LIVE OAK CREEK MUNICIPAL UTILITY DISTRICT NO. 1
OF TARRANT COUNTY
(Tarrant County, Texas)

PRELIMINARY OFFICIAL STATEMENT
DATED: NOVEMBER 29, 2012

$1,585,000
UNLIMITED TAX ROAD BONDS
SERIES 2013

BIDS TO BE SUBMITTED: 11:00 A.M., DALLAS, TEXAS TIME
WEDNESDAY, DECEMBER 12, 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 NOVEMBER 29, 2012

This Preliminary Official Statement is subject to completion and amendment, as provided in the Official Notice of Sale, and is intended for the solicitation of initial bids to purchase the Bonds. Upon the sale of the Bonds, the Official Statement will be completed and delivered to the Underwriter (defined herein).

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, EXCEPT AS PROVIDED HEREIN, CORPORATIONS. SEE "TAX MATTERS" FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

The District will designate the Bonds as "qualified tax-exempt obligations" for financial institutions. See "QUALIFIED TAX-EXEMPT OBLIGATIONS."

NEW ISSUE - Book-Entry-Only

$1,585,000
LIVE OAK CREEK MUNICIPAL UTILITY DISTRICT NO. 1
OF TARRANT COUNTY
(A Political Subdivision of the State of Texas, located within Tarrant County)

UNLIMITED TAX ROAD BONDS, SERIES 2013

Interest accrues from: January 1, 2013 Due: September 1, as shown below

The $1,585,000 Live Oak Creek Municipal Utility District No. 1 of Tarrant County Unlimited Tax Road Bonds, Series 2013 (the "Bonds") are obligations of Live Oak Creek Municipal Utility District No. 1 of Tarrant County (the "District") and are not obligations of the State of Texas; Tarrant County, Texas; the City of Fort Worth; or any entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas; Tarrant County, Texas; the City of Fort Worth; nor any entity other than the District is pledged to the payment of the principal of or interest on the Bonds.

The Bonds will be initially registered and delivered only to Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Beneficial owners of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the nominees of such beneficial owners. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by The Bank of New York Mellon Trust Company, N.A, Dallas, Texas, or any successor Paying Agent/Registrar (the "Paying Agent/Registrar") directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds. See "THE BONDS – Book-Entry-Only System." Principal of the Bonds is payable to the Registered Owner(s) of the Bonds (the "Bondholder(s)") at the principal payment office of the Paying Agent/Registrar upon surrender of the Bonds for payment at maturity or upon prior redemption. Interest on the Bonds is payable on September 1, 2013, and each March 1 and September 1 thereafter to the person in whose name the Bonds are registered as of the 15th day of the calendar month next preceding each interest payment date (the "Record Date"). Unless otherwise agreed between the Paying Agent/Registrar and a Bondholder, such interest is payable by check mailed to such persons or by other means acceptable to such persons and the Paying Agent/Registrar. The Bonds are issuable in denominations of $5,000 or any integral multiple thereof in fully registered form only.

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	$ 40,000	____%	____%	2026(b)	$ 65,000	____%	____%
2015	40,000	____%	____%	2027(b)	65,000	____%	____%
2016	40,000	____%	____%	2028(b)	70,000	____%	____%
2017	45,000	____%	____%	2029(b)	75,000	____%	____%
2018	45,000	____%	____%	2030(b)	75,000	____%	____%
2019	50,000	____%	____%	2031(b)	80,000	____%	____%
2020	50,000	____%	____%	2032(b)	85,000	____%	____%
2021	50,000	____%	____%	2033(b)	90,000	____%	____%
2022(b)	55,000	____%	____%	2034(b)	90,000	____%	____%
2023(b)	55,000	____%	____%	2035(b)	95,000	____%	____%
2024(b)	60,000	____%	____%	2036(b)	100,000	____%	____%
2025(b)	60,000	____%	____%	2037(b)	105,000	____%	____%

(a) The initial reoffering yield has been provided by the Underwriter and represents the initial offering price to the public of a substantial amount of the Bonds for each maturity. Such initial reoffering yield may subsequently be changed. The initial reoffering yields indicated above represent the lower of the yields resulting when priced to maturity or to the first call date. Accrued interest from January 1, 2013 is to be added to the price.

(b) The Bonds maturing on September 1, 2022 and thereafter, are subject to redemption prior to maturity at the option of the District, as a whole or from to time in part, on September 1, 2021, or any date thereafter at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption. See "THE BONDS – Optional Redemption."

The Bonds constitute the first series of unlimited tax road bonds issued by the District for the purpose of constructing a road system to serve the District. Voters in the District have authorized a total of $22,000,000 principal amount of unlimited tax bonds for Roads. Additionally, the voters in the District have authorized a total of $52,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing a water, sewer and drainage system (the "System") to serve the District. Following the issuance of the Bonds, $20,415,000 principal amount of unlimited tax bonds for roads and $49,835,000 principal amount of unlimited tax bonds for the System will remain authorized and unissued. The Bonds, when issued, will constitute valid and binding obligations of the District, payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS - Source of Payment."

The Bonds are offered when, as and if issued by the District and accepted by the Underwriter, subject among other things to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Coats, Rose, Yale, Ryman & Lee, P.C., Dallas, Texas, Bond Counsel. The Bonds in definitive form are expected to be available for delivery in Dallas, Texas, on or about January 22, 2013. See "LEGAL MATTERS."

BIDS TO BE SUBMITTED: 11:00 A.M., DALLAS, TEXAS TIME
WEDNESDAY, DECEMBER 12, 2012

BIDS TO BE AWARDED: 12:00 NOON, DALLAS, TEXAS TIME
WEDNESDAY, DECEMBER 12, 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.

This Official Statement does not 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, resolutions, contracts, audits, 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 RBC Capital Markets, LLC, 1001 Fannin, 1200 First City Tower, Houston, Texas 77002, the Financial Advisor to the District.

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 that they will be realized. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described herein since the date hereof. 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, the other matters described in the Official Statement until delivery of the Bonds to the Underwriter, and thereafter only as specified in "SOURCES OF INFORMATION - Updating of Official Statement" and "CONTINUING DISCLOSURE."

TABLE OF CONTENTS

SALE AND DISTRIBUTION OF THE BONDS

Underwriting

After requesting competitive bids for the Bonds, the District has accepted the lowest bid, which was tendered by ____ (referred to herein as the "Underwriter"). The Underwriter has agreed to purchase the Bonds, bearing the interest rates on the cover page of this Official Statement, at a price of _____% of the principal amount thereof plus accrued interest to the date of delivery, which resulted in a net effective interest rate of _______%, calculated pursuant to Chapter 1204, Texas Government Code, as amended.

Prices and Marketability

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

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Underwriter 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 Underwriter regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the responsibility of the Underwriter.

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

Securities Laws

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

MUNICIPAL BOND INSURANCE AND RATING

An application has not been made for either a commitment to issue a policy of 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 had application been made.

OFFICIAL STATEMENT SUMMARY

The following material is a summary of certain information contained herein and is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Official Statement.

