corporations. See "Tax Matters" for a discussion of the opinion of Bond Counsel.

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

NEW ISSUE BOOK-ENTRY-ONLY

$4,500,000

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16

(A Political Subdivision of the State of Texas, located within Travis County)

UNLIMITED TAX BONDS, SERIES 2012

Interest accrues from: October 1, 2012 Due: September 1, as shown below

Interest on the herein described bonds (the "Bonds") will accrue from October 1, 2012, and is payable on March 1, 2013, and on each September 1 and March 1 (each an "Interest Payment Date") thereafter until the earlier of maturity or redemption, and will be calculated on the basis of a 360-day year composed of twelve 30-day months. The Bonds will be issued in fully registered form only, without coupons, in denominations of $5,000 or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York, acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co., as the nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable by the paying agent to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds. The initial paying agent for the Bonds is Regions Bank, Houston, Texas an Alabama banking corporation (the "Paying Agent"). The Bonds are obligations solely of the Travis County Municipal Utility District No. 16 (the "District") and are not obligations of Travis County, the State of Texas; or any entity other than the District.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS

Due (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	Due (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)
2014	$ 100,000	____%	____%	2026(b)	$ 195,000	____%	____%
2015	105,000	____%	____%	2027(b)	205,000	____%	____%
2016	110,000	____%	____%	2028(b)	215,000	____%	____%
2017	115,000	____%	____%	2029(b)	230,000	____%	____%
2018	125,000	____%	____%	2030(b)	240,000	____%	____%
2019	130,000	____%	____%	2031(b)	255,000	____%	____%
2020(b)	140,000	____%	____%	2032(b)	270,000	____%	____%
2021(b)	145,000	____%	____%	2033(b)	285,000	____%	____%
2022(b)	155,000	____%	____%	2034(b)	300,000	____%	____%
2023(b)	165,000	____%	____%	2035(b)	320,000	____%	____%
2024(b)	175,000	____%	____%	2036(b)	340,000	____%	____%
2025(b)	180,000	____%	____%				

(a) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Initial Purchaser (herein defined). 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. Accrued interest from October 1, 2012 is to be added to the price.

(b) Bonds maturing on September 1, 2020, 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 September 1, 2019, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. In addition, the Initial Purchaser may designate one or more maturities as Term Bonds.

The Bonds constitute the first series of unlimited tax bonds issued by the District for the purpose of acquiring or constructing a waterworks, wastewater and storm drainage system (the "System") to serve the District. Voters in the District have authorized a total of $52,460,000 principal amount of unlimited tax bonds for the System and for refunding such bonds. Additionally, the voters in the District have authorized a total of $6,225,000 principal amount of unlimited tax bonds for parks and recreational facilities and for refunding of such bonds. Following the issuance of the Bonds, $47,960,000 principal amount of unlimited tax bonds for the System, and $6,225,000 for parks and recreational facilities will remain authorized and unissued. The Bonds, when issued, will constitute valid and binding obligations of the District, payable from the proceeds of a continuing, direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS - Source of Payment" and "Authority for Issuance."

The Bonds are offered by the Initial Purchaser subject to prior sale, when, as and if issued by the District and accepted by the Initial Purchaser, subject, among other things to the approval of the Initial Bond by the Attorney General of Texas and the approval of certain legal matters by Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. Certain legal matters will be passed upon for the District by Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas, Disclosure Counsel. Delivery of the Bonds is expected on or about October 16, 2012, in Houston, Texas.

BIDS TO BE SUBMITTED: 11:00 A.M., AUSTIN, TEXAS TIME
THURSDAY, SEPTEMBER 13, 2012

USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

All of the summaries of the statutes, orders, contracts, records, and engineering and other related reports set forth in the Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Allen Boone Humphries Robinson LLP, 1108 Lavaca Street, Suite 510, Austin, Texas 78701 for further information.

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

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SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid of ______________________ ____ (the "Initial Purchaser" or "Underwriter") to purchase the Bonds at the interest rates shown on page 1 of this Official Statement at a price of _______% of par plus accrued interest to date of delivery, resulting in a net effective interest rate to the District of _____%, as calculated pursuant to Chapter 1204, Texas Government Code, as amended. No assurance can be given that any trading market will be developed for the Bonds after their sale by the District to the Initial Purchaser. The District has no control over the price at which the Bonds are subsequently sold, and the initial yields at which the Bonds are priced and reoffered are established by and are the sole responsibility of the Initial Purchaser.

Prices and Marketability

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Initial Purchaser on or before the date of delivery of the Bonds stating the prices at which a substantial amount of the Bonds of each maturity has been sold to the public. For this purpose, the term "public" shall not include any person who is a bond house, broker or similar person 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 sole 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 offering prices, including sales to dealers who may sell the Bonds into investment accounts. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE INITIAL PURCHASER MAY OVER - ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

Securities Laws

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

MUNICIPAL BOND INSURANCE OR RATING

The District has not made an application for either a commitment for municipal bond guaranty insurance or a municipal bond rating on the Bonds. Furthermore it is not expected that the District would have been successful in receiving municipal bond insurance or an investment grade rating on the Bonds.

OFFICIAL STATEMENT SUMMARY

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

THE BONDS

Description	$4,500,000 Travis County Municipal Utility District No. 16 (the "District") Unlimited Tax Bonds, Series 2012, are dated October 1, 2012 and mature on September 1 in the years and amounts set forth on the cover page hereof. Interest accrues from October 1, 2012, at the rates per annum set forth on the cover page hereof and is payable on March 1, 2013, and on each September 1 and March 1 thereafter until maturity or earlier redemption. The Bonds are offered in fully registered form in integral multiples of $5,000 for any one maturity. See "THE BONDS – General."
Redemption..	Bonds maturing on and after September 1, 2020, are subject to redemption, in whole or from time to time in part, at the option of the District on September 1, 2019, and on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date of redemption. See "THE BONDS - Redemption Provisions."
Source of Payment...	Principal and interest on the Bonds are payable from the proceeds of a continuing direct annual ad valorem tax levied upon all taxable property within the District without legal limitation as to rate or amount. **The Bonds are obligations solely of the Travis County Municipal Utility District No. 16 and are not obligations of the State of Texas, Travis County, or any other political subdivision or entity other than the District.** See "THE BONDS - Source of Payment."
Authority for Issuance	The Bonds constitute the first series of unlimited tax bonds issued by the District for the purpose of acquiring or constructing a waterworks, wastewater and storm drainage system (the "System") to serve the District. Voters in the District have authorized a total of $52,460,000 principal amount of unlimited tax bonds for the System, and for refunding such bonds. Additionally, the voters in the District have authorized a total of $6,225,000 principal amount of bonds for parks and recreational facilities, and for refunding such bonds. Following the issuance of the Bonds, $47,960,000 principal amount of unlimited tax bonds for the System, and $6,225,000 principal amount of unlimited tax bonds for parks and recreational facilities will remain authorized and unissued. The Bonds, when issued, will constitute valid and binding obligations of the District, payable from the proceeds of a continuing, direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS - Source of Payment." The Bonds are issued pursuant to an order of the Texas Commission on Environmental Quality (the "Commission" or "TCEQ"); Chapters 49 and 54 of the Texas Water Code, the Bond Resolution; an election held on May 10, 2008; and Article XVI, Section 59 of the Texas Constitution. See "THE BONDS - Authority for Issuance, and - Issuance of Additional Debt."

Use of Proceeds .... The proceeds of the Bonds will be used, in part, to redeem the $3,205,000 Bond Anticipation Note, Series 2011 (the "BAN"), the proceeds of which were used to reimburse the Developer (hereinafter defined) for (a) construction costs for the effluent holding pond for Phase I of the wastewater treatment plant, (b) engineering costs for a portion of Phase I of the wastewater treatment plant, and (c) a portion of land costs for the wastewater treatment plant and associated buffer zones and (d) operating advances. The proceeds from the Bonds will also reimburse the Developer for the remaining portions of project costs partially reimbursed from the BAN. Additionally, proceeds from the Bonds will be used to pay eighteen (18) months of capitalized interest on the Bonds, developer interest, administration expenses and certain costs of issuance of the BAN and Bonds.

General & Bond Counsel.............................. Allen Boone Humphries Robinson LLP, Austin, Texas.

Disclosure Counsel .... Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas.

Financial Advisor .... RBC Capital Markets, LLC, Houston, Texas.

District Engineer... Jones & Carter, Inc., Austin, Texas.

THE DISTRICT

The Issuer .... Travis County Municipal Utility District No. 16 (the "District") was created under Section 59, Article XVI, and Section 52, Article III, Texas Constitution and by Order Granting Petition for Creation dated April 8, 2005, approved by the TCEQ. The District contains approximately 467.88 acres and is located entirely within Travis County. See "THE DISTRICT – General."

Location.. The District is located in Travis County, approximately 5.4 miles west of downtown Bee Cave, Texas. The District lies approximately 4.8 miles west of the intersection of TX-71 East and Hamilton Pool Road. See "LOCATION MAP."

Developer and Principal Landowner .... The developer within the District is RC Travis, LP, a Texas limited partnership (“RC Travis” or the “Developer”). RCT Project GP, LLC, a Texas limited liability company (“RCT Project”), is the sole general partner of RC Travis. The Developer is managed by Hillwood Residential Services L.P., a Perot Company, a Dallas company owned by H. Ross Perot, Jr., having over 25 years experience developing land in Texas. Hillwood Investment Services, LLC, a Texas limited liability company, provides asset management services to RC Travis. Hillwood Residential Services L.P. and Hillwood Investment Services, LLC are affiliates of Hillwood Development Company, LLC, which is a national real estate development company with development expertise and experience that encompasses diverse product types, including arenas, high-rise condominiums, offices, single-family residential communities, distribution centers, regional malls, mixed-use urban development, call centers, hotels, golf courses, airports, intermodal rail yards, corporate campuses and major air facilities. See “THE DEVELOPER.”

Development within the District	Land within the District has been developed as the single-family subdivision of Rocky Creek Ranch, Sections 1 and 2 (124.11 acres and 251 single-family lots). As of September 1, 2012, the District consisted of 100 completed homes, 9 homes under construction and 142 vacant developed lots. The District also includes a 9,400 square foot amenity center. In addition, the District contains approximately 118.22 undeveloped but developable acres and approximately 225.55 undevelopable acres. See "DEVELOPMENT WITHIN THE DISTRICT."
Homebuilders	Homebuilders active in the District include Highland Homes and Drees Homes. The homes being marketed in the District range in price from $360,000 to $615,000.

RISK FACTORS

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

SELECTED FINANCIAL INFORMATION
(UNAUDITED)

2012 Assessed Valuation .... (100% of market value as of January 1, 2012) See "TAX DATA" and "TAXING PROCEDURES."	$42,115.443 (a)
Estimated Valuation as of May 1, 2012 .... (100% of estimated market value as of May 1, 2012) See "TAX DATA" and "TAXING PROCEDURES	$47,498,521 (b)
Direct Debt:	
The Bonds	$ 4,500,000
Total	$ 4,500,000
Estimated Overlapping Debt	$ 761,427
Total Direct and Estimated Overlapping Debt	$ 5,261,427
Ratio of Direct Debt to....... 2012 Assessed Valuation ($42,115,443)	10.68 %
Estimated Valuation as of May 1, 2012 ($47,498,521)	9.47 %
Ratio of Direct and Estimated Overlapping Debt to...... 2012 Assessed Valuation ($42,115,443)	12.49 %
Estimated Valuation as of May 1, 2012 ($47,498,521)	11.08 %
Debt Service Fund Balance (as of June 28, 2012)	$ -0- (c)
Construction Fund Balance (as of June 28, 2012)	$ -0-
Operating Fund Balance (as of June 28, 2012)	$ 105,288

2011 Tax Rate

Debt Service	$0.00	
Maintenance & Operation	0.95	
Total		$0.95 (d)

Projected Average Annual Debt Service Requirements of the Bonds (2013-2036)	$ 352,501 (e)
Projected Maximum Annual Debt Service Requirements of the Bonds (2024)	$ 359,575 (e)

Tax Rate per $100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirements on the Bonds (2013-2036) at 90% Tax Collections

Based Upon 2012 Assessed Valuation ($42,115,443)	$0.93
Based Upon Estimated Valuation as of May 1, 2012 ($47,498,521)	$0.83

Tax Rate per $100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirements on the Bonds (2024) at 90% Tax Collections

Based Upon 2012 Assessed Valuation ($42,115,443)	$0.95
Based Upon Estimated Valuation as of May 1, 2012 ($47,498,521)	$0.85

(a) Certified Taxable Assessed Value within the District as provided by the Travis Central Appraisal District ("TCAD"). This value includes $4,436,562 in uncertified value. This value represents TCAD's estimate of the minimum amount of value that will ultimately be certified. See "TAXING PROCEDURES."