THE BONDS

The Issuer	Live Oak Creek Municipal Utility District No. 1 of Tarrant County (the "District"), a political subdivision of the State of Texas, is located approximately 14 miles west of downtown Fort Worth and wholly in the extraterritorial jurisdiction of the City of Fort Worth and within Tarrant County, Texas. See "THE DISTRICT."
The Issue	$1,585,000 Unlimited Tax Road Bonds, Series 2013 (the "Bonds"). Interest accrues from January 1, 2013, and the Bonds mature on September 1 in each of the years and in the amounts shown on the cover hereof. Interest is payable September 1, 2013, and on each March 1 and September 1 thereafter until maturity or prior redemption. Bonds maturing on or after September 1, 2022, 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, 2021, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – General," and "- Optional Redemption."
Authority for Issuance	The Bonds constitute the first series of unlimited tax road bonds issued by the District for the purpose of constructing a road system to serve the District and the second series of unlimited tax bonds issued by the District. Voters in the District have authorized a total of $22,000,000 principal amount of bonds for roads. Additionally, the voters in the District have authorized a total of $52,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing a water, sewer and drainage system (the "System") to serve the District. The District has previously issued its Unlimited Tax Bonds, Series 2011, in the original principal amount of $2,165,000 (the "Outstanding System Bonds"). Following the issuance of the Bonds, $20,415,000 principal amount of unlimited tax bonds for roads and $49,835,000 principal amount of unlimited tax bonds for the System will remain authorized and unissued. The Bonds, when issued, will constitute valid and binding obligations of the District, payable from the proceeds of an 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 Chapter 8139 of the Texas Special District Local Laws Code; Article III, Section 52 of the Texas Constitution; the Bond Order; an election held in the District on November 7, 2006; and Chapters 49 and 54 of the Texas Water Code. See "THE BONDS - Authority for Issuance, and - Issuance of Additional Debt."
Source of Payment	Principal of and interest on the Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against taxable property located within the District. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Tarrant County, the City of Fort Worth or any entity other than the District. See "THE BONDS – Source of Payment."

Principal Use of Proceeds	The proceeds of the Bonds will be used, in part, to redeem the $800,000 Bond Anticipation Note, Series 2012 (the "BAN"), the proceeds of which were used to reimburse the Developer (hereinafter defined) for a portion of the cost of certain road improvements within the District. Additionally, proceeds from the Bonds will be used to reimburse the Developer for a portion of the cost of certain road improvements within the District and to pay eighteen (18) months of capitalized interest on the Bonds and certain costs of issuance of the BAN and Bonds. See "THE BONDS – Use and Distribution of Bond Proceeds."
Qualified Tax-Exempt Obligations	The District will designate the Bonds as "qualified tax-exempt obligations" pursuant to section 265(b) of the Internal Revenue Code of 1986, as amended (the "Code"), and will represent that the total amount of tax-exempt bonds (including the Bonds) issued by the District during calendar year 2013 is not reasonably expected to exceed $10,000,000. See "QUALIFIED TAX-EXEMPT OBLIGATIONS."
Payment Record	The Bonds represent the second series of bonds issued by the District. The District has never defaulted on the timely payment of principal and interest on its Outstanding Bonds. The first eighteen (18) months of interest are being set aside from the proceeds of the Bonds. See "THE BONDS – Source of Payment."
Outstanding Bonds	The Bonds constitute the first series of unlimited tax road bonds issued by the District for the purpose of constructing a road system (the "Roads") to serve the District. The District has previously issued the Outstanding System Bonds for the purpose of acquiring or constructing a waterworks, wastewater and storm drainage system (the "System"). See "THE BONDS – Outstanding Bonds."
Legal Opinion	Coats, Rose, Yale, Ryman & Lee, P.C., Dallas, Texas, Bond Counsel. See "LEGAL MATTERS."
Disclosure Counsel	McCall, Parkhurst & Horton L.L.P., Dallas, Texas
Financial Advisor	RBC Capital Markets, LLC, Houston, Texas.

THE DISTRICT

Description	Live Oak Creek Municipal Utility District No. 1 of Tarrant County ("District"), a political subdivision of the State of Texas, is located in the extraterritorial jurisdiction of the City of Fort Worth in Tarrant County, approximately 14 miles west of the City of Fort Worth. The District is located in the White Settlement Independent School District. See "THE DISTRICT – General, and - Description."
Status of Development Within the District	The District contains approximately 260.061 acres. Land within the District has been developed as the single-family subdivision of Live Oak Creek, Phase 1 (92.263 acres and 237 single-family lots). As of November 1, 2012, the District consisted of 118 completed homes, 12 homes under construction and 107 vacant developed lots. In addition, the District contains approximately 164.450 undeveloped but developable acres and approximately 3.348 undevelopable acres. See "DEVELOPMENT WITHIN THE DISTRICT."

The Developer and Principal Landowner......	W/J Haywire I, LP, (the "Developer") a Texas limited partnership whose general partner is W/J Haywire I Management LLC, a Texas limited liability company, currently owns approximately 167.798 acres in the District.
Homebuilders Within the District..................	Homebuilders active in the District include Sandlin Custom Homes, Clarity Homes, and K. Hovnanian Homes. The homes being marketed in the District range in size from 1,900 square feet to 3,900 square feet and price from $180,000 to $310,000.

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)		$ 24,814,594
Estimated Valuation as of November 1, 2012 (100% of market value as of November 1, 2012)		$ 32,746,296 (a)
Direct Debt:		
The Outstanding System Bonds		$ 2,165,000
The Bonds		$ 1,585,000
Total		$ 3,750,000
Estimated Overlapping Debt		$ 2,580,337 (b)
Total Direct and Estimated Overlapping Debt		$ 6,330,337
Ratio of Direct Debt to……. 2012 Assessed Valuation ($24,814,594)		15.11 %
Estimated Valuation as of November 1, 2012 ($32,746,296)		11.45 %
Ratio of Direct and Estimated Overlapping Debt to…… 2012 Assessed Valuation ($24,814,594)		25.51 %
Estimated Valuation as of November 1, 2012 ($32,746,296)		19.33 %
System Debt Service Fund Balance (as of September 6, 2012)		$ 137,727 (c)
Road Debt Service Fund Balance (as of Delivery of the Bonds)		$ 106,988 (d)
System Capital Projects Fund Balance (as of September 6, 2012)		$ 36,715
Operating Fund Balance (as of September 6, 2012)		$ 276,115
2012 Tax Rate		
Debt Service	$0.64 (e)	
Maintenance & Operation	0.35	
Total		$0.99
Projected Average Annual Debt Service Requirements on the Bonds (2013-2037)		$ 106,801 (f)
Projected Maximum Annual Debt Service Requirements on the Bonds (2019)		$ 111,875 (f)
Tax Rate per $100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirements on the Bonds (2013-2037) at 95% Tax Collections		
Based Upon the 2012 Assessed Valuation ($24,814,594)		$0.46
Based Upon Estimated Valuation as of November 1, 2012 ($32,746,296)		$0.35
Tax Rate per $100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirements on the Bonds (2019) at 95% Tax Collections		
Based Upon the 2012 Assessed Valuation ($24,814,594)		$0.48
Based Upon Estimated Valuation as of November 1, 2012 ($32,746,296)		$0.36
Average Annual Debt Service Requirement on the Outstanding System Bonds (2013-2036)		$ 160,949
Maximum Annual Debt Service Requirement on the Outstanding System Bonds (2034)		$ 169,570

Tax Rate per $100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirement on the Outstanding System Bonds (2013-2036) at 95% Tax Collections		
Based Upon 2012 Assessed Valuation ($24,814,594)		$0.69
Based Upon Estimated Valuation at November 1, 2012 ($32,746,296)		$0.52
Tax Rate per $100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirement on the Outstanding System Bonds (2034) at 95% Tax Collections		
Based Upon 2012 Assessed Valuation ($24,814,594)		$0.72
Based Upon Estimated Valuation at November 1, 2012 ($32,746,296)		$0.55
Projected Average Annual Debt Service Requirements on the Bonds and the Outstanding System Bonds (2013-2037)	$	261,312
Projected Maximum Annual Debt Service Requirements on the Bonds and the Outstanding System Bonds (2032)	$	279,110
Tax Rate per $100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirements on the Bonds and the Outstanding System Bonds (2013-2037) at 95% Tax Collections		
Based Upon the 2012 Assessed Valuation ($24,814,594)		$1.11
Based Upon Estimated Valuation as of November 1, 2012 ($32,746,296)		$0.84
Tax Rate per $100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirements on the Bonds and the Outstanding System Bonds (2032) at 95% Tax Collections		
Based Upon the 2012 Assessed Valuation ($24,814,594)		$1.19
Based Upon Estimated Valuation as of November 1, 2012 ($32,746,296)		$0.90
Single-Family Homes (including 12 homes under construction) as of November 1, 2012		130

(a) Provided by the Appraisal District for informational purposes only, this amount is an estimate of the value of all taxable property located within the District as of November 1, 2012, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2012, through November 1, 2012. No taxes will be levied against this amount.

(b) See "DISTRICT DEBT – Estimated Overlapping Debt."

(c) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the Debt Service Fund. Gives effect to payment of all debt service due on Outstanding System Bonds in 2012. The funds in the System Debt Service Fund are pledged only to pay the debt service on the Outstanding System Bonds, and not the Bonds.

(d) This amount represents eighteen (18) months of capitalized interest on the Bonds which will be deposited upon closing of the Bonds. Additionally, accrued interest from January 1, 2013, to the date of delivery will be deposited to this fund upon closing of the Bonds.

(e) The District is authorized to levy separate debt service taxes for road debt and wastewater and sewer debt, both of which are unlimited as to rate or amount. See "THE BONDS – Authority for Issuance

(f) Debt service on the Bonds is estimated at an average interest rate of 4.50%. See "DISTRICT DEBT – Debt Service Requirements."

$1,585,000

LIVE OAK CREEK MUNICIPAL UTILITY DISTRICT NO. 1
UNLIMITED TAX ROAD BONDS, SERIES 2013

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Live Oak Creek Municipal Utility District No. 1 of Tarrant County (the "District"), of its $1,585,000 Unlimited Tax Road Bonds, Series 2013 (the "Bonds").

The Bonds are issued pursuant to (i) the Bond Order ("Bond Order") adopted by the Board of Directors of the District on the date of the sale of the Bonds, (ii) the Constitution and general laws of the State of Texas, particularly Chapters 49 and 54, Texas Water Code, as amended, and (iii) an election held within the District on November 7, 2006.

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

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

RISK FACTORS

General

The Bonds are obligations of the District and are NOT obligations of the State of Texas, Tarrant County, Texas, the City of Fort Worth, Texas, or any political subdivision other than the District. The Bonds are secured by an 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 the principal of and interest on the Bonds depends upon the ability of the District to collect from the property owners within the District taxes levied against all taxable property located within the District or, in the event taxes are not collected and foreclosure proceedings are instituted by the District, upon the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The District makes no representations that over the life of the Bonds the property within the District will maintain a value sufficient to justify continued payment of taxes by the property owners. The potential increase in taxable valuation of District property is directly related to the economics of the residential housing industry, not only due to general economic conditions, but also due to the particular factors discussed below.

Economic Factors Affecting Taxable Values and Tax Payments

The rate of development within the District is directly related to the vitality of the single-family housing in the Fort Worth metropolitan area, particularly in the price range ($180,000 - $310,000) of homes in the District. New single-family residential construction can be significantly affected by factors such as interest rates, construction costs, and consumer demand. Decreased levels of single-family residential construction would restrict the growth of property values in the District. Although 130 single-family homes are built or under construction, the District cannot predict the pace or magnitude of any future development in the District. See "DEVELOPMENT STATUS OF THE DISTRICT."

Principal Landowner's 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 Developer (defined herein under “THE DEVELOPER”) owns property, the assessed value of which comprised approximately 15.56% of the District’s total assessed valuation and the District's ten principal taxpayers in 2012 owned property located in the District, the aggregate assessed valuation of which comprised approximately 27.01% 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 meet its debt service requirements.

Recent Events in Real Estate Market: In the past few 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. Through the November 1, 2012 estimate of value, foreclosures and the subsequent reduction in home values have not had a significant effect in the District. However, the Tarrant and Dallas Counties 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 Tarrant and Dallas Counties area market and assessed values in the District.

Competition: The demand for and construction of taxable improvements in the District could be affected by competition from other developments near the District. In addition to competition for new single-family home sales from other developments, there are numerous previously-owned single-family homes in more established commercial centers and neighborhoods closer to Fort Worth 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 Developer will be implemented or, if implemented, will be successful.

Developer Under No Obligation to the District: The Developer has informed the District of its current plans to continue to develop land in the District for residential purposes. However, the Developer is not obligated to implement such plan on any particular schedule or at all. Thus, the furnishing of information related to the proposed development by the Developer should not be interpreted as such a commitment. The District makes no representation about the probability of development continuing in a timely manner or about the ability of the Developer, or any other subsequent landowners to whom a party may sell all or a portion of their holdings within the District, to implement any plan of development. Furthermore, there is no restriction on the Developer’s right to sell its land. The District can make no prediction as to the effects that current or future economic or governmental circumstances may have on any plans of the Developer. Failure to construct taxable improvements on developed lots and tracts and failure of the Developer to develop its land would restrict the rate of growth of taxable value in the District. The District is also dependent upon the Developer (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," "DEVELOPMENT STATUS OF THE DISTRICT," and "APPENDIX B – Financial Statements of W/J Haywire I, LP."

Maximum Impact on District Tax Rate: Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners to pay their taxes. The 2012 Assessed Valuation of property within the District (see "FINANCIAL STATEMENT"), is $24,814,594; and the Estimated Valuation as of November 1, 2012 is $32,746,296. After issuance of the Bonds, the projected maximum annual debt service requirement for the Bonds will be $111,875 (2019) and the projected average annual debt service requirement on the Bonds will be $106,801 (2013 through 2037, inclusive). Assuming no increase nor decrease from the 2012 Assessed Valuation, a tax rate of $0.48 per $100 assessed valuation at a 95% collection rate would be necessary to pay the projected maximum annual debt service requirement of the Bonds and a tax rate of $0.46 per $100 assessed valuation at a 95% collection rate would be necessary to pay the projected average annual debt service requirement of the Bonds (see "DISTRICT DEBT - Debt Service Requirements"). Assuming no increase to nor decrease from the Estimated Valuation as of November 1, 2012, tax rates of $0.36 and $0.35 per $100 of assessed valuation at a 95% tax collection rate would be necessary to pay the projected maximum annual debt service requirement and the projected average annual debt service requirement on the Bonds, respectively.

The maximum annual debt service requirement for the System Bonds will be $169,570 (2034) and the average annual debt service requirement on the System Bonds will be $160,949 (2013 through 2036, inclusive). Assuming no increase nor decrease from the 2012 Assessed Valuation, a tax rate of $0.72 per $100 assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement of the System Bonds and a tax rate of $0.69 per $100 assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement of the System Bonds (see "DISTRICT DEBT - Debt Service Requirements"). Assuming no increase to nor decrease from the Estimated Valuation as of November 1, 2012, tax rates of $0.55 and $0.52 per $100 of assessed valuation at a 95% tax collection rate would be necessary to pay the projected maximum annual debt service requirement and the projected average annual debt service requirement on the Bonds, respectively.

The maximum annual debt service requirement for the Bonds and the Outstanding System Bonds will be $279,110 (2032) and the average annual debt service requirement on the Bonds and the Outstanding System Bonds will be $261,312 (2013 through 2037, inclusive). Assuming no increase to nor decrease from the 2012 Assessed Valuation, a tax rate of $1.19 per $100 assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement of the Bonds and the Outstanding System Bonds and a tax rate of $1.11 per $100 assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement of the Bonds and the Outstanding System Bonds (see "DISTRICT DEBT - Debt Service Requirements"). Assuming no increase to nor decrease from the Estimated Valuation as of November 1, 2012, tax rates of $0.90 and $0.84 per $100 of assessed valuation at a 95% tax collection rate would be necessary to pay the projected maximum annual debt service requirement and the projected average annual debt service requirement on the Bonds, respectively. See "TAX DATA - Tax Rate Calculations."