(b) Provided by the TCAD for informational purposes only, this amount is an estimate of the value of all taxable property located within the District as of May 1, 2012, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2012, through May 1, 2012. No taxes will be levied against this amount. See "DEVELOPMENT WITHIN THE DISTRICT."

(c) Neither Texas Law nor the Bond Resolution requires that the District maintain any particular sum in the Debt Service Fund. Eighteen (18) months of capitalized interest will be set aside from the proceeds of the Bonds and placed into the Debt Service Fund.

(d) The TCEQ has recommended the District levy a debt service tax rate of at least $85 per $100 of assessed valuation in the first tax year following the issuance of the Bonds. This recommendation was based upon the Bonds being sold at a maximum net effective interest rate of 5.94%.

(e) Debt service on the Bonds is estimated at an average interest rate of 5.75%. See "PROJECTED DEBT SERVICE REQUIREMENTS."

OFFICIAL STATEMENT

relating to

$4,500,000

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
(A Political Subdivision of the State of Texas Located in Travis County, Texas)

Unlimited Tax Bonds, Series 2012

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Travis County Municipal Utility District No. 16 (the "District") of its $4,500,000 Unlimited Tax Bonds, Series 2012 (the "Bonds").

The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended, a resolution (the "Bond Resolution") adopted by the Board of Directors of the District on the date of the sale of the Bonds, an election held in the District, and an approving order of the Texas Commission on Environmental Quality (the "TCEQ" or "Commission").

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

Included in this Official Statement are descriptions of the Bonds and certain information about the District and its finances. ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT. Copies of such documents may be obtained from the District at Allen Boone Humphries Robinson LLP, 1108 Lavaca Street, Suite 510, Austin, Texas 78701 or during the offering period from the District's Financial Advisor, RBC Capital Markets, LLC, Attn: Jan Bartholomew, 1001 Fannin Street, Suite 1200, Houston, Texas 77002 upon payment of reasonable copying, mailing and handling charges.

RISK FACTORS

General

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

Factors Affecting Taxable Values and Tax Payments

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

Recent Events in Real Estate Market: In the last several years, the housing and mortgage markets in most parts of the United States have been under pressure due to many economic factors, including the tightening of credit standards, reduction of access to mortgage capital, and interest rate adjustments on many adjustable rate mortgages which have caused property owners to default on their mortgages. Foreclosures have increased to record levels as a result of these factors, and residential property values in most areas of the country have generally declined. The Travis County area has experienced reduced levels of home construction. The District cannot predict what impact, if any, a continued downturn in the national and local housing market may have on the Travis County area market and assessed values in the District.

Credit Markets and Liquidity in the Financial Markets: Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates at which developers are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, particularly liquidity in the national credit markets, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 23 miles from the central downtown business district of the City of Austin, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Austin metropolitan and regional economies and national credit and financial markets. A continued downturn in the economic conditions of Austin and further decline in the nation's condition could adversely affect development in the District and restrain the growth of the District's property tax base.

Location and Access: The District is located in an outlying area of the Austin metropolitan area, approximately 23 miles west from the central business district of the City of Austin. Many of the single-family developments with which the District competes are in a more developed state and have lower taxes. As a result, particularly during times of increased competition, the Developer (hereinafter defined) within the District may be at a competitive disadvantage to the developers in other single-family projects located closer to major urban centers or in a more developed state. See "THE DISTRICT" and "DEVELOPMENT WITHIN THE DISTRICT."

Principal Landowners' Obligations to the District: The District's tax base is concentrated in a small number of taxpayers. As reflected in this Official Statement under the caption "TAX DATA - Principal Taxpayers," the District's ten principal taxpayers in 2012 owned property located in the District, the aggregate assessed valuation of which comprised approximately 26.54% of the District's total assessed valuation. The District cannot represent that its tax base will in the future be (i) distributed among a significantly larger number of taxpayers, or (ii) less concentrated in property owned by a relatively small number of property owners, than it is currently. Failure by one or more of the District's principal property owners to make full and timely payments of taxes due may have an adverse affect on the investment quality or security of the Bonds. If any one or more of the principal District taxpayers did not pay taxes due, the District might need to levy additional taxes or use other debt service funds available to meets its debt service requirements.

The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the proposed District tax rate or to justify continued payment of taxes by property owners. The District levied a maintenance tax of $0.95 per $100 of assessed valuation for 2011.

Competition: The demand for and construction of taxable improvements in the District could be affected by competition from other developments near the District. In addition to competition for new single-family home sales from other developments, there are numerous previously-owned single-family homes in more established commercial centers and neighborhoods closer to Austin that are for sale. Such existing developments could represent additional competition for new development proposed to be constructed within the District.

The competitive position of the Developer in the sale of land, and the sale or leasing of residences is affected by most of the factors discussed in this section. Such a competitive position is directly related to the growth and maintenance of taxable values in the District and tax revenues to be received by the District. The District can give no assurance that building and marketing programs in the District by the Developers will be implemented or, if implemented, will be successful.

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

Impact on District Tax Rates: Assuming no further development or construction of taxable improvements, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners within the District to pay their taxes. The 2012 Assessed Valuation of the District is $42,115,443 and the 2012 Estimated Valuation as of May 1, 2012 is $47,498,521 (see "TAX DATA"). After issuance of the Bonds, the Projected Maximum Annual Debt Service Requirement is estimated to be $359,575 (2024) and the Projected Average Annual Debt Service Requirement is estimated to be $352,501 (2013 through 2036, inclusive). Based on the 2012 Assessed Valuation and no use of funds on hand, a tax rate of $0.95 per $100 assessed valuation, at a 90% collection rate would be necessary to pay the Projected Maximum Annual Debt Service Requirement of $359,575 and a tax rate of $0.93 per $100 assessed valuation at a 90% collection rate would be necessary to pay the Projected Average Annual Debt Service Requirement of $352,501. Assuming no increase or decrease in the Estimated Valuation as of May 1, 2012 of $47,498,521 and no use of funds on hand, a tax rate of $0.85 per $100 assessed valuation, at a 90% collection rate would be necessary to pay the Projected Maximum Annual Debt Service Requirement of $359,575 and a tax rate of $0.83 per $100 assessed valuation at a 90% collection rate would be necessary to pay the Projected Average Annual Debt Service Requirement of $352,501. See "PROJECTED DEBT SERVICE REQUIREMENTS" and "TAX DATA - Tax Rate Calculations."

Tax Collections and Foreclosure Remedies

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

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

Limitation to Registered Owners' Remedies

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

Bankruptcy Limitation to Registered Owners' Rights

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

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

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

A district cannot be placed into bankruptcy involuntarily.

Marketability

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

Continuing Compliance with Certain Covenants

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

Impact of Proposal in President’s 2013 Budget

On February 13, 2012, President Obama released the language of his proposed budget for fiscal year 2013 (the “Budget”). One provision of the Budget would have the effect of imposing an additional amount of tax on certain “high income” taxpayers based on, among other things, the amount of interest on tax-exempt obligations, such as the Bonds, received by such taxpayers. As originally proposed, this provision will be effective for taxable years beginning on or after January 1, 2013, and will apply to interest on the Bonds and other tax-exempt obligations received by such taxpayers on or after that date. The introduction or enactment of this provision or any similar legislative proposal may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds are advised to consult their tax advisors with respect to the impact of the Budget or other legislative proposals, as to which Bond Counsel expresses no opinion.

Future Debt

After the issuance of the Bonds, the District will have $47,960,000 principal amount of unlimited tax bonds authorized but unissued for the System (and refunding such bonds), and $6,225,000 principal amount of unlimited tax bonds for park and recreational facilities (and for refunding such bonds) (see "THE BONDS - Issuance of Additional Debt"), and such additional bonds as may hereafter be approved by both the Board and voters of the District. The District also has the right to issue certain other additional bonds, special project bonds, and other obligations, as described in the Bond Resolution. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

Following the issuance of the Bonds, the District will still owe the Developer approximately $10,700,000 for the reimbursable expenditures advanced to develop land, including park improvements, within the District. See "THE SYSTEM" and "DEVELOPMENT WITHIN THE DISTRICT."

Approval of the Bonds

As required by law, engineering plans, specifications and estimates of construction costs for the facilities and services to be purchased or constructed by the District with the proceeds of the Bonds have been approved, subject to certain conditions, by the TCEQ. See "USE AND DISTRIBUTION OF BOND PROCEEDS." In addition, the Attorney General of Texas must approve the legality of the Bonds prior to their delivery.

Neither the TCEQ nor the Attorney General of Texas passes upon or guarantees the security of the Bonds as an investment, nor have the foregoing authorities passed upon the adequacy or accuracy of the information contained in this Official Statement.

Consolidation

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

West Travis County Public Utility Agency

West Travis County Public Utility Agency ("PUA") is a publicly owned water and wastewater utility, which serves western Travis County and northern Hays County. On January 17, 2012 PUA purchased from the Lower Colorado River Authority ("LCRA") the West Travis County Water and Wastewater systems, which serve the District. In addition to the District, the PUA serves approximately 20,000 people in the Cities of Bee Cave, Lakeway and Dripping Springs. See "THE SYSTEM."

THE BONDS

General

The $4,500,000 Travis County Municipal Utility District No. 16 Unlimited Tax Bonds, Series 2012, will bear interest from October 1, 2012, and will mature on September 1 of the years and in the principal amounts, and will bear interest at the rates per annum, set forth on the cover page hereof. Interest on the Bonds will be paid on March 1, 2013, and on each September 1 and March 1 (each an "Interest Payment Date") thereafter until maturity or earlier redemption and will be calculated on the basis of a 360-day year composed of twelve 30-day months. The Bonds will be issued in fully registered form only, without coupons, in the denomination of $5,000 or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., as registered owner ("Registered Owner") and nominee for The Depository Trust Company ("DTC"), New York, New York, acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co., as the nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable by the paying agent to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds. The initial paying agent for the Bonds is Regions Bank, Houston, Texas, an Alabama banking corporation (the "Paying Agent/Registrar," "Paying Agent," or "Registrar").

Redemption Provisions

The Bonds maturing on and after September 1, 2020, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on September 1, 2019, and on any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest from the most recent payment date to the date fixed for redemption.

The Paying Agent/Registrar shall give written notice of redemption, by registered mail not less than thirty (30) days prior to the redemption date, to the Registered Owner of each bond but neither the failure to give such notice nor any defect therein shall affect the sufficiency of notice given to the Registered Owner as hereinabove stated. The Paying Agent/Registrar may provide written notice of redemption to DTC by facsimile.

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

Registration, Transfer and Exchange

In the event the Book-Entry-Only System (hereinafter defined) should be discontinued, the Bonds may be transferred and exchanged on the registration books of the Registrar only upon presentation and surrender thereof to the 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 Bond or by other instrument of transfer and assignment acceptable to the Registrar. A new Bond or Bonds will be delivered by the Registrar, in lieu of the Bonds being transferred or exchanged, at the principal payment office of the Registrar, or sent by the United States mail, first class, postage prepaid, to the new Registered Owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the Registered Owner or assignee of the Registered Owner in not more than three 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 Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 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 District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds, or on receipt of satisfactory evidence of such destruction, loss or theft, and receipt by the District and Registrar of security or indemnity to hold them harmless. Upon the issuance of a new bond the District may require payment of taxes, governmental charges and other expenses (including the fees and expenses of the Registrar), bond printing and legal fees in connection with any such replacement.

Replacement of Paying Agent

The Board has selected Regions Bank, Houston, Texas, an Alabama banking corporation as the initial Paying Agent. The initial designated payment office for the Bonds is located in Houston, Texas.

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

Source of Payment

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

Payment Record

The Bonds represent the first series of unlimited tax bonds issued by the District.

Authority for Issuance

The Bonds constitute the first series of unlimited tax bonds issued by the District for the purpose of acquiring or constructing a waterworks, wastewater and storm drainage system (the "System") to serve the District. Voters in the District have authorized a total of $52,460,000 principal amount of bonds for the System (and for refunding such bonds). Additionally, voters in the District have authorized a total of $6,225,000 principal amount of unlimited tax bonds for parks and recreational facilities (and for refunding such bonds). Following the issuance of the Bonds, $47,960,000 principal amount of unlimited tax bonds for the System (and for refunding such bonds), and $6,225,000 for parks and recreational facilities (and for refunding such bonds) will remain authorized and unissued.

The Bonds are issued pursuant to an order of the Texas Commission on Environmental Quality (the "Commission" or "TCEQ"); the Bond Resolution; an election held on May 10, 2008; and Article XVI, Section 59 of the Texas Constitution; and the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended.