Tax Collections and Foreclosure Remedies

The District's ability to make debt service payments may be adversely affected by difficulties in collecting 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 judicial foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time consuming and expensive collection procedures; (b) a bankruptcy court's stay of tax collection proceedings against a taxpayer; or (c) market conditions affecting the marketability of taxable property within the District and limiting the proceeds from a foreclosure sale of such property.

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

Registered Owners' Remedies

The Bond Order does not provide for the appointment of a trustee to represent the interests of the Bondholders upon any failure of the District to perform in accordance with the terms of the Bond Order, or upon any other condition. Furthermore, the Bond Order does not establish specific events of default with respect to the Bonds and, under State law, there is no right to the acceleration of maturity of the Bonds upon the failure of the District to observe any covenant under the Bond Order. Subject to the holdings of several recent Texas Supreme Court cases discussed below, a registered owner of Bonds could seek a judgment against the District if a default occurred in the payment of principal of or interest on any such Bonds; however, such judgment could not be satisfied by execution against any property of the District. A registered owner's only practical remedy, if a default occurs, is a mandamus or mandatory injunction proceeding to compel the District to levy, assess and collect an annual ad valorem tax sufficient to pay principal of and interest on the Bonds as it becomes due. The enforcement of any such remedy may be difficult and time consuming and a registered owner could be required to enforce such remedy on a periodic basis. In addition, the Texas Supreme Court recently ruled that a waiver of sovereign immunity must be provided for by statute in clear and unambiguous language and that certain statutory language previously relied upon by lower courts to support a finding that sovereign immunity had been waived did not constitute a clear and unambiguous waiver of sovereign immunity. (See, e.g., Tooke v. City of Mexia, 49 Tex. Sup. Ct. J. 819 (2006).) Neither the remedy of mandamus nor any other type of injunctive relief was considered in these recent Supreme Court cases; and, in general, Texas courts have held that a writ of mandamus may be issued to require a public official to perform ministerial acts that clearly pertain to their duties, such as a legal duty that leaves nothing to the exercise of discretion or judgment. Texas courts have also held that mandamus may be used to require a public official to perform legally-imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party, including the payment of monies due under a contract. The District is also eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bond holders of an entity which has sought protection under Chapter 9. Therefore, should the District avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bond Order and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors, including rights afforded to creditors under the Bankruptcy Code. See "THE BONDS - Registered Owners' Remedies."

Future Debt

Following the issuance of the Bonds, the District will have $20,415,000 authorized but unissued bonds for road improvements (the "Roads") and $49,835,000 authorized but unissued bonds for water, sanitary sewer and drainage purposes (the "System") to serve the District. The District reserves in the Bond Order the right to issue the remaining authorized but unissued bonds plus such additional bonds as may hereafter be authorized by voters in the District. In addition, the District has the right to issue obligations, other than the Bonds, including tax anticipation notes and bond anticipation notes, and to borrow money for any valid public purpose. The issuance of additional obligations may increase the District's tax rate and adversely affect the security for and the investment quality and value of the Bonds. Following the issuance of the Bonds, the District will owe the Developer approximately $3,900,000 for the existing water, sewer, and drainage construction and approximately $3,100,000 for the existing road infrastructure. See "DEVELOPMENT STATUS OF THE DISTRICT."

Based on present engineering cost estimates and on development plans supplied by the Developer, in the opinion of the District's consulting engineer, JBI Partners, Inc. (the "Engineer"), following the issuance of the Bonds, the remaining principal amount of authorized but unissued bonds will be sufficient to fully reimburse the Developer for the existing facilities and finance the water, sewer and drainage facilities and roads necessary to serve the remaining undeveloped but developable land within the District.

Bonds issued by the District for water, sewer and drainage facilities are subject to prior approval by the Texas Commission on Environmental Quality ("TCEQ"). Such agency has in place certain "economic feasibility rules" which for districts located in Tarrant County limit the amount of bonds which can be issued to an amount that can be amortized with a tax rate not exceeding $1.20 per $100 valuation, including all other obligations of the issuer secured by ad valorem taxes. Bonds to be issued by the District for roads currently are not subject to such "economic feasibility rules" but are subject to a "no growth tax rate limitation" of $2.50 per $100 valuation imposed by the Office of the Attorney General of Texas on the total tax rate for the District and any overlapping entities which levy taxes for water, sewer, drainage or roads. See "SELECTED FINANCIAL INFORMATION."

Competitive Nature of Fort Worth Residential Market

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

Future and Proposed Legislation

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The disclosures and opinions expressed herein are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and no opinion is expressed as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Marketability of the Bonds

The District has no understanding with the Underwriter 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 may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional issuers, since such bonds are more generally bought, sold and traded in the secondary market.

Continuing Compliance with Certain Covenants

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

Approval of the Bonds

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

THE BONDS

The following is a description of certain terms and conditions of the Bonds, which description is qualified in its entirety by reference to the order of the Board of Directors of the District (the "Board") authorizing the issuance of the Bonds (the "Bond Order"). A copy of the Bond Order may be obtained from the District upon request to Bond Counsel. The Bond Order authorizes the issuance and sale of the Bonds and prescribes the terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the District.

General

The $1,585,000 Live Oak Creek Municipal Utility District No. 1 of Tarrant County Unlimited Tax Road Bonds, Series 2013 (the "Bonds"), will mature on September 1 of the years and in principal amounts, and will bear interest from January 1, 2013, at the rates per annum, set forth on the cover page of this Official Statement. Interest on the Bonds will be payable September 1, 2013, and semiannually thereafter on each March 1 and September 1 until maturity or redemption. Bonds maturing on and after September 1, 2022, 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, 2021, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. If less than all the Bonds are redeemed at any time, the particular maturities and amounts of Bonds to be redeemed shall be selected by the District. If less than all of the Bonds of a particular maturity are redeemed, the Paying Agent/Registrar shall select the particular Bonds to be redeemed by such method of random selection as it deems fair and appropriate.

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

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

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

Book-Entry-Only System

This section describes how ownership of the Bonds is to be transferred and how the principal of 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 Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the *manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.*

DTC will act as securities depository for the securities (the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be required by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC. 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 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchase of each 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 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds in discontinued.

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

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

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

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

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

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to Issuer or Paying Agent/Registrar. 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 Order will be given only to DTC.

Registration, Transfer and Exchange

In the event the Book-Entry-Only System should be discontinued, the Bonds may be transferred and exchanged on the registration books of the 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 Bonds 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 the Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be cancelled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the 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 to the Paying Agent/Registrar, or receipt of satisfactory evidence of such destruction, loss or theft, and receipt by the District and the Paying Agent/Registrar of security or indemnity which they determine to be sufficient to hold them harmless. The District may require payment of taxes, governmental charges and other expenses in connection with any such replacement.

Authority for Issuance

The bonds authorized by the resident electors of the District, the amount of bonds issued and the remaining authorized but unissued bonds are as follows:

Election Date	Amount Authorized	Purpose	Amount Issued	Remaining Authorized But Unissued
November 7, 2006	$22,000,000	Roads	$1,585,000(a)	$20,415,000
November 7, 2006	$52,000,000	Water, Sewer & Drainage	$2,165,000	$49,835,000

(a) The Bonds.

The Bonds are issued pursuant to the Bond Order; an election held on November 7, 2006; Article III, Section 52 of the Texas Constitution; Chapters 49 and 54 of the Texas Water Code; and Chapter 8139 of the Texas Special District Local Laws Code.