Issuance of Additional Debt

The District may issue additional bonds. The District's voters have authorized a total of $52,460,000 principal amount of unlimited tax bonds for the System (and for refunding such bonds) and $6,225,000 principal amount of unlimited tax bonds for parks and recreational facilities (and for refunding such bonds). The Bonds are the first series of unlimited tax bonds issued by the District for the System. Following the issuance of the Bonds, $47,960,000 principal amount of unlimited tax bonds for the System (and for refunding such bonds) and $6,225,000 for parks and recreational facilities (and for refunding such bonds) will remain authorized and unissued.

Following the issuance of the Bonds, the District will owe the Developer approximately $10,700,000 in reimbursables for District projects, the funds for which were advanced by the Developer.

Based on present engineering cost estimates and on development plans supplied by the Developer, in the opinion of the District's consulting engineer, Jones & Carter, Inc. (the "Engineer"), following the issuance of the Bonds, the District will have adequate authorized but unissued bonds to repay the Developer the remaining amounts owed for the existing utility facilities, and to finance the extension of water, wastewater and storm drainage facilities and services to serve the remaining undeveloped land within the District. See "DEVELOPMENT WITHIN THE DISTRICT," "THE SYSTEM," and "RISK FACTORS - Future Debt."

Registered Owners' Remedies

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

Legal Investment and Eligibility to Secure Public Funds in Texas

Pursuant to Section 49.186, Texas Water Code and Chapter 1204, Texas Government Code, the Bonds, whether rated or unrated, are (a) legal investments for banks, savings banks, trust companies, building and loan associations, savings and loan associations, insurance companies, fiduciaries, and trustees and (b) legal investments for the public funds of cities, towns, villages, school districts, and other political subdivisions or public agencies of the State. The Bonds are also eligible under the Public Funds Collateral Act, Chapter 2257, Texas Government Code, to secure deposits of public funds of the State or any political subdivision or public agency of the State and are lawful and sufficient security for those deposits to the extent of their market value. Most political subdivisions in the State of Texas are required to adopt investment guidelines under the Public Funds Investment Act, Chapter 2256, Texas Government Code, and such political subdivisions may impose other, more stringent, requirements in order for the Bonds to be legal investments for such entity's funds or to be eligible to serve as collateral for their funds.

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

Defeasance

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

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

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

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the Bonds are registered in its nominee's name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The District cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participant, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the 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 "Securities"). The Securities 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 Security certificate will be issued for each of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

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

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchase of each Security ("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 Securities 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 Securities, except in the event that use of the book-entry system for the Securities in discontinued.

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

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

Redemption notices shall be sent to DTC. If less than all of the Securities 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 Securities 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Securities 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 Agent, 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, Agent or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security 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 Issuer 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 Resolution will be given only to DTC.

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USE AND DISTRIBUTION OF BOND PROCEEDS

The proceeds of the Bonds will be used, in part, to redeem the $3,205,000 Bond Anticipation Note, Series 2011 (the "BAN"), the proceeds of which were used to reimburse the Developer (hereinafter defined) for (a) construction costs for the effluent holding pond for Phase I of the wastewater treatment plant, (b) engineering costs for a portion of Phase I of the wastewater treatment plant, (c) a portion of land costs for the wastewater treatment plant and associated buffer zones and (d) operating advances. Proceeds from the Bonds will also reimburse the Developer for the remaining portions of project costs partially reimbursed from the BAN. Additionally, proceeds from the Bonds will be used to pay eighteen (18) months of capitalized interest on the Bonds, developer interest, administration expenses and certain costs of issuance of the BAN and Bonds.

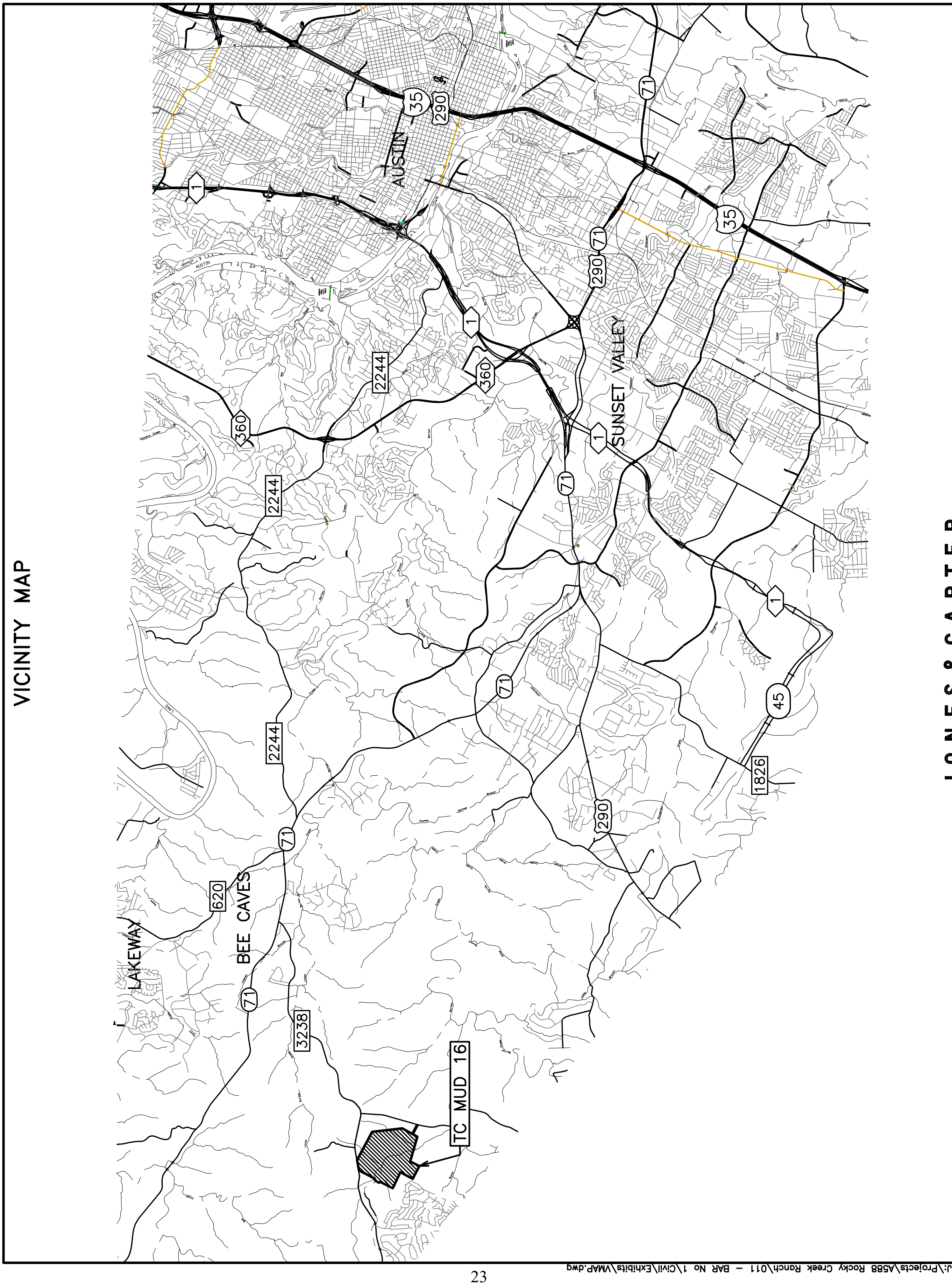
	Amount
CONSTRUCTION COSTS	
A. Developer Contribution Items	
None	
B. District Items	
1. Wastewater Treatment Plant, Phase I Effluent Holding Pond	$ 590,927
2. Engineering	168,960
3. Land Acquisition	2,379,193
Total District Items	$3,139,080
TOTAL CONSTRUCTION COSTS	$3,139,080
NON-CONSTRUCTION COSTS	
A. Legal Fees	$ 159,550
B. Fiscal Agent Fees	122,050
C. Interest	
1. Capitalized Interest	388,125
2. Developer Interest	56,151
3. BAN Interest	184,288
D. Bond Discount	135,000
E. Bond Issuance Expenses	41,520
F. Bond Application Report	50,000
G. Operating Expenses	199,362
H. BAN Expenses	9,124
I. Attorney General Fees	4,500
J. TCEQ Bond Issuance Fee	11,250
TOTAL NON-CONSTRUCTION COSTS	$1,360,920
TOTAL BOND ISSUE REQUIREMENT	**$4,500,000**

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

PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken July, 2012)

PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken July, 2012)

LOCATION MAP



THE DISTRICT

General

The District is a political subdivision of the State of Texas, operating as a municipal utility district pursuant to Article XVI, Section 59 of the Texas Constitution. The 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 those conferred by Chapters 49 and 54, Texas Water Code, as amended. The District is empowered to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water, among other things. The District may also provide solid waste collection and disposal service and operate, maintain and construct recreational facilities. The District does not operate and/or maintain a fire department. The District is subject to the continuing supervision of the TCEQ.

Location

The District encompasses approximately 467.88 acres and is located in central Travis County, approximately 23 miles west of downtown Austin. The District lies approximately 4.8 miles west of the intersection of TX-71 East and Hamilton Pool Road. See "LOCATION MAP."

Management of the District

- Board of Directors -

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

Name	Position	Term Expires May
Brad Philp	President	2016
Patrick Hobbs Allison Jr.	Vice President	2014
Stephanie Nun	Secretary	2016
Ella Ellis	Assistant Vice President	2016
Marcus Whitfield	Assistant Secretary	2014

- Consultants -

Tax Assessor/Collector - Land and improvements in the District are being appraised by the Travis Central Appraisal District. The Tax Assessor/Collector for the District is the Travis County Tax Office.

Bookkeeper - The District contracts with Bott & Douthitt, PLLC as Bookkeeper for the District.

Engineer - The District's consulting engineer is Jones & Carter, Inc. (the "Engineer").

Auditor - As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which annual audit is filed with the TCEQ. A copy of the District's audit prepared by McCall Gibson Swedlund Barfoot PLLC for the fiscal year ended September 30, 2011 is included as APPENDIX A to this Official Statement.

Financial Advisor - RBC Capital Markets, LLC serves as the District's financial advisor (the "Financial Advisor"). The fee for services rendered in connection with the issuance of the Bonds is based on the percentage of the Bonds actually issued, sold and delivered and, therefore, such fee is contingent upon the sale and delivery of the Bonds. The Financial Advisor is employed by the District and has participated in the preparation of the Official Statement, however, 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 that has been supplied or provided by third-parties. See "OFFICIAL STATEMENT - *Experts*."

Bond & General Counsel - The District has engaged Allen Boone Humphries Robinson LLP, Austin, Texas, as Bond Counsel in connection with the issuance of the District's Bonds. The fees of Bond Counsel are contingent upon the sale of and delivery of the Bonds. Allen Boone Humphries Robinson LLP, Austin, Texas, also serves as the District's general counsel.

Disclosure Counsel - The District has engaged Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas, as Disclosure Counsel. The fees of Disclosure Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

THE DEVELOPER

The Role of a Developer

In general, the activities of a developer in a municipal utility district such as the District include purchasing the land within the District, designing the subdivision, designing the utilities and streets to be constructed in the 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 certain 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 municipal utility district pursuant to the rules of the TCEQ. The relative success or failure of a developer to perform such activities in development of its property within a municipal utility district may have a profound effect on the security of the unlimited tax bonds issued by a district. A developer is generally under no obligation to a district to develop the property which it owns in 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 Developer and Principal Landowner

The developer within the District is RC Travis, LP, a Texas limited partnership ("RC Travis" or the "Developer"). RCT Project GP, LLC, a Texas limited liability company ("RCT Project"), is the sole general partner of RC Travis. The Developer is managed by Hillwood Residential Services L.P., a Perot Company, a Dallas company owned by H. Ross Perot, Jr., having over 25 years experience developing land in Texas. Hillwood Investment Services, LLC, a Texas limited liability company, provides asset management services to RC Travis. Hillwood Residential Services L.P. and Hillwood Investment Services, LLC are affiliates of Hillwood Development Company, LLC, which is a national real estate development company with development expertise and experience that encompasses diverse product types, including arenas, high-rise condominiums, offices, single-family residential communities, distribution centers, regional malls, mixed-use urban development, call centers, hotels, golf courses, airports, intermodal rail yards, corporate campuses and major air facilities.

The Developer currently owns approximately 58 developable acres, 41 vacant developed lots, 100 lots under development and 206.85 undeveloped acres in the District.

Development Financing

The Developer financed its acquisition and development of land within the District with a loan from LegacyTexas Bank, in the original amount of $15,916,000. The interest rate until August 26, 2012 is 4.5%. Between August 27, 2012 and August 26, 2013, the interest rate increases to 4.74%. After August 26, 2013, the interest rate will increase to LIBOR plus 3%, with a minimum interest rate of 5%. Interest is paid monthly, and the Developer is required to maintain a 6-month interest reserve. Such loan is due on April 30, 2014 and is secured by the land, lots and reimbursements due to the Developer from the bond proceeds of the District. As of June 15, 2012, the balance due on such loan was $7,078,185.89. According to the Developer it is in compliance with all material terms of such loan.

Lot Sales Contracts

The Developer has entered into lot sales contracts with Drees Homes and Highland Homes. The homebuilders have contracted to purchase 151 lots. As of August 1, 2012, the homebuilders had purchased 110 lots. According to the Developer, the homebuilders are in compliance with their respective lot sales contracts.

DEVELOPMENT WITHIN THE DISTRICT

Current Status of Development

Land within the District has been developed as the single-family subdivision of Rocky Creek Ranch, Sections 1 and 2 (124.11 acres and 251 single-family lots). As of September 1, 2012, the District consisted of 100 completed homes, 9 homes under construction and 142 vacant developed lots. The District also includes a 9,400 square foot community center. In addition, the District contains approximately 118.22 undeveloped but developable acres and approximately 225.55 undevelopable acres.

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PROJECTED DEBT SERVICE REQUIREMENTS

The following schedule sets forth the principal and estimated interest requirements on the Bonds, assuming an estimated interest rate of 5.75% on the Bonds.

Year Ending December 31	Plus: -- The Bonds -- Principal	Interest	Total New Debt Service
2013		$ 237,188	$ 237,188
2014	$ 100,000	258,750	358,750
2015	105,000	253,000	358,000
2016	110,000	246,963	356,963
2017	115,000	240,638	355,638
2018	125,000	234,025	359,025
2019	130,000	226,838	356,838
2020	140,000	219,363	359,363
2021	145,000	211,313	356,313
2022	155,000	202,975	357,975
2023	165,000	194,063	359,063
2024	175,000	184,575	359,575
2025	180,000	174,513	354,513
2026	195,000	164,163	359,163
2027	205,000	152,950	357,950
2028	215,000	141,163	356,163
2029	230,000	128,800	358,800
2030	240,000	115,575	355,575
2031	255,000	101,775	356,775
2032	270,000	87,113	357,113
2033	285,000	71,588	356,588
2034	300,000	55,200	355,200
2035	320,000	37,950	357,950
2036	340,000	19,550	359,550
Total	$4,500,000	$3,960,025	$8,460,025

Average Annual Requirements - (2013-2036) $352,501
Maximum Annual Requirement - (2024) $359,575

DISTRICT FINANCIAL DATA

Assessed Value

2012 Assessed Valuation (100% of market value as of January 1, 2012) See "TAX DATA" and "TAXING PROCEDURES."		$42,115,443 (a)
Estimated Valuation as of May 1, 2012 (100% of estimated value as of May 1, 2012) See "TAX DATA" and "TAXING PROCEDURES		$47,498,521 (b)
Direct Debt:		
The Bonds		$ 4,500,000
Total		$ 4,500,000
Estimated and Overlapping Debt		$ 761,427
Total Direct and Estimated Overlapping Debt		$ 5,261,427
Debt Service Fund Balance (as of June 28, 2012)		$ -0- (c)
Construction Fund Balance (as of June 28, 2012)		$ -0-
Operating Fund Balance (as of June 28, 2012)		$ 105,288
Ratio of Direct Debt to…….	2012 Assessed Valuation ($42,115,443)	10.68 %
	Estimated Valuation as of May 1, 2012 ($47,498,521)	9.47 %
Ratio of Direct and Estimated Overlapping Debt to……	2012 Assessed Valuation ($42,115,443)	12.49 %
	Estimated Valuation as of May 1, 2012 ($47,498,521)	11.08 %

(a) Certified Taxable Assessed Value within the District as provided by the Travis Central Appraisal District ("TCAD"). This value includes $4,436,562 in uncertified value. This value represents TCAD's estimate of the minimum amount of value that will ultimately be certified. See "TAXING PROCEDURES."

(b) Provided by the TCAD for informational purposes only, this amount is an estimate of the value of all taxable property located within the District as of May 1, 2012, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2012, through May 1, 2012. No taxes will be levied against this amount. See "DEVELOPMENT WITHIN THE DISTRICT."

(c) Neither Texas Law nor the Bond Resolution requires that the District maintain any particular sum in the Debt Service Fund. Eighteen (18) months of capitalized interest will be set aside from the proceeds of the Bonds and placed into the Debt Service Fund.

Unlimited Tax Bonds Authorized but Unissued

Date Authorization	Purpose	Authorized	Issued to Date	Unissued
05/10/08	Water, Wastewater and Drainage & Refunding	$52,460,000	$4,500,000 (a)	$47,960,000
05/10/08	Parks & Refunding	6,225,000	-0-	6,225,000

(a) Includes the Bonds.

Investment Authority and Investment Practices of the District

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

Estimated Overlapping Debt Statement

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

Taxing Jurisdiction	Outstanding Debt as of July 31, 2012	Overlapping Percent	Overlapping Amount
Travis County	$ 640,674,987	0.01%	$ 90,619
Lake Travis ISD	301,975,420	0.22	659,911
Travis County Healthcare District	15,070,000	0.01	2,156
Travis County ESD No. 6	5,500,000	0.16	8,741
TOTAL ESTIMATED OVERLAPPING DEBT			$ 761,427
Direct Debt			$ 4,500,000(a)
TOTAL DIRECT & ESTIMATED OVERLAPPING DEBT			$ 5,261,427

(a) Includes the Bonds.

Debt Ratios

	Direct Debt	Direct and Estimated Overlapping Debt
2012 Certified Assessed Valuation ($42,115,443)	10.68%	12.49%
Estimate of Value as of May 1, 2012 ($47,498,521)	9.47%	11.08%

TAX DATA

General

Taxable property within the District is subject to the assessment, levy and collection by the District of a continuing direct, annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds (and any future tax-supported bonds which may be issued from time to time as authorized). Taxes are levied by the District each year against the District's assessed valuation as of January 1 of that year. Taxes become due October 1 of such year, or when billed, and generally become delinquent after January 31 of the following year. The Board covenants in the Bond Resolution to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds. The actual rate of such tax will be determined from year to year as a function of the District's tax base, its debt service requirements and available funds. In addition, the District has the power and authority to assess, levy and collect ad valorem taxes, in an amount not to exceed $1.00 per $100 of assessed valuation for operation and maintenance purposes. The Board levied a 2011 tax rate for $0.95 per $100 of assessed valuation for operation and maintenance purposes.

Tax Rate Limitation

Debt Service:	Unlimited (no legal limit as to rate or amount).
Maintenance:	$1.00 per $100 of Assessed Valuation.

Debt Service Tax

The Board covenants in the Bond Resolution to levy and assess, for each year that all of any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. In connection with the approval of the Bonds, the Commission recommended that the District levy a tax for debt service of not less than $0.85 per $100 assessed valuation in the first year taxes are levied after issuance of the Bonds, which is 2012. This recommendation is based upon the Bonds being sold at a maximum net effective interest rate of 5.94%.

Maintenance and Operations Tax

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements, if such maintenance tax is authorized by vote of the District's electors. On May 10, 2008, the Board was authorized to levy such a maintenance and operations tax in an amount not to exceed $1.00 per $100 of assessed valuation. The District levied a maintenance and operations tax for 2011 at the rate of $0.95 per $100 assessed valuation. Such tax is in addition to taxes which the District is authorized to levy for paying principal and interest on the District's bonds.

Tax Exemption

As discussed in the section entitled "TAXING PROCEDURES" herein, certain property in the District may be exempt from taxation by the District. The District does not exempt any percentage of the market value of any residential homesteads from taxation.

Additional Penalties

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

Historical Tax Collections

The following table illustrates the collection history of the District for the 2009-2011 tax years:

Tax Year	Assessed Valuation	Tax Rate/ $100(a)	Adjusted Levy	Current Year	Fiscal Year Ending 9/30	% of Collections as of 05/31/2012
2009	$ 468,243	0.90	$ 4,214	100.000%	2010	100.000%
2010	463,297	0.95	4,401	100.000	2011	100.000
2011	13,887,798	0.95	131,934	99.510(b)	2012	99.510

(a) Includes a tax for maintenance and operation purposes. See "- Tax Rate Distribution" below.
(b) In process of collection as of May 31, 2012.

Tax Rate Distribution

	2011	2010	2009	2008
Debt Service	$0.00	$0.00	$0.00	$0.00
Maintenance	0.95	0.95	0.90	0.90
	0.95	$0.95	$0.90	$0.90

Analysis of Tax Base

The following table illustrates the District's total taxable assessed value for the 2008-2012 tax years by type of property.

Type of Property	2012 Assessed Valuation	2011 Assessed Valuation	2010 Assessed Valuation	2009 Assessed Valuation	2008 Assessed Valuation
Land	$14,476,611	$13,020,440	$ 3,067,214	$ 3,067,214	$ 3,067,214
Improvements	25,800,107	3,148,218	230,786	233,411	236,033
Personal Property	58,927	60,187	-0-	-0-	-0-
Less: Exemptions	(2,656,764)	(2,341,047)	(2,834,703)	(2,832,382)	(2,832,274)
Total	$37,678,881	$13,887,798	$ 463,297	$ 468,243	$ 470,973

(a) Excludes $4,436,562 in uncertified value.

Principal Taxpayers

The following represents the principal taxpayers, type of property, and their assessed values as of January 1, 2012:

Taxpayer	Type of Property	Assessed Valuation 2012 Tax Roll
RC Travis LP (a)	Land and Improvements	$ 4,624,737
Highland Homes-Austin, Ltd	Land and Improvements	1,809,592
Homeowner	Land and Improvements	652,087
Homeowner	Land and Improvements	624,573
Homeowner	Land and Improvements	592,228
Homeowner	Land and Improvements	588,027
Homeowner	Land and Improvements	586,026
Homeowner	Land and Improvements	569,531
Homeowner	Land and Improvements	569,788
Homeowner	Land and Improvements	560,866
Total		$11,177,455
Percentage of Assessed Valuation		26.54%

(a) See "THE DEVELOPER."

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of Taxable Assessed Valuation that would be required to meet certain debt service requirements if no growth in the District occurs beyond the 2012 Assessed Valuation ($42,115,443), or, alternatively the Estimated Valuation as of May 1, 2012 ($47,498,521). The foregoing further assumes collection of 90% of taxes levied and the sale of no additional bonds:

Average Annual Debt Service Requirements (2013-2036)..	$352,501
Tax Rate of $0.93 on the 2012 Assessed Valuation at 90% collection produces.......	$352,506
Tax Rate of $0.83 on the Estimated Valuation as of May 1, 2012 at a 90% collection produces..	$354,814
Maximum Annual Debt Service Requirement (2024)..	$359,575
Tax Rate of $0.95 on the 2012 Assessed Valuation at 90% collection produces.......	$360,087
Tax Rate of $0.85 on the Estimated Valuation as of May 1, 2012 at a 90% collection produces..	$363,364

Estimated Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the District. Under Texas law, if ad valorem taxes levied by a taxing authority become delinquent, a lien is created upon the property which has been taxed. A tax lien on property in favor of the District is on a parity with tax liens of other taxing jurisdictions. In addition to ad valorem taxes required to make debt service payments on bonded debt of the District and of such other jurisdictions (see "DISTRICT FINANCIAL DATA - Estimated Overlapping Debt Statement"), certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Set forth below is a compilation of all 2011 taxes levied by such jurisdictions per $100 of assessed valuation. Such levies do not include local assessments for community associations, fire department contributions, charges for solid waste disposal, or any other dues or charges made by entities other than political subdivisions.

Taxing Jurisdiction	2011 Tax Rate Per $100 of Assessed Valuation
The District	$0.95000
Travis County	0.48550
Lake Travis Independent School District	1.31590
Travis County Healthcare District	0.07890
Travis County Emergency Services District No. 6	0.10000
Estimated Total Tax Rate	$2.93030

TAXING PROCEDURES

Authority to Levy Taxes

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

Property Tax Code and County-Wide Appraisal District

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

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

Property Subject to Taxation by the District

General: Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually-owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons, to the extent deemed advisable by the Board of Directors of the District. The District may be required to offer such exemptions if a majority of voters approve same at an election. The District would be required to call an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax-supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces, if requested, but only to the maximum extent of between $5,000 and $12,000 depending upon the disability rating of the veteran claiming the exemption. Further, a veteran who receives a disability rating of 100% is entitled to an exemption of full value of the veteran's residential homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse. Effective January 1, 2012, surviving spouses of a deceased veteran who had received a disability rating of 100% are entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries.

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty (20%) percent of the appraised 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 District has never adopted a general homestead exemption.

Freeport Goods 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 2011 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. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the TCAD at market value as of January 1 of each year. Once an appraisal roll is prepared and formally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code.