Source of Payment

The Bonds are payable from the proceeds of an annual ad valorem tax levied without legal limitation as to rate or amount against taxable property located within the District. In the Bond Order, the District covenants to levy a sufficient tax to pay the principal of and interest on the Bonds, with full allowance being made for delinquencies and costs of collection. Collected taxes will be placed in the District's Debt Service Fund and used to pay principal of and interest on the Bonds and on any additional bonds payable from taxes which may hereafter be issued by the District.

Optional Redemption

Bonds maturing on and after September 1, 2022, shall be subject to redemption at the option of the District, in whole or from time to time in part, on September 1, 2021, or on any date thereafter, at the principal amount thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the bond register. If less than all of the Bonds are redeemed at any time, the maturities and amounts of the Bonds to be redeemed shall be selected by the District. If less than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds or portions thereof to be redeemed will be selected by the Paying Agent/Registrar prior to the redemption date by such method of random selection as the Paying Agent/Registrar deems fair and appropriate in integral multiples of $5,000 within any one maturity. The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present such Bond to the Paying Agent/Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

Consolidation

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

Defeasance

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

Upon such deposit as described above, such Bonds shall no longer be regarded to be 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. In the Bond Order, the District has specifically reserved the right to call the Bonds for redemption after the defeasance thereof.

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

Issuance of Additional Debt

Following the issuance of the Bonds, the District will have $20,415,000 authorized but unissued bonds for road improvements (the "Roads") and $49,835,000 authorized but unissued bonds for water, sanitary sewer and drainage purposes (the "System") to serve the District. The District reserves in the Bond Order the right to issue the remaining authorized but unissued bonds plus such additional bonds as may hereafter be authorized by voters in the District. In addition, the District has the right to issue obligations, other than the Bonds, including tax anticipation notes and bond anticipation notes, and to borrow money for any valid public purpose. The issuance of additional obligations may increase the District's tax rate and adversely affect the security for and the investment quality and value of the Bonds. Following the issuance of the Bonds, the District will owe the Developer approximately $3,900,000 for the existing water, sewer, drainage construction and approximately $3,100,000 for the existing road infrastructure. See "DEVELOPMENT STATUS OF THE DISTRICT."

Based on present engineering cost estimates and on development plans supplied by the Developer, in the opinion of the District's consulting engineer, JBI Partners, Inc. (the "Engineer"), following the issuance of the Bonds, the remaining principal amount of authorized but unissued bonds will be sufficient to fully reimburse the Developer for the existing facilities and finance the water, sewer and drainage facilities and roads necessary to serve the remaining undeveloped but developable land within the District.

Bonds issued by the District for water, sewer and drainage facilities are subject to prior approval by the Texas Commission on Environmental Quality ("TCEQ"). Such agency has in place certain "economic feasibility rules" which for districts located in Tarrant County limit the amount of bonds which can be issued to an amount that can be amortized with a tax rate not exceeding $1.20 per $100 valuation, including all other obligations of the issuer secured by ad valorem taxes. Bonds to be issued by the District for roads currently are not subject to such "economic feasibility rules" but are subject to a "no growth tax rate limitation" of $2.50 per $100 valuation imposed by the Office of the Attorney General of Texas on the total tax rate for the District and any overlapping entities which levy taxes for water, sewer, drainage or roads. See "SELECTED FINANCIAL INFORMATION."

Amendments to the Bond Order

The District may, without the consent of or notice to any Registered Owners, amend the Bond Order in any manner not detrimental to the interests of the Registered Owners, including the curing of any ambiguity, inconsistency or formal defect or omission therein. In addition, the District may, with the written consent of the Registered Owners of a majority in aggregate principal amount of the Bonds then outstanding affected thereby, amend, add to or rescind any of the provisions of the Bond Order, provided that, without the consent of the Registered Owners of all of the Bonds affected, and provided that it has not failed to make a timely payment of principal of or interest on the Bonds, no such amendment, addition or rescission may (1) change the date specified as the date on which the principal of or any installment of interest on any Bond is due and payable, reduce the principal amount thereof, the redemption price thereof, or the rate of interest thereon, change the place or places at, or the coin or currency in which any Bond or the interest thereon is payable, or in any other way modify the terms or sources of payment of the principal of or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) modify any of the provisions of the Bond Order relating to the amendment thereof, except to increase any percentage provided thereby or to provide that certain other provisions of the Bond Order cannot be modified or waived without the consent of the holder of each Bond affected thereby. In addition, a state, consistent with federal law, may, in the exercise of its police power, make such modifications in the terms and conditions of contractual covenants relating to the payment of indebtedness of a political subdivision as are reasonable and necessary for attainment of an important public purpose.

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

> of districts, public agencies, and bodies politic, to the extent of the market value of the bonds, notes, and other obligations when accompanied by any unmatured interest coupons attached to them."

The Public Funds Collateral Act (Chapter 2257, Texas Government Code) also provides that bonds of the District (including the Bonds) are eligible as collateral for public funds. Most political subdivisions in the State of Texas are required to adopt investment guidelines under the Public Funds Investment Act, Chapter 2256, Texas Government Code, and such political subdivisions may impose a requirement consistent with such act that the Bonds have a rating of not less than "A" or its equivalent to be legal investments for such entity's funds.

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.

Use and Distribution of Bond Proceeds

The proceeds of the Bonds will be used, in part, to redeem the $800,000 Bond Anticipation Note, Series 2012 (the "BAN"), the proceeds of which were used to reimburse the Developer (hereinafter defined) for a portion of the cost of certain road improvements within the District. Additionally, proceeds from the Bonds will be used to reimburse the Developer for a portion of the cost of certain road improvements within the District and to pay eighteen (18) months of capitalized interest on the Bonds and certain costs of issuance of the BAN and Bonds.

		Total Costs
CONSTRUCTION COSTS		
A.	Paving – Live Oak Creek, Phase 1	$1,270,000
	TOTAL CONSTRUCTION COSTS	$1,270,000
NON-CONSTRUCTION COSTS		
A.	Legal Fees	$ 47,550
B.	Fiscal Agent Fees	31,700
C.	Interest Costs	
	1. Capitalized Interest (18 months at 4.50%)	106,988
	2. BAN Interest (1 year at 3.50%)	28,000
D.	Bond Discount (3%)	47,550
E.	Bond Issuance Costs	25,627
F.	BAN Expenses	26,000
G.	Attorney General Fee	1,585
	TOTAL NON-CONSTRUCTION COSTS	$ 315,000
	TOTAL BOND ISSUE REQUIREMENT	**$1,585,000**

DISTRICT DEBT

General

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

2012 Taxable Assessed Valuation .... (100% of market value as of January 1, 2012)		$ 24,814,594
Estimated Valuation as of November 1, 2012 .... (100% of estimated market value as of November 1, 2012)		$ 32,746,296 (a)
Direct Debt:		
The Outstanding System Bonds		$ 2,165,000
The Bonds		$ 1,585,000
Total		$ 3,750,000
Estimated Overlapping Debt		$ 2,580,337 (b)
Total Direct and Estimated Overlapping Debt		$ 6,330,337
Ratio of Direct Debt to…….	2012 Assessed Valuation ($24,814,594).................................	15.11 %
	Estimated Valuation as of November 1, 2012 ($32,746,296) .	11.45 %
Ratio of Direct and Estimated Overlapping Debt to……	2012 Assessed Valuation ($24,814,594).................................	25.51 %
	Estimated Valuation as of November 1, 2012 ($32,746,296) .	19.33 %
System Debt Service Fund Balance (as of September 6, 2012)..		$ 137,727 (c)
Road Debt Service Fund Balance (at Delivery of the Bonds)..		$ 106,988 (d)
System Capital Projects Fund Balance (as of September 6, 2012)		$ 36,715
Operating Fund Balance (as of September 6, 2012)..		$ 276,115

(a) Provided by the Appraisal District for informational purposes only, this amount is an estimate of the value of all taxable property located within the District as of November 1, 2012, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2012, through November 1, 2012. No taxes will be levied against this amount.