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its market value. The Property Tax Code permits, under certain circumstances, that residential real property inventory held by a person in the trade or business be valued at the price that such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation, and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three years for agricultural use and taxes for the previous five years for open space land and timberland.

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

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Board by filing a timely petition of review in State district court. 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. Additionally, taxing units may bring suit against the TCAD to compel compliance with the Property Tax Code.

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

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Directors, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional 20% penalty for collection costs. A delinquent tax on personal property incurs an additional 20% penalty, 60 days after the date the taxes become delinquent (April 1). For those taxes billed at a later date and that become delinquent on or after June 1, they will also incur an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, may be rejected.

Rollback of Operation and Maintenance Tax Rate

The qualified voters of the District have the right to petition for a rollback of the District's operation and maintenance tax rate only if the total tax bill on the average residence homestead increases by more than eight percent. If a rollback election is called and passes, the rollback tax rate is the current year's debt service and contract tax rates plus 1.08 times the previous year's operation and maintenance tax rate. Thus, debt service and contract tax rates cannot be changed by a rollback election.

District's Rights In The Event Of Tax Delinquencies

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

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceeding which restrict the collection of taxpayer debts. See "RISK FACTORS - General - Tax Collections and Foreclosure Remedies."

THE SYSTEM

General

The wastewater treatment facilities, the purchase, acquisition and construction of which have been financed by the District with the proceeds of the Bonds, have been designed in accordance with accepted engineering practices and the recommendation of certain governmental agencies having regulatory or supervisory jurisdiction over construction and operation of such facilities, including, among others, the TCEQ. According to Jones & Carter, Inc. (the "Engineer"), the design of all such facilities has been approved by all governmental agencies, which have jurisdiction over the District.

Description of the System

- Water Supply and Distribution -

All of the District's water is provided by the West Travis County Public Utility Agency ("PUA") via a 12-inch transmission main located on Hamilton Pool Road, adjacent to the District. The District and the Lower Colorado River Authority ("LCRA") entered into a Water Facilities Lease and Services Agreement (the "Agreement") which grants the District capacity for 468 connections. The Agreement was assigned to the PUA pursuant to a Consent to Assignment dated April 11, 2012 following the PUA's agreement to purchase the LCRA system serving the District. The District's water is provided as part of PUA's West Travis County Regional Water System, which provides surface water treated by PUA's Uplands Water Treatment Plant to the District. The Uplands Water Treatment Plant has a current capacity of 9.8 million gallons per day ("MGD"), with a planned ultimate capacity of 20 MGD. PUA has stated the water system has sufficient capacity for the District's ultimate projected build-out.

- Wastewater Treatment and Conveyance System -

The District has constructed the first phase of an interim wastewater treatment plant (the “WWTP”) to serve the District. The WWTP has the capacity to treat 0.06275 MGD of wastewater. The plant includes a 23.75-acre-feet effluent storage pond and a surface irrigation system. The District’s wastewater treatment facilities are sufficient to serve 209 equivalent single-family connections (“ESFCs”).

- Drainage -

Stormwater runoff from the District flows to Rocky Creek, located in the center of the District, before flowing southeast of the District, ultimately into Barton Creek.

West Travis County Public Utility Agency

West Travis County Public Utility Agency (“PUA”) is a publicly owned water and wastewater utility, which serves western Travis County and northern Hays County. On January 17, 2012 PUA purchased from the Lower Colorado River Authority (“LCRA”) the West Travis County Water and Wastewater systems, which serve the District. In addition to the District, the PUA serves approximately 20,000 people in the cities of Bee Cave, Lakeway and Dripping Springs.

LEGAL MATTERS

Legal Proceedings

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

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

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

No Material Adverse Change

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

No-Litigation Certificate

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

TAX MATTERS

In the opinion of Allen Boone Humphries Robinson LLP, Bond Counsel, (i) interest on the Bonds is excludable from gross income for federal income tax purposes under existing law, and (ii) interest on the Bonds is not subject to the alternative minimum tax on individuals and corporations.

The Internal Revenue Code of 1986, as amended (the "Code") imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of proceeds and the source of repayment, limitations on the investment of proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The District has covenanted in the Bond Resolution that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Resolution pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds for federal income tax purposes and, in addition, will rely on representations by the District, the District's Financial Advisor and the Underwriter with respect to matters solely within the knowledge of the District, the District's Financial Advisor and the Underwriter, respectively, which Bond Counsel has not independently verified. If the District should fail to comply with the covenants in the Bond Resolution or if the foregoing representations should be determined to be inaccurate or incomplete, interest on the Bonds could become taxable from the date of delivery of the Bonds, regardless of the date on which the event causing such taxability occurs.

Under the Code, taxpayers are required to report on their returns the amount of tax exempt interest, such as interest on the Bonds, received or accrued during the year. Payments of interest on tax-exempt obligations such as the Bonds are in many cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any owner who is not an "exempt recipient" and who fails to provide certain identifying information. Individuals generally are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients.

Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt of interest on, or disposition of, the Bonds.

Prospective purchasers of the Bonds should be aware that the ownership of tax exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax exempt obligations, taxpayers owning an interest in a FASIT that holds tax-exempt obligations, and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively-connected earnings and profits, including tax exempt interest such as interest on the Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date hereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the District as the taxpayer and the owners of the Bonds may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit regardless of the ultimate outcome of the audit.

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 a 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 Underwriter 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 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

The Code requires a pro rata reduction in the interest expense deduction of a financial institution to reflect such financial institution's investment in tax-exempt obligations acquired after August 7, 1986. An exception to the foregoing provision is provided in the Code for "qualified tax-exempt obligations," which include tax-exempt obligations, such as the Bonds, (a) designated by the issuer as "qualified tax-exempt obligations" and (b) issued by a political subdivision for which the aggregate amount of tax-exempt obligations (not including private activity bonds other than qualified 501(c)(3) bonds) to be issued during the calendar year is not expected to exceed $10,000,000 for tax exempt obligations issued in 2012.

The District will designate the Bonds as "qualified tax-exempt obligations" and represent that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the District and entities aggregated with the District under the Code, during calendar year 2012 is not expected to exceed $10,000,000 and that the District and entities aggregated with the District under the Code have not designated more than $10,000,000 in "qualified tax-exempt obligations" (including the Bonds) during calendar year 2012.

Notwithstanding this exception, financial institutions acquiring the Bonds will be subject to a 20% disallowance of allocable interest expense.

CONTINUING DISCLOSURE

The offering of the Bonds qualifies for the Rule 15c2-12(d)(2) exemption from Rule 15c2-12(b)(5) regarding the District's continuing disclosure obligations because the District has not issued more than $10,000,000 in aggregate amount of outstanding bonds and no person is committed by contract or other arrangement with respect to payment of the Bonds. As required by the exemption, in the Bond Resolution, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board (the "MSRB"). The MSRB has established the Electronic Municipal Market Access ("EMMA") System.

Annual Reports

The District will provide certain financial information and operating data which is customarily prepared by the District and is publicly available, annually to the MSRB through its EMMA system.

The financial information and operating data which will be provided with respect to the District is found in the APPENDIX A (the District's Audited Financial Report). The District will update and provide this information to EMMA within six months after the end of each of its fiscal years ending in or after 2012. Any information so provided shall be prepared in accordance with generally accepted auditing standards or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to EMMA within such six month period, and audited financial statements when the audit report becomes available.

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

Material Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other events affecting the tax-exempt status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of CFR § 240.15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material to a decision to purchase or sell Bonds. 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 Resolution makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from MSRB

The District has agreed to provide the foregoing notices to the MSRB. The District is required to file its continuing disclosure information using EMMA, which is the format currently prescribed by the MSRB and has been established by the MSRB to make such continuing disclosure information available to investors free of charge. Investors may access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

Limitations and Amendments

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

The District may amend its continuing disclosure agreement 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 District or the Developer, 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 SEC Rule 15c2-12, 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 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 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 Underwriter from lawfully purchasing the Bonds in the offering described herein. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance With Prior Undertakings

The Bonds are the first issuance of bonds by the District.

OFFICIAL STATEMENT

Preparation

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

> "THE DISTRICT" and "THE SYSTEM," – Jones & Carter, Inc. ("Engineer"); "THE DEVELOPER," "DEVELOPMENT WITHIN THE DISTRICT" and "APPENDIX B" - the Developer; "DISTRICT FINANCIAL DATA – Estimated Overlapping Debt Statement" – Municipal Advisory Council of Texas; "TAX DATA" – Travis County Tax Office and "THE BONDS", "CONTINUING DISCLOSURE", "TAXING PROCEDURES", "LEGAL MATTERS" and "TAX MATTERS" – Allen Boone Humphries Robinson LLP.

Experts

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

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

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

Updating the Official Statement

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

Certification as to Official Statement

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

Official Statement "Deemed Final"

For purposes of compliance with Rule 15c2-12 promulgated by the Securities and Exchange Commission, this document, as the same may be supplemented or corrected by the District from time-to-time, may be treated as an Official Statement with respect to the Bonds described herein, "deemed final" by the District as of the date hereof (or of any such supplement or correction) except for the omission of certain information referred to in the succeeding paragraph.

The Official Statement, when further supplemented by adding information specifying the interest rates and certain other information relating to the Bonds, shall constitute a "FINAL OFFICIAL STATEMENT" of the District with respect to the Bonds, as that term is defined in Rule 15c2-12.

This Official Statement was approved by the Board of Directors of Travis County Municipal Utility No. 16, as of the date shown on the first page hereof.

/s/ ____

Brad Philp
President, Board of Directors
Travis County Municipal Utility District No. 16

ATTEST:

/s/ ____

Stephanie Nun
Secretary, Board of Directors
Travis County Municipal Utility District No. 16

APPENDIX A

FINANCIAL STATEMENTS OF THE DISTRICT

TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 16

FINANCIAL STATEMENTS,
SUPPLEMENTAL INFORMATION
AND
INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED
SEPTEMBER 30, 2011

TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 16

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ANNUAL FILING AFFIDAVIT

ANNUAL FILING AFFIDAVIT

STATE OF TEXAS
COUNTY OF TRAVIS

I, Michael M McCall of the
(Name of Duly Authorized District Representative)

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
(Name of District)

hereby swear, or affirm, that the District above has reviewed and approved at a meeting of the District's Board of Directors on the **9th day of February, 2012** its annual audit report for the fiscal period ended **September 30, 2011** and that copies of the annual audit report have been filed in the District's office, located at:

3200 Southwest Freeway, Suite 2600, Houston, TX 77027.
(Address of District's Office)

This filing affidavit and the attached copy of the audit report will be submitted to the Texas Commission on Environmental Quality to satisfy the annual filing requirements of Texas Water Code Section 49.194.

Date: February 13, 2012 By: Michael M McCall
(Signature of District Representative)

Michael M. McCall, Auditor
(Typed Name and Title of District Representative)

Sworn to and subscribed to before me this 13th day of February, 2012.

(SEAL) NOTARY PUBLIC STATE OF TEXAS SHERRIE A MCCALL My Commission Expires September 14, 2015

Sherrie A. McCall
(Signature of Notary)

My Commission Expires On: September 14, 2015.
Notary Public in the State of Texas

Form TCEQ-0723 (Revised 10/2003)

INDEPENDENT AUDITOR'S REPORT

McCALL GIBSON SWEDLUND BARFOOT PLLC

Certified Public Accountants

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Fax (713) 462-2708
E-Mail: mgsb@mgsbpllc.com

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Suite 400
Austin, Texas 78701
(512) 610-2209
www.mgsbpllc.com

Board of Directors
Travis County Municipal Utility District No. 16
Travis County, Texas

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities and each major fund of Travis County Municipal Utility District No. 16 (the "District"), as of and for the year ended September 30, 2011, which collectively comprise the District's basic financial statements as listed in the preceding table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted as promulgated within the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and the Budgetary Comparison Schedule – General Fund is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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 required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* and the Other Supplemental Information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Texas Supplementary Information and the Other Supplementary Information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants

February 9, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011

In accordance with Governmental Accounting Standards Board Statement 34 ("GASB 34"), the management of Travis County Municipal Utility District No. 16 (the "District") offers the following discussion and analysis to provide an overview of the District's financial activities for the year ended September 30, 2011. Since this information is designed to focus on current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the District's financial statements that follow.

FINANCIAL HIGHLIGHTS

- *General Fund*: At the end of the current fiscal year, the fund balance was $168,007, an increase of $202,128 from the previous fiscal year. General fund revenues increased from $6,347 in the previous fiscal year to $497,011 in the current fiscal year due to the initiation of home building activity.
- *Governmental Activities*: On a government-wide basis for governmental activities, the District had revenues net of expenses of $1,214,090. Net assets increased from a deficit balance of $166,612 to a surplus balance of $1,047,478.