(b) See "DISTRICT DEBT – Estimated Overlapping Debt."

(c) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the Debt Service Fund. Gives effect to payment of all debt service due on Outstanding System Bonds in 2012. The funds in the System Debt Service Fund are pledged only to pay the debt service on the Outstanding System Bonds, and not the Bonds.

(d) This amount represents eighteen (18) months of capitalized interest on the Bonds which will be deposited upon closing of the Bonds. Additionally, accrued interest from January 1, 2013, to the date of delivery will be deposited to this fund upon closing of the Bonds.

Estimated Overlapping Debt

The following table indicates the indebtedness, defined as outstanding bonds payable from ad valorem taxes, of governmental entities overlapping the District and the estimated percentages and amounts of such indebtedness attributable to property within the District. This information is based upon data secured from the individual jurisdictions and/or the Texas Municipal Reports prepared by the Municipal Advisory Council of Texas. Such figures do not indicate the tax burden levied by the applicable taxing jurisdictions for operation and maintenance or for other purposes.

Taxing Jurisdiction	Debt as of October 31, 2012	Percent	Overlapping Amount
Tarrant County	$ 317,725,000	0.02%	$ 63,238
Tarrant County College District	22,705,000	0.02	4,504
Tarrant County Hospital District	26,285,000	0.02	5,225
White Settlement ISD	168,902,009	1.48	2,507,371
Total Estimated Overlapping Debt			$2,580,337
The District (a)			$3,750,000
Total Direct & Estimated Overlapping Debt			$6,330,337

Debt Ratios

	2012 Assessed Valuation	Estimated Valuation as of November 1, 2012
Direct Debt	15.11%	11.45%
Total Direct & Estimated Overlapping Debt	25.51%	19.33%

(a) Includes the Bonds.

Pro-Forma Debt Service Requirements

The following schedule sets forth the current total debt service requirements of the District, assuming that the Bonds are issued at an interest rate of 4.50% per annum.

		Plus: -- The Bonds --			
Year Ending December 31	Outstanding System Bonds Debt Service	Principal	Interest	Total Road Bonds Debt Service	Total New Debt Service
2013	$ 106,398		$ 47,550	$ 47,550	$ 159,891
2014	156,398	$ 40,000	71,325	111,325	267,723
2015	154,398	40,000	69,525	109,525	263,923
2016	157,398	40,000	67,725	107,725	265,123
2017	155,198	45,000	65,925	110,925	266,123
2018	157,998	45,000	63,900	108,900	266,898
2019	160,598	50,000	61,875	111,875	272,473
2020	157,998	50,000	59,625	109,625	267,623
2021	160,235	50,000	57,375	107,375	267,610
2022	162,085	55,000	55,125	110,125	272,210
2023	163,710	55,000	52,650	107,650	271,360
2024	165,110	60,000	50,175	110,175	275,285
2025	166,073	60,000	47,475	107,475	273,548
2026	166,798	65,000	44,775	109,775	276,573
2027	167,048	65,000	41,850	106,850	273,898
2028	167,048	70,000	38,925	108,925	275,973
2029	166,798	75,000	35,775	110,775	277,573
2030	166,023	75,000	32,400	107,400	273,423
2031	164,985	80,000	29,025	109,025	274,010
2032	168,685	85,000	25,425	110,425	279,110
2033	166,860	90,000	21,600	111,600	278,460
2034	169,570	90,000	17,550	107,550	277,120
2035	166,740	95,000	13,500	108,500	275,240
2036	168,640	100,000	9,225	109,225	277,865
2037		105,000	4,725	109,725	109,725
Total	$3,862,785	$1,585,000	$1,085,025	$2,670,025	$6,532,810

Projected Average Annual Requirements on the Bonds (2013-2037)...................................... $ 106,801
Projected Maximum Requirement on the Bonds (2019).. $ 111,875

Projected Average Annual Requirement on the Outstanding System Bonds - (2013-2036)... $ 160,949
Projected Maximum Annual Requirement on the Outstanding System Bonds - (2034).. $ 169,570

Projected Average Annual Requirement on the Bonds and the Outstanding System Bonds - (2013-2037).. $ 261,312
Projected Maximum Annual Requirement on the Bonds and the Outstanding System Bonds - (2032)... $ 279,110

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in sufficient amount to pay the principal of and interest on the Bonds and any additional bonds payable from taxes which the District may hereafter issue, and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Order to levy such a tax from year to year as described more fully above under "THE BONDS - Source of Payment." Under Texas law, the Board may also levy and collect annual ad valorem taxes for the operation and maintenance of the District for the payment of certain contractual obligations. The District levied a debt service tax rate of $0.64 per $100 of assessed valuation and a maintenance and operations tax rate of $0.35 per $100 of assessed valuation representing a total tax rate of $0.99 per $100 of assessed valuation for the 2012 tax year. 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 responsibility for reviewing and equalizing the values established by the Appraisal District. The Tarrant Appraisal District (the "Appraisal District") has the responsibility of appraising property for all taxing units within Tarrant County, including the District. Such appraisal values will be subject to review and change by the Tarrant Appraisal Review Board (the "Appraisal Review Board"). The appraisal roll, as approved by the Appraisal Review Board, will be used by the District in establishing its tax rolls and tax rate.

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

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

Property Subject to Taxation by the District

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

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State to exempt up to twenty percent (20%) of the appraised market value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted by May 1. The District has never adopted a homestead exemption. See "TAX DATA - Exemptions."

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.

Goods-in-Transit Exemption: 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 properly 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. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law.

Tax Abatement

Tarrant County may designate all or part of the area within the District as a reinvestment zone. Thereafter, either Tarrant County or the District, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdiction. None of the area within the District has been designated as a reinvestment zone to date, and the District has not approved any such tax abatement agreements.

Valuation of Property for Taxation

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

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

Notice and Hearing Procedures

The Property Tax Code establishes procedures for providing notice and the opportunity for a hearing for taxpayers in the event of certain proposed tax increases and provides for taxpayers referenda which could result in the repeal of certain tax increases. The District is required to publish a notice of a public hearing regarding the tax rate proposed to be levied in the current year and comparing the proposed tax rate to the tax rate set in the preceding year. If the proposed combined debt service, operation and maintenance and contract tax rates imposes a tax more than 1.08 times the amount of tax imposed in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead, disregarding any homestead exemption available to the disabled or persons 65 years of age or older, the qualified voters of the taxing jurisdiction by petition of ten percent of the registered voters in the taxing jurisdiction may require that an election be held to determine whether to reduce the operation and maintenance tax to the rollback tax rate.

District and Taxpayer Remedies

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

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 date of delinquency may be postponed if the tax bills are mailed after January 10. A person over sixty-five (65) years of age is entitled by law to pay current taxes on his residential homestead in installments or to defer tax without penalty during the time he owns and occupies the property as his residential homestead. By September 1 of each year, or as soon thereafter as practicable, the rate of taxation is set by the Board of Directors of the District based on valuation of property within the District as of the preceding January 1.

Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the District. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances.

District's Rights in the Event of Tax Delinquencies

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

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property within two (2) years for residential and agricultural property and six (6) months for commercial property and all other types of property after the purchasers deed at the foreclosure sale is filed in the county records.

TAX DATA

General

Taxable property within the District is subject to the assessment, levy and collection by the District of an 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 Order 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 (i) not to exceed $1.00 per $100 of assessed valuation for operation and maintenance purposes and (ii) unlimited as to rate or amount (a) to pay debt service on wastewater and sewer bonds and (b) to pay debt service on road bonds. The Board levied a 2012 tax rate for operation and maintenance purposes of $0.35 per $100 of assessed valuation and a 2012 for debt service purposes of $0.64 per $100 of assessed valuation.