OVERVIEW OF THE DISTRICT

The District was created as Travis County Municipal Utility District No. 16 by Order of the Texas Commission on Environmental Quality dated March 29, 2005. The District operates under Chapters 49 and 54 of the Texas Water Code. The District was created under the provisions of Article XVI, Section 59, of the Texas Constitution.

The creation of the District was confirmed in an election held within the District on May 10, 2008.

The District included 467.88 acres at creation. No acreage has been annexed into or excluded from the District.

The District is located in Travis County, outside of the corporate limits and extraterritorial jurisdictions of any cities. The District is located approximately 4.8 miles west of the intersection of TX-71 E and Hamilton Pool Road, or approximately 5.4 miles west of Bee Cave, Texas.

The reporting entity of the District encompasses those activities and functions over which the District's elected officials exercise significant oversight or control. The District is governed by a five member Board of Directors which has been elected by District residents or appointed by the Board of Directors.

USING THIS ANNUAL REPORT

This annual report consists of five parts:

1. *Management's Discussion and Analysis* (this section)
2. *Basic Financial Statements*
3. *Required Supplementary Information*
4. *Texas Supplemental Information* (required by the Texas Commission on Environmental Quality (the TSI section))
5. *Other Supplementary Information* (the OSI section)

For purposes of GASB 34, the District is considered a special purpose government. This allows the District to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements that are prepared on the modified accrual basis of accounting is met with the "Governmental Funds Total" column. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements. Government-wide statements are comprised of the Statement of Net Assets and the Statement of Activities.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The *Statement of Net Assets and Governmental Funds Balance Sheet* includes a column (titled "Governmental Funds Total") that represents a balance sheet prepared using the modified accrual basis of accounting. This method measures cash and all other financial assets that can be readily converted to cash. The adjustments column converts those balances to a balance sheet that more closely reflects a private-sector business. Over time, increases or decreases in the District's net assets will indicate financial health.

The *Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balance* includes a column (titled "Governmental Funds Total") that derives the change in fund balances resulting from current year revenues, expenditures, and other financing sources or uses. These amounts are prepared using the modified accrual basis of accounting. The adjustments column converts those activities to full accrual, a basis that more closely represents the income statement of a private-sector business.

The *Notes to the Basic Financial Statements* provide additional information that is essential to a full understanding of the information presented in the *Statement of Net Assets and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balance*.

The *Required Supplemental Information* presents a comparison statement between the District's adopted budget and its actual results.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Statement of Net Assets:

The following table reflects the condensed Statement of Net Assets:

Summary Statement of Net Assets

	Governmental Activities		Change Increase
	2011	2010	(Decrease)
Current and other assets	$ 301,410	$ 2,279	$ 299,131
Capital and non-current assets	3,379,265	-	3,379,265
Total Assets	3,680,675	2,279	3,678,396
Current Liabilities	2,511,354	36,400	2,474,954
Long-term Liabilities	121,843	132,491	(10,648)
Total Liabilities	2,633,197	168,891	2,464,306
Invested in Capital Assets net of related debt	879,471	-	879,471
Unrestricted	168,007	(166,612)	334,619
Total Net Assets	$ 1,047,478	$ (166,612)	$ 1,214,090

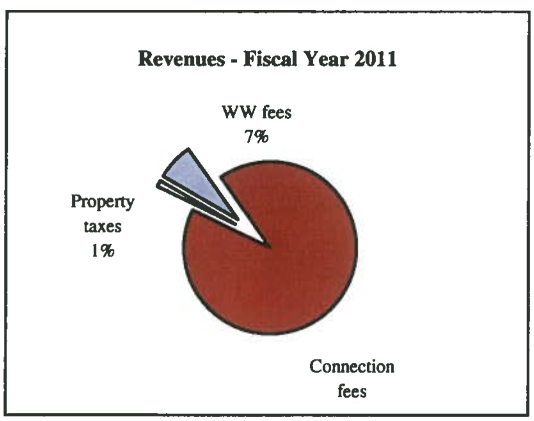
The District's combined net assets increased from a deficit amount of $166,612 in the previous fiscal year to a surplus balance of $1,047,478 in the current fiscal year. The District's unrestricted net assets, which can be used to finance day to day operations, totaled $168,007.

Revenues and Expenses:

Summary Statement of Activities

	Governmental Activities 2011	Governmental Activities 2010	Change Increase (Decrease)
Property taxes	$ 4,401	$ 6,304	$ (1,903)
Wastewater fees	33,114	-	33,114
Connection Fees	459,400	-	459,400
Other	96	43	53
Total Revenues	497,011	6,347	490,664
District operations	186,980	-	186,980
Professional fees	238,089	109,510	128,579
Other	3,270	1,546	1,724
Total Expenses	428,339	111,056	317,283
Change in Net Assets	68,672	(104,709)	173,381
Other Financing Source	1,145,418	-	1,145,418
Beginning Net Assets	(166,612)	(61,903)	(104,709)
Ending Net Assets	$ 1,047,478	$ (166,612)	$ 1,214,090

Revenues were $497,011 for the fiscal year ended September 30, 2011, while expenses were $428,339 and other financing sources were $1,145,418. Net assets increased $1,214,090.



The District's primary revenue source is wastewater fees and connection fees.

ANALYSIS OF GOVERNMENTAL FUNDS

Governmental Funds by Year

	2011	2010
Cash on deposit	$ 247,947	$ 774
Receivables	64,995	1,505
Total Assets	$ 312,942	$ 2,279
Accounts payable	129,185	36,400
Other payables	15,750	-
Total Liabilities	144,935	36,400
Nonspendable	11,532	-
Unassigned	156,475	(34,121)
Total Fund Balance	168,007	(34,121)
Total Liabilities and Fund Balances	$ 312,942	$ 2,279

For the fiscal year ended September 30, 2011, the District's governmental funds reflect a fund balance of $168,007. This fund balance reflects an increase of $202,128 from the previous year.

BUDGETARY HIGHLIGHTS

The *General Fund* pays for daily operating costs of the District and Joint Facilities. On September 8, 2010, and as later amended on July 13, 2011, the Board of Directors adopted a budget that included amended revenues of $444,401 as compared to amended expenditures of $321,360. When comparing actual to budget, the District had a positive variance of $79,087. More detailed information about the District's budgetary comparison is presented in the *Required Supplemental Information.*

CAPITAL ASSETS

The District has an investment in land and easements of $3,367,733 as of September 30, 2011.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The District's assessed valuation for the fiscal year September 30, 2012, is approximately $14 million. The District has levied a property tax for the fiscal year ending September 30, 2012 of $0.95 per $100 assessed valuation. Property tax revenues generated from this tax will pay for operations and maintenance of the District.

The adopted budget for fiscal year 2012 projects a general fund balance increase of $308,136.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District in care of Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, TX 77027.

BASIC FINANCIAL STATEMENTS

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2011

	General Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds Total	Adjustments Note 2	Government - wide Statement of Net Assets
ASSETS						
Cash on deposit	$ 247,947	$ -	$ -	$ 247,947	$ -	$ 247,947
Receivables-						
Service accounts, net of allowance for doubtful accounts of $-0-	24,844	-	-	24,844	-	24,844
Builder contributions	26,389	-	-	26,389	-	26,389
Other	2,230	-	-	2,230	-	2,230
Prepaid bond issuance costs	11,532	-	-	11,532	-	11,532
Capital assets, net of accumulated depreciation -						
Land and easements	-	-	-	-	3,367,733	3,367,733
Water/Wastewater/Drainage Facilities	-	-	-	-	-	-
TOTAL ASSETS	$ 312,942	$ -	$ -	$ 312,942	3,367,733	3,680,675
LIABILITIES						
Accounts payable	$ 129,185	$ -	$ -	$ 129,185	-	129,185
Customer deposits	15,750	-	-	15,750	-	15,750
Due to developer	-	-	-	-	2,488,262	2,488,262
Bonds payable -						
Due within one year	-	-	-	-	-	-
Due after one year	-	-	-	-	-	-
TOTAL LIABILITIES	144,935	-	-	144,935	2,488,262	2,633,197
FUND BALANCE / NET ASSETS						
Fund balances:						
Nonspendable	11,532	-	-	11,532	(11,532)	-
Unassigned	156,475	-	-	156,475	(156,475)	-
TOTAL FUND BALANCES	168,007	-	-	168,007	(168,007)	-
TOTAL LIABILITIES AND FUND BALANCES	$ 312,942	$ -	$ -	$ 312,942		
Net assets:						
Invested in capital assets, net of related debt					879,471	879,471
Unrestricted					168,007	168,007
TOTAL NET ASSETS					$ 1,047,478	$ 1,047,478

The accompanying notes are an integral part of this statement.

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
SEPTEMBER 30, 2011

	General Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds Total	Adjustments Note 2	Government - wide Statement of Activities
REVENUES:						
Property taxes, including penalties	$ 4,401	$ -	$ -	$ 4,401	$ -	$ 4,401
Wastewater service revenues	33,114	-	-	33,114	-	33,114
System connection/inspection fees	44,400	-	-	44,400	-	44,400
Builder contribution fees	415,000	-	-	415,000	-	415,000
Other	96	-	-	96	-	96
TOTAL REVENUES	497,011	-	-	497,011	-	497,011
EXPENDITURES / EXPENSES:						
Current:						
Preconstruction expenditures	10,565	-	-	10,565	-	10,565
Testing expenditures	9,412	-	-	9,412	-	9,412
Inspection expenditures	11,000	-	-	11,000	-	11,000
Water/wastewater repair and maintenance	6,303	-	-	6,303	-	6,303
Detention pond maintenance	4,500	-	-	4,500	-	4,500
Irrigation field vegatative management	5,250	-	-	5,250	-	5,250
Sludge hauling	136,365	-	-	136,365	-	136,365
Permit fees	620	-	-	620	-	620
Operations fees	765	-	-	765	-	765
LCRA billing fees	1,875	-	-	1,875	-	1,875
Utilities	325	-	-	325	-	325
Director fees, including payroll taxes	6,943	-	-	6,943	-	6,943
Legal fees	136,545	-	-	136,545	-	136,545
Engineering fees	82,297	-	-	82,297	-	82,297
Financial advisor fees	1,504	-	-	1,504	-	1,504
Bookkeeping fees	10,800	-	-	10,800	-	10,800
Tax appraisal/collection fees	31	-	-	31	-	31
Insurance	981	-	-	981	-	981
Other	2,258	-	-	2,258	-	2,258
Capital outlay	16,146	-	-	16,146	(16,146)	-
TOTAL EXPENDITURES / EXPENSES	444,485	-	-	444,485	(16,146)	428,339
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	52,526	-	-	52,526	16,146	68,672
OTHER FINANCING SOURCES -						
Developer contribution	-	-	-	-	1,145,418	1,145,418
Advance from developer	149,602	-	-	149,602	(149,602)	-
TOTAL OTHER FINANCING SOURCES	149,602	-	-	149,602	995,816	1,145,418
NET CHANGE IN FUND BALANCE	202,128	-	-	202,128	(202,128)	-
CHANGE IN NET ASSETS					1,214,090	1,214,090
FUND BALANCE / NET ASSETS:						
Beginning of the year	(34,121)	-	-	(34,121)	(132,491)	(166,612)
End of the year	$ 168,007	$ -	$ -	$ 168,007	$ 879,471	$ 1,047,478

The accompanying notes are an integral part of this statement.

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the District relating to the funds included in the accompanying financial statements conform to generally accepted accounting principles (GAAP) as applied to governmental entities. Generally accepted accounting principles for local governments include those principles prescribed by the *Governmental Accounting Standards Board* (GASB), which constitutes the primary source of GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

Reporting Entity - The District was created, organized and established on March 29, 2005, by the Texas Commission on Environmental Quality (formerly the Texas Natural Resource Conservation Commission) pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code. The reporting entity of the District encompasses those activities and functions over which the District's elected officials exercise significant oversight or control. A five member Board of Directors governs the District which has been elected by District residents or appointed by the Board of Directors. The District is not included in any other governmental "reporting entity" as defined by Statement No. 14 of the Governmental Accounting Standards Board, since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in Governmental Accounting Standards Board Statement No. 14 which are included in the District's reporting entity.

Basis of Presentation - Government-wide and Fund Financial Statements - The basic financial statements are prepared in conformity with GASB Statement No. 34, and include a column for government-wide (based upon the District as a whole) and fund financial statement presentations. Statement No. 34 also requires as supplementary information Management's Discussion and Analysis, which includes an analytical overview of the District's financial activities. In addition a budgetary comparison statement is presented that compares the adopted and amended General Fund budget with actual results.

- **Government-wide Statements:**

  The District's statement of net assets includes both non-current assets and non-current liabilities of the District, which were previously recorded in the General Fixed Assets Account Group and the General Long-Term Debt Account Group. In addition, the government-wide statement of activities column reflects depreciation expense on the District's capital assets, including infrastructure.

SIGNIFICANT ACCOUNTING POLICIES (continued) –

- **Government-wide Statements (continued) -**

The government-wide focus is more on the sustainability of the District as an entity and the change in aggregate financial position resulting from financial activities of the fiscal period. The focus of the fund financial statements is on the individual funds of the governmental categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

- **Fund Financial Statements:**

Fund based financial statement columns are provided for governmental funds. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures of either fund category) for the determination of major funds. All of the District's funds are reported as major funds.

***Governmental Fund Types* -** The accounts of the District are organized and operated on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a self-balancing set of accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. The various funds are grouped by category and type in the financial statements. The District maintains the following fund types:

- **General Fund** - The General Fund accounts for financial resources in use for general types of operations which are not encompassed within other funds. This fund is established to account for resources devoted to financing the general services that the District provides for its residents. Tax revenues and other sources of revenue used to finance the fundamental operations of the District are included in this fund.

- **Debt Service Fund** – The Debt Service Fund will be used to account for the accumulation of resources for, and the payment of, debt principal, interest and related costs.

- **Capital Projects Fund** - The Capital Projects Fund will be used to account for financial resources to be used for the acquisition or construction of major capital facilities.

***Non-current Governmental Assets and Liabilities* -** GASB Statement No. 34 eliminates the presentation of Account Groups, but provides for these records to be maintained and incorporates the information into the government-wide financial statement column in the Statement of Net Assets.

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

Basis of Accounting

- **Governmental Funds**

  - *Government-wide Statements* - The government-wide financial statement column is reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

    Fund Financial Statements - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in the net current assets. Governmental funds are accounted for on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e. both measurable and available).

    "Measurable" means that the amount of the transaction can be determined and "available" means the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

    Expenditures, if measurable, are generally recognized on the accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include the unmatured principal and interest on general obligation long-term debt which is recognized when due. This exception is in conformity with generally accepted accounting principles.

    Property tax revenues are recognized when they become available. In this case, available means when due, or past due and receivable within the current period and collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days. Tax collections expected to be received subsequent to the 60-day availability period are reported as deferred revenue. All other revenues of the District are recorded on the accrual basis in all funds.

    The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

Budgets and Budgetary Accounting – A budget was adopted on September 8, 2010, and final amended on July 13, 2011, for the General Fund on a basis consistent with generally accepted accounting principles. The District's Board of Directors utilizes the budget as a management tool for planning and cost control purposes. All annual appropriations lapse at fiscal year end.

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

Cash and Cash Equivalents – Includes cash on deposit as well as investments with maturities of three months or less. The investments, consisting of common trust funds, money market funds, and obligations in the State Treasurer's Investment Pool are recorded at cost, which approximates fair market value.

Capital Assets – Capital assets, which include Administrative Facilities and Equipment, Common and Recreation Areas, Water Production/Distribution System, Wastewater Collection System, Water Quality Ponds and Organizational Costs are reported in the government-wide column in the Statement of Net Assets. Public domain ("infrastructure") capital assets including water, wastewater and drainage systems, are capitalized. Items purchased or acquired are reported at historical cost or estimated historical cost. Contributed fixed assets are recorded as capital assets at estimated fair market value at the time received. Interest incurred during construction of capital facilities is not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset	Years
Administrative Facilities and Equipment	5 - 30
Common and Recreation Areas	5 - 30
Water Production/Distribution System	10 - 50
Wastewater Collection System	5 - 50
Water Quality Ponds	25
Organizational Costs	5

Interfund Transactions - Transfers from one fund to another fund are reported as interfund receivables and payables if there is intent to repay that amount and if the debtor fund has the ability to repay the advance on a timely basis. Operating transfers represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

Fund Equity - The District adopted GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. See Note 10 for additional information on those fund balance classifications.

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

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

Subsequent Events – In preparing these financial statements, management has evaluated and disclosed all material subsequent events through February 9, 2012, which is the date these statements were available to be issued.

2. RECONCILIATION OF THE GOVERNMENTAL FUNDS -

Adjustments to convert the Governmental Funds Balance Sheet to the Statement of Net Assets are as follows :

Fund balances - total governmental funds		$	168,007
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds -			
Capital assets	3,367,733		
Less: Accumulated depreciation	-		3,367,733
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds -			
Developer advances			(2,488,262)
Net assets of governmental activities		$	1,047,478

Adjustments to convert the Governmental Funds, Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities are as follows:

Changes in Fund Balances - Governmental Funds	$	202,128
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report -		
Capital expenditures in period purchased		16,146
Developer contribution when received		1,145,418
Developer advance when received		(149,602)
Change in Net assets of governmental activities	$	1,214,090

3. CASH

The investment policies of the District are governed by State statute and an adopted District Investment Policy that includes depository contract provisions and custodial contract provisions. Major provisions of the District's investment policy include: depositories must be FDIC-insured Texas banking institutions; depositories must fully insure or collateralize all demand and time deposits; securities collateralizing time deposits are held by independent third party trustees.

Cash - At September 30, 2011, the carrying amount of the District's deposits was $247,947 and the bank balance was $261,664. The bank balance was covered by federal depository insurance.

4. PROPERTY TAXES

Property taxes attach as an enforceable lien on January 1. Taxes are levied on or about October 1, are due on November 1, and are past due the following February 1. The Travis Central Appraisal District established appraisal values in accordance with requirements of the Texas Legislature. The District levies taxes based upon the appraised values. The Travis County Tax Collector bills and collects the District's property taxes. The Board of Directors set current tax rates on September 8, 2010.

The property tax rate, established in accordance with state law, was based on 100% of the net assessed valuation of real and taxable personal property within the District on the 2010 tax roll. The tax rate for fiscal year 2011 ending September 30, 2011, based on total taxable assessed valuation of $463,297 was $0.95 on each $100 valuation and was allocated entirely to the General Fund. The maximum allowable maintenance tax of $1.00 was established by the voters on May 10, 2008.

Property taxes were fully collected as of September 30, 2011.

5. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance 10/1/2010	Additions	Deletions	Balance 9/30/2011
Capital assets not being depreciated:				
Land	$ -	$ 3,367,733	$ -	$ 3,367,733
Capital assets being depreciated:				
Wastewater Treatment Plant	-	-	-	-
Total capital assets being depreciated	-	-	-	-
Less accumulated depreciation for :				
Wastewater Treatment Plant	-	-	-	-
Total accumulated depreciation	-	-	-	-
Total capital assets being depreciated, net of accumulated depreciation	-	-	-	-
Total capital assets, net	$ -	$ 3,367,733	$ -	$ 3,367,733

6. BONDED DEBT

There were no bonds payable at September 30, 2011. Bonds authorized but not issued as of September 30, 2011, are as follows:

Type	Amount
Unlimited Tax Bonds	$ 52,460,000
Park and Recreational Facilities	$ 6,225,000

7. ECONOMIC DEPENDENCY

From inception, the District has been dependent upon its major developer for operating advances. The developer continues to own a substantial portion of the taxable property within the District. The developer's willingness to make all advances in future years will directly affect the District's ability to meet future obligations. During the current fiscal year, the developer of the District advanced $149,602. Advances from inception total $282,093. These advances, plus interest, are subject to reimbursement from future bond issues in accordance with the rules of the Texas Commission on Environmental Quality.

8. COMMITMENTS AND CONTINGENCIES

The developer of the land within the District has incurred costs related to construction of facilities. Such costs may be reimbursable to the developer by the District from proceeds of future District bond issues, subject to approval by the Texas Commission on Environmental Quality. The District, as of September 30, 2011, has recorded no liability pertaining to such costs.

9. RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has obtained coverage from commercial insurance companies and the Texas Municipal League Intergovernmental Risk Pool (TML Pool) to effectively manage its risk. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

The TML Pool was established by various political subdivisions in Texas to provide self-insurance for its members and to obtain lower costs for insurance. TML Pool members pay annual contributions to obtain the insurance. Annual contribution rates are determined by the TML Pool Board. Rates are estimated to include all claims expected to occur during the policy including claims incurred but not reported. The TML Pool has established Claims Reserves for each of the types of insurance offered. Although the TML Pool is a self-insured risk pool, members are not contingently liable for claims filed above the amount of the fixed annual contributions. If losses incurred are significantly higher than actuarially estimated, the TML Pool adjusts the contribution rate for subsequent years. Members may receive returns of contributions if actual results are more favorable than estimated.

10. FUND BALANCES

For the period ended September 30, 2011, the District adopted GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Those fund balance classifications are described below.

- Nonspendable - Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.
- Restricted - Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation. The District had no such amounts.
- Committed - Amounts that can only be used for specific purposes pursuant to approval by formal action by the Board. The District had no such amounts.
- Assigned - For the General Fund, amounts that are appropriated by the Board that are to be used for specific purposes. For all other governmental funds, any remaining positive amounts not previously classified as nonspendable, restricted or committed. The District had no such amounts.
- Unassigned - Amounts that are available for any purpose; these amounts can be reported in the District's General Fund or a deficit in any fund.

The detail of the fund balances are included in the Governmental Funds Balance Sheet on page FS-1.

10. FUND BALANCES (continued)

Fund balance of the District may be committed for a specific purpose by formal action of the Board, the District's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through a resolution approved by the Board. The Board may also assign fund balance for a specific purpose.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

11. SUBSEQUENT EVENT

On November 28, 2011, the District closed on the issuance of a $3,205,000 bond anticipation note. Proceeds of the bond anticipation note were used to reimburse the District's developer for the District's portion of the cost of a wastewater treatment plant effluent pond and land acquisition for a wastewater treatment plant site and buffer zones.

At September 30, 2011, the District has recorded a liability to the developer of $2,488,262. Proceeds of the bond anticipation note repaid $2,366,419 of this balance. The remaining balance will be reimbursed through future bond issues.

REQUIRED SUPPLEMENTAL INFORMATION

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
SEPTEMBER 30, 2011

	Actual	Original Budget	Final Amended Budget	Variance Positive (Negative)
REVENUES:				
Property taxes, including penalties	$ 4,401	$ 5,179	$ 4,401	$ -
Wastewater service revenues	33,114	1,863	20,000	13,114
System connection/inspection fees	44,400	16,500	45,000	(600)
Builder contribution fees	415,000	-	375,000	40,000
Other	96	-	-	96
TOTAL REVENUES	497,011	23,542	444,401	52,610
EXPENDITURES/EXPENSES:				
Current:				
Preconstruction expenditures	10,565	6,600	11,700	1,135
Testing expenditures	9,412	-	6,200	(3,212)
Inspection expenditures	11,000	-	15,000	4,000
Water/wastewater repair and maintenance	6,303	-	12,000	5,697
Detention pond maintenance	4,500	-	9,000	4,500
Irrigation field vegatative management	5,250	26,000	12,250	7,000
Sludge hauling	136,365	28,500	75,000	(61,365)
Permit fees	620	18,000	4,000	3,380
Operations fees	765	-	2,100	1,335
LCRA billing fees	1,875	270	1,875	-
Utilities	325	-	725	400
Director fees, including payroll taxes	6,943	9,780	9,780	2,837
Legal fees	136,545	42,000	60,000	(76,545)
Engineering fees	82,297	27,000	80,000	(2,297)
Financial advisor fees	1,504	-	1,500	(4)
Bookkeeping fees	10,800	13,200	13,200	2,400
Tax appraisal/collection fees	31	100	100	69
Insurance	981	3,150	3,150	2,169
Other	2,258	3,780	3,780	1,522
Capital outlay	16,146	-	-	(16,146)
TOTAL EXPENDITURES / EXPENSES	444,485	178,380	321,360	(123,125)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	52,526	(154,838)	123,041	(70,515)
OTHER FINANCING SOURCES -				
Advances from developer	149,602	-	-	149,602
TOTAL OTHER FINANANCING SOURCE	149,602	-	-	149,602
NET CHANGE IN FUND BALANCE	202,128	$ (154,838)	$ 123,041	$ 79,087
FUND BALANCE / NET ASSETS:				
Beginning of the year	(34,121)			
End of the year	$ 168,007			

The accompanying notes are an integral part of this statement.

TEXAS SUPPLEMENTAL INFORMATION

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
TSI-1. SERVICES AND RATES
SEPTEMBER 30, 2011

1. Services Provided by the District during the Fiscal Year:[1]

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

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

[ ] Other (specify):______________________________

2. Retail Service Providers

a. Retail Rates Based on 5/8" Meter (or equivalent):

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1000 Gallons Over Minimum	Usage
WATER:	$ -	-		$ -	
WASTEWATER:	$ 50.00 [2]	1,000	N	$ 5.00	Per 1,000 Gallons
SURCHARGE:	$ -	-		$ -	

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

Total charges per 10,000 gallons usage: Water $ - Wastewater $ 85.00

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC's
Unmetered				
< 3/4"				
1"				
1 1/2"				
2"				
3"				
4"				
6"				
8"				
10"				
Total Water	(1)			
Total Wastewater	88.0	82.0	1.0	82.0

[1] The District provides only wastewater service.