Tax Rate Limitation

Road Debt Service:	Unlimited (no legal limit as to rate or amount).
Water, Sewer and Drainage Debt Service:	Unlimited (no legal limit as to rate or amount).
Maintenance:	$1.00 per $100 Assessed Valuation.

Historical Tax Collections

The following table illustrates the collection history of the District from the 2009-2012 tax years:

Tax Year	Assessed Valuation	Tax Rate/ $100(a)	Adjusted Levy	Current Year	Tax Year Ending 9/30	As of September 30, 2012
2009	$ 8,839,276	$0.99	$ 87,509	98.65%	2010	100.00%
2010	12,474,687	0.99	123,499	99.99	2011	100.00
2011	18,902,882	0.99	187,139	99.99	2012	99.99
2012	24,814,594	0.99	245,664	(b)	2013	(b)

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

Tax Rate Distribution

	2012	2011	2010	2009
Debt Service	$0.64	$0.00	$0.00	$0.00
Maintenance and Operation	0.35	0.99	0.99	0.99
Total	$0.99	$0.99	$0.99	$0.99

Analysis of Tax Base

The following table illustrates the District's total taxable assessed value in the tax years 2010-2012 by type of property.

Type of Property	2012 Assessed Valuation	2011 Assessed Valuation	2010 Assessed Valuation
Real Property Residential	23,867,739	17,923,530	11,485,350
Real Property Commercial	989,128	989,128	989,128
Personal Property	-0-	-0-	-0-
Agricultural Property	15,080	15,080	15,080
Less: Exemptions	(57,353)	(24,856)	(14,871)
Total	$24,814,594	$18,902,882	$12,474,687

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
W/J Haywire I, LP (a)	Land and Improvements	$ 3,861,528
Clarity Homes Ltd. (b)	Land and Improvements	725,440
Speight Construction Ltd.	Land and Improvements	273,820
Homeowner	Land and Improvements	273,000
Homeowner	Land and Improvements	267,900
Homeowner	Land and Improvements	266,500
Homeowner	Land and Improvements	265,400
Homeowner	Land and Improvements	258,200
Homeowner	Land and Improvements	256,200
Homeowner	Land and Improvements	254,200
Total		$6,702,188
% of Respective Tax Roll		27.01%

(a) See "THE DEVELOPER."
(b) See "HOMEBUILDERS."

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 ($24,814,594); or alternatively, the Estimated Valuation as of November 1, 2012 ($32,746,296). The foregoing further assumes collection of 95% of taxes levied and the sale of no additional bonds:

Projected Average Annual Debt Service Requirements on the Bonds (2013-2037)..	$106,801
Tax Rate of $0.46 on the 2012 Assessed Valuation at 95% collection produces.......	$108,440
Tax Rate of $0.35 on the Estimated Valuation as of November 1, 2012 at 95% collection produces	$108,881
Projected Maximum Annual Debt Service Requirement on the Bonds (2019)..........	$111,875
Tax Rate of $0.48 on the 2012 Assessed Valuation at 95% collection produces.......	$113,155
Tax Rate of $0.36 on the Estimated Valuation as of November 1, 2012 at 95% collection produces	$111,992
Average Annual Debt Service Requirements on the Outstanding System Bonds (2013-2036)........	$160,949
Tax Rate of $0.69 on the 2012 Assessed Valuation at 95% collection produces.......	$162,660
Tax Rate of $0.52 on the Estimated Valuation as of November 1, 2012 at 95% collection produces	$161,767
Maximum Annual Debt Service Requirement on the Outstanding System Bonds (2034)	$169,570
Tax Rate of $0.72 on the 2012 Assessed Valuation at 95% collection produces.......	$169,732
Tax Rate of $0.55 on the Estimated Valuation as of November 1, 2012 at 95% collection produces	$171,099
Projected Average Annual Debt Service Requirements on the Bonds and Outstanding System Bonds (2013-2036)........	$261,312
Tax Rate of $1.11 on the 2012 Assessed Valuation at 95% collection produces.......	$261,670
Tax Rate of $0.84 on the Estimated Valuation as of November 1, 2012 at 95% collection produces	$264,426
Projected Maximum Annual Debt Service Requirements on the Bonds and Outstanding System Bonds (2032)	$279,110
Tax Rate of $1.19 on the 2012 Assessed Valuation at 95% collection produces.......	$280,529
Tax Rate of $0.90 on the Estimated Valuation as of November 1, 2012 at 95% collection produces	$279,981

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

Set forth below is a compilation of all 2012 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	2012 Tax Rate/ Per $100 of A.V.
The District	0.990000
White Settlement Independent School District	1.540000
Tarrant County	0.264000
Tarrant County College District	0.148970
Tarrant County Hospital	0.227897
Tarrant County Emergency Service District No. 1	0.064000
Estimated Total Tax Rate	$3.234867

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 and Article III, Section 52 of the Texas Constitution. The District was created by Special Act of the Texas Legislature, House Bill No. 3530, passed in May 2005. The District was originally named City of Fort Worth Municipal Utility District No. 2 of Tarrant County in the Special Act. The District's name was changed to Live Oak Creek Municipal Utility District No. 1 of Tarrant County by Order issued by the Texas Commission on Environmental Quality on June 13, 2007. 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. In addition, the District is authorized to purchase, construct, operate and maintain roads. The District is also authorized 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; the control and diversion of storm water. The District may also provide solid waste collection and disposal service and operate and maintain recreational facilities. The District may operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, if approved by the voters and the TCEQ. The District does not operate and/or maintain a fire department. The District is subject to the continuing supervision of the TCEQ.

Description

Live Oak Creek Municipal Utility District No. 1 of Tarrant County (the "District"), a political subdivision of the State of Texas, is located in the extraterritorial jurisdiction of the City of Fort Worth in Tarrant County, approximately 14 miles west of the City of Fort Worth. The District is located in the White Settlement Independent School District. The District contains approximately 260.061 acres.

Management of the District

The District is governed by a board of five directors which has control and management supervision over all affairs of the District. None of the present members of the Board reside within the District, but all own real property located within the boundaries of the District. Directors are elected in even-numbered years for four-year staggered terms. The present members and officers of the Board are listed below:

Name	Position	Term Expires May
Neal Morris	President	2014
Amy May	Vice President	2014
Brannon Hamblen	Secretary	2014
Nathan Golik	Assistant Secretary	2016
William R. Miller	Assistant Secretary	2016

The District employs the following companies and individuals to operate its utilities and recreational facilities:

Tax Assessor/Collector – The District's Tax Assessor/Collector is the Tarrant County Tax Office.

Bookkeeper – The District contracts with Cindy Schmidt for bookkeeping services. Ms. Schmidt presently serves as bookkeeper to approximately 55 utility districts.

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 February 29, 2012, is included as "APPENDIX A" to this Official Statement.

Engineer – The consulting engineer retained by the District in connection with the design and construction of the District’s facilities is JBI Partners, Inc. (the "Engineer").

Legal Counsel – The District employs Coats, Rose, Yale, Ryman & Lee, P.C. as Bond Counsel in connection with the issuance of the Bonds. The legal fees to be paid 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 on the sale and delivery of the Bonds. Coats, Rose, Yale, Ryman & Lee, P.C. also acts as general counsel for the District.

Financial Advisor – The District has employed the firm of RBC Capital Markets, LLC as Financial Advisor to the District. Payment to the Financial Advisor by the District is contingent upon the issuance, sale and delivery of the Bonds.