[2] Includes $10 drainage fee.

3. Total Water Consumption during the Fiscal Year (rounded to the nearest thousand):

Gallons pumped into system: (1)

Gallons billed to customers: (1)

Water Accountability Ratio
(Gallons billed / Gallons Pumped)
N/A

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

Does the District assess standby fees? Yes ☐ No ☒

If yes, Date of the most recent Commission Order: ________________

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

If yes, Date of the most recent Commission Order: ________________

5. Location of District

County(ies) in which district is located: Travis County, Texas

Is the District located entirely within one county? Yes ☒ No ☐

Is the District located within a city? Entirely ☐ Partly ☐ Not at all ☒

City(ies) in which district is located: ________________

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

Entirely ☒ Partly ☐ Not at all ☐

ETJ's in which district is located: City of Bee Cave, Texas

Are Board members appointed by an office outside the district?

Yes ☐ No ☒

If Yes, by whom? ________________

(1) The District's residents receive water service from the Lower Colorado River Authority.

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
TSI-2. GENERAL FUND EXPENDITURES
SEPTEMBER 30, 2011

Personnel Expenditures (including benefits)	$ -
Professional Fees:	
Auditing	-
Legal	137,165
Engineering	82,297
Financial Advisor	1,504
Purchased Services For Resale:	
Bulk Water and Wastewater Purchases	-
Contracted Services:	
Bookkeeping	10,800
General Manager	765
Appraisal District/Tax Collector	31
Other Contracted Services	174,467
Utilities	325
Repairs and Maintenance	10,803
Chemicals	-
Administrative Expenditures:	
Directors' Fees	6,943
Office Supplies	-
Insurance	981
Other Administrative Expenditures	2,258
Capital Outlay:	
Capitalized Assets	16,146
Expenditures not Capitalized	-
Bad Debt	-
Parks and Recreation	-
Other Expenditures	-
TOTAL EXPENDITURES	$ 444,485

Number of persons employed by the District: [-] Full-Time [-] Part-Time

TSI-3. TEMPORARY INVESTMENTS
SEPTEMBER 30, 2011

The District has no investments at September 30, 2011.

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
TSI-4. TAXES LEVIED AND RECEIVABLE
SEPTEMBER 30, 2011

	Maintenance Taxes	Debt Service Taxes
Taxes Receivable, Beginning of Year	$ -	$ -
2010 Original Tax Levy, less abatements	4,401	-
Total to be accounted for	4,401	-
Tax collections:		
Current year	4,401	-
Prior years	-	-
Total collections	4,401	-
Taxes Receivable, End of Year	$ -	$ -
Taxes Receivable, By Years		
2009	$ -	$ -
2010	-	-
Taxes Receivable, End of Year	$ -	$ -
Property Valuations:	2010	2009
Land and improvements	$ 463,297	$ 468,243
Total Property Valuations	$ 463,297	$ 468,243
Tax Rates per $100 Valuation:		
Debt Service tax rates	$ -	$ -
Maintenance tax rates	0.9500	0.9000
Total Tax Rates per $100 Valuation:	$ 0.9500	$ 0.9000
Original Tax Levy	$ 4,401	$ 4,214
Percent of Taxes Collected to Taxes Levied **	100.00%	100.00%

Maximum Tax Rate Approved by Voters: $ 1.00 on 5/10/2008.

**Calculated as taxes collected in current and previous years divided by tax levy.

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS
SEPTEMBER 30, 2011

The District had no long-term debt outstanding at September 30, 2011.

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
TSI-6. CHANGES IN LONG-TERM BONDED DEBT
SEPTEMBER 30, 2011

	Bond Issue	Total
Interest Rate	N/A	
Dates Interest Payable	N/A	
Maturity Dates	N/A	
Bonds Outstanding at Beginning of Current Fiscal Year	$ -	$ -
Bonds Sold During the Current Fiscal Year	-	-
Retirements During the Current Fiscal Year:		
Principal	-	-
Refunded	-	-
Bonds Outstanding at End of Current Fiscal Year	$ -	$ -
Interest Paid During the Current Fiscal Year	$ -	$ -

Paying Agent's Name & Address: N/A

Bond Authority:	Unlimited Tax Bonds*	Refunding Bonds*	Park and Recreational Facilities Bonds*
Amount Authorized by Voters:	$ 52,460,000	$ -	$ 6,225,000
Amount Issued	-	-	-
Remaining To Be Issued	$ 52,460,000	$ -	$ 6,225,000

* Includes all bonds secured with tax revenues. Bonds in this category may also be secured with other in combination with taxes.

Debt Service Fund Cash and Temporary Investments balances as of September 30, 2011:	N/A
Average Annual Debt Service Payment (Principal & Interest) for the remaining term of all debt:	N/A

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
TSI-7. COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND AND DEBT SERVICE FUND - THREE YEARS
SEPTEMBER 30, 2011

	Amounts			Percent of Fund Total Revenues		
	2011	2010	2009	2011	2010	2009
GENERAL FUND REVENUES -						
Property taxes, including penalties	$ 4,401	$ 6,304	$ 2,550	0.9%	99.3%	100.0%
Wastewater service revenues	33,114	-	-	6.7%	-	-
System connection/inspection fees	44,400	-	-	8.9%	-	-
Builder contribution fees	415,000	-	-	83.5%	-	-
Other	96	43	1	-	0.7%	-
TOTAL GENERAL FUND REVENUES	497,011	6,347	2,551	100.0%	100.0%	100.0%
GENERAL FUND EXPENDITURES -						
Current:						
Preconstruction expenditures	10,565	-	-	2.1%	-	-
Testing expenditures	9,412	-	-	1.9%	-	-
Inspection expenditures	11,000	-	-	2.2%	-	-
Water/wastewater repair and maintenance	6,303	-	-	1.3%	-	-
Detention pond maintenance	4,500	-	-	0.9%	-	-
Irrigation field vegatative management	5,250	-	-	1.1%	-	-
Sludge hauling	136,365	-	-	27.4%	-	-
Permit fees	620	-	-	0.1%	-	-
Operations fees	765	-	-	0.2%	-	-
LCRA billing fees	1,875	-	-	0.4%	-	-
Utilities	325	-	-	0.1%	-	-
Director fees, including payroll taxes	6,943	5,975	7,266	1.4%	94.1%	284.8%
Legal fees	136,545	84,858	26,301	27.5%	1337.0%	1031.0%
Engineering fees	82,297	9,076	-	16.6%	143.0%	-
Financial advisor fees	1,504	1,501	1,248	0.3%	23.6%	48.9%
Bookkeeping fees	10,800	8,100	8,940	2.2%	127.6%	350.5%
Tax appraisal/collection fees	31	35	73	0.0%	0.6%	2.9%
Insurance	981	1,098	1,123	0.2%	17.3%	44.0%
Other	2,258	413	365	0.5%	6.5%	14.3%
Capital outlay	16,146	-	-	3.2%	-	-
TOTAL GENERAL FUND EXPENDITURES	444,485	111,056	45,316	89.4%	1749.7%	1776.4%
EXCESS (DEFICIENCY) OF GENERAL FUND REVENUES OVER EXPENDITURES	52,526	(104,709)	(42,765)	10.6%	(1649.7)%	(1676.4)%
OTHER FINANCING SOURCE -						
Advance from developer	149,602	90,106	42,385	30.1%	1419.7%	1661.5%
TOTAL OTHER FINANCING SOURCE	149,602	90,106	42,385	30.1%	1419.7%	1661.5%
NET CHANGE IN FUND BALANCE	$ 202,128	$ (14,603)	$ (380)	40.7%	(230.0)%	(14.9)%
DEBT SERVICE FUND REVENUES -						
Property tax revenues, including penalties	$ -	$ -	$ -	-	-	-
Interest	-	-	-	-	-	-
Bond proceeds	-	-	-	-	-	-
TOTAL DEBT SERVICE FUND REVENUES	-	-	-	-	-	-
DEBT SERVICE FUND EXPENDITURES -						
Bond principal	-	-	-	-	-	-
Bond interest	-	-	-	-	-	-
Fiscal agent fees and other	-	-	-	-	-	-
TOTAL DEBT SERVICE FUND EXPENDITURES	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF DEBT SERVICE FUND REVENUES OVER EXPENDITURES	$ -	$ -	$ -	-	-	-
TOTAL ACTIVE RETAIL WATER CONNECTIONS	- (1)	-	-			
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	82	-	-			

(1) The District's residents receive water service from the Lower Colorado River Authority.

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
TSI-8. BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2011

Complete District Mailing Address:	3200 Southwest Freeway, Suite 2600, Houston, TX 77027
District Business Telephone Number:	(713) 860-6400
Submission Date of the most recent District Registration Form TWC Sections 36.054 & 49.054):	May 9, 2011
Limits on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution TWC Section 49.060)	$7,200

Name and Address:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid * 9/30/2011	Expense Reimbursements 9/30/2011	Title at Year End
Board Members:				
BRAD PHILP	(Appointed) 8/13/2009 - 5/12/2012	$ 1,200	$ 68	President
PATRICK HOBBS ALLISON, JR.	(Appointed) 9/8/2010 - 5/10/2014	$ 1,050	$ 66	Vice-President
STEPHANIE NUN	(Appointed) 4/8/2010 - 5/12/2012	$ 1,350	$ 68	Secretary
ELLA ELLIS	(Appointed) 5/9/2011 - 5/10/2012	$ 600	$ 10	Assistant Secretary
MARCUS WHITFIELD	(Appointed) 9/30/2010 - 5/10/2014	$ 1,350	$ 84	Assistant Secretary
Consultants:				
Allen Boone Humphries Robinson LLP	9/30/2010	$ 136,582	$ -	Attorney
Crossroads Utility Services LLC	1/28/2011	$ 13,295	$ -	Operator
Jones & Carter, Inc.	9/29/2009	$ 93,829	$ -	Engineer
Bott & Douthitt, PLLC	8/13/2009	$ 10,800	$ 104	District Accountant
McCall Gibson Swedlund Barfoot PLLC	9/29/2011	$ -	$ -	Auditor
RBC Capital Markets	9/30/2010	$ -	$ -	Financial Advisor
Travis County Tax Collector	7/17/2008	$ 10	$ -	Tax Collector

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

OTHER SUPPLEMENTAL INFORMATION

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
OSI-1. PRINCIPAL TAXPAYERS
SEPTEMBER 30, 2011

Taxpayer	Type of Property	Tax Roll Year 2011	Tax Roll Year 2010	Tax Roll Year 2009
RC Travis LP	N/A	$ 7,367,522	$ -	$ -
Highland Homes-Austin Ltd.	N/A	1,790,133	-	-
Drees Custom Homes LP	N/A	1,789,351	-	-
Knighten, J.	N/A	452,840	-	-
Gabe, B.	N/A	442,503	-	-
Lewis, R. & D.	N/A	326,694	-	-
Ramachandran, H.	N/A	315,659	-	-
Slocum, C. & H.	N/A	309,431	-	-
Froehlich, R. & S.	N/A	295,780	-	-
Nadler, K. & E.	N/A	252,066	-	-
Legacy Texas Bank	N/A	-	456,431	234,016
Rocky Creek Wastewater Utility LP	N/A	-	6,700	8,893
Philp, B.	N/A	-	166	-
KD Rocky Creek LP	N/A	-	-	225,150
Beal, B.	N/A	-	-	184
Total		$ 13,341,979	$ 463,297	$ 468,243
Percent of Assessed Valuation		95.6%	100.0%	100.0%

Source: Travis County Appraisal District

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
OSI-2. ASSESSED VALUE BY CLASSIFICATION
SEPTEMBER 30, 2011

	Tax Roll Year					
	2011		2010		2009	
Type of Property	**Amount**	**%**	Amount	%	Amount	%
Single Family Residence	**$ 4,093,232**	**29.3%**	$ -	-	$ -	-
Vacant Lot	**9,368,940**	**67.2%**	-	-	-	-
Qualified Ag Land	**2,245,825**	**16.1%**	2,857,214	616.7%	2,857,214	610.2%
Non-Qualified Land	**420,000**	**3.0%**	210,000	45.3%	210,000	44.8%
Farm or Ranch Improvement	**40,661**	**0.3%**	230,786	49.8%	233,411	49.8%
Commercial Personal Property	**13,594**	**0.1%**	-	-	-	-
Less: Exemptions/Adjustments	**(2,231,713)**	**(16.0)%**	(2,834,703)	(611.9)%	(2,832,382)	(604.9)%
Total	**$ 13,950,539**	**100%**	$ 463,297	100%	$ 468,243	100%

Source: Travis County Appraisal District