DEVELOPMENT STATUS OF THE DISTRICT

The District contains approximately 260.061 acres. Land within the District has been developed as the single-family subdivisions of Live Oak Creek, Phase 1 (aggregating 92.263 acres and 237 single-family lots). As of November 1, 2012, the District consisted of 118 completed homes, 12 homes under construction and 107 vacant developed lots. In addition, the District contains approximately 164.450 undeveloped but developable acres and approximately 3.348 undevelopable acres. See "DEVELOPMENT WITHIN THE DISTRICT."

			Homes		Vacant
	Acreage	Lots	Completed	Under Construction	Developed Lots
Phase 1	92.263	237	118	12	107
Total	92.263(a)	237	118	12	107
Remaining Undeveloped but Developable Acres	164.450				
Undevelopable Acres	3.348				
Total	260.061				

(a) Includes approximately 17 acres of undevelopable land dedicated for irrigation and recreational purposes.

Live Oak Creek is an approximately 260 acre master-planned community located 14 miles west of downtown Fort Worth. Live Oak Creek is bounded by White Settlement on the south and undeveloped property on the north, east and west.

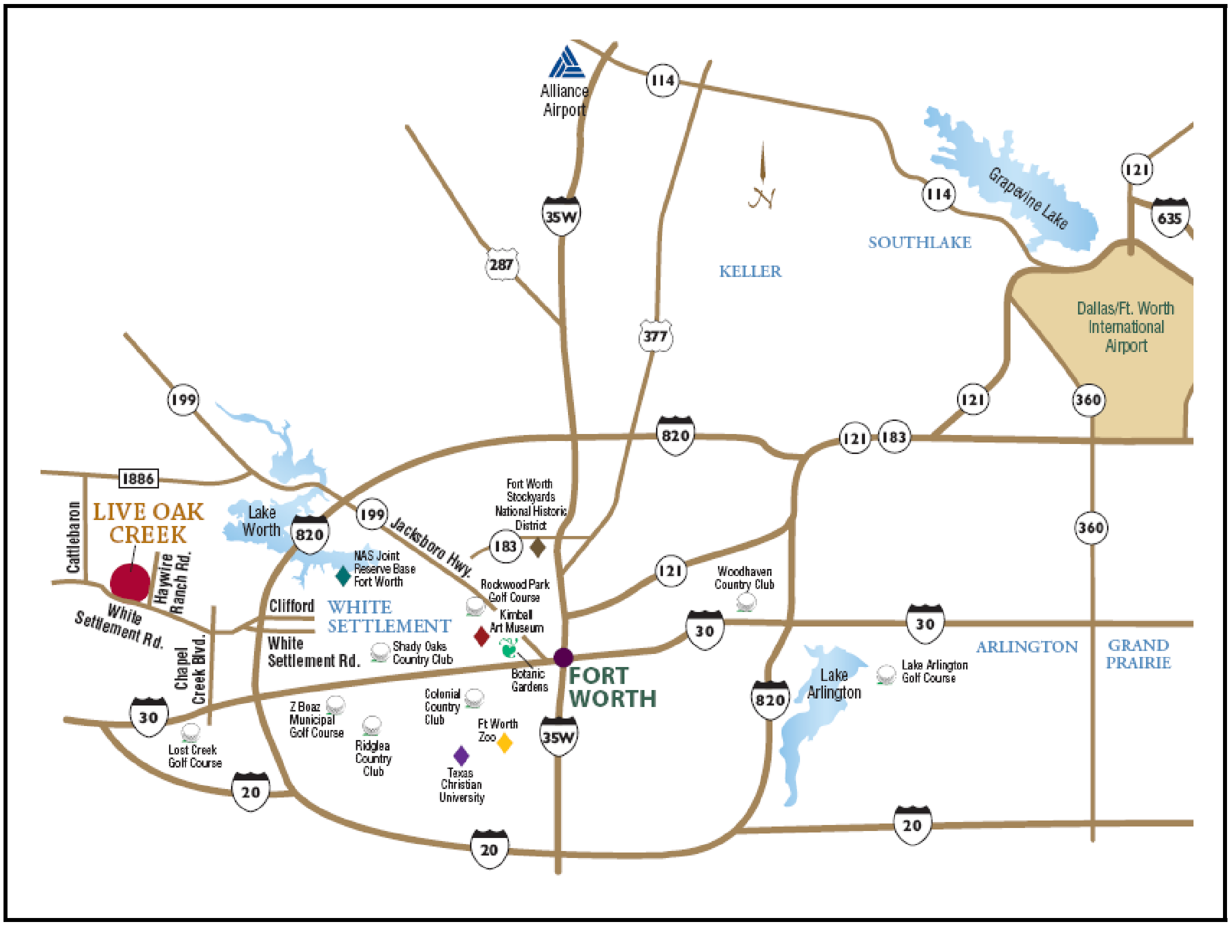
HOMEBUILDERS

Homebuilders active in the District include Sandlin Custom Homes, Clarity Homes, and K. Hovnanian Homes. The homes being marketed in the District range in size from 1,800 square feet to 3,900 square feet and price from $180,000 to $310,000. Homebuilding began in Live Oak Creek in late 2008 and approximately 21 homes were constructed during 2009, approximately 30 homes were constructed during 2010, approximately 35 homes were constructed during 2011 and approximately 32 homes have been constructed during the first ten months of 2012.

PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(December, 2012)

PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(December, 2012)

LOCATION MAP



THE DEVELOPER

The Role of a Developer

In general, the activities of a developer in a municipal utility district, such as the District, include the following: acquiring the land within the district; designing the subdivision, the utilities and streets to be constructed in the subdivision, and 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; and selling improved lots and commercial reserves to builders and other developers or other third parties. Pursuant to the rules of the TCEQ, a developer can be required to pay up to 30% of the cost of constructing certain water, wastewater and drainage facilities in a municipal utility district. The relative success or failure of a developer to perform such activities in the development of property within a municipal utility district may have a profound effect on the security of the bonds issued by a district. A developer is generally under no obligation to a municipal utility district to develop the property that it owns in a district. Furthermore, there is no restriction on a developer's right to sell any or all of the land that the developer owns within a municipal utility district.

The Developer and Principal Landowner

W/J Haywire I, LP (the "Developer") is a Texas limited partnership whose general partner is W/J Haywire I Management, LLC, a Texas limited liability company and the limited partners are WAFRA Realty Management, LLC and CJI Haywire I Investments, LLC. The Developer currently owns approximately 167.798 acres in the District. These entities are all primarily controlled by Wynne/Jackson, Inc.

Wynne/Jackson, Inc. is a real estate development firm headquartered in Dallas, Texas, and has operated on a regional basis throughout Texas and adjoining states. The principals have developed properties worth in excess of $1 billion and have provided asset and property management, leasing, marketing, and consulting services on over $1.5 billion of real estate developments and projects and over 10,000 residential lots. Recent development activities in the Dallas/Fort Worth and Houston areas include the following projects: Live Oak Creek, The Tribute, Waterford, Grand Peninsula, Country Lakes, and South Shore Harbour.

The District cautions that the foregoing development experience was gained in different markets and under different circumstances than exist today, and the prior success of the Developer is no indication or guarantee that the Developer will be successful in the development of land within the District.

Development Financing

W/J Haywire I, LP has a $5,550,000 loan from Texas Capital Bank. Such loan bears interest at five and a half percent (5.50%) and matures on December 31, 2012. The loan is secured by a land owned by the Developer within the District. The outstanding balance on the loan is $4,757,478 as of November 1, 2012. According to the Developer, the Developer is currently in negotiations with Texas Capital Bank to extend the loan and is in compliance with all material conditions of the loan.

The Developer is a minimally capitalized entity, whose primary asset is the real estate project located within the District. Currently, the means by which the Developer expects to make timely payment of its ad valorem taxes to the District and other overlapping taxing jurisdictions are (i) advances made to the Developer by its investor limited partner, or (ii) proceeds from the sale of undeveloped tracts or developed lots within the District.

Lot Sales Contracts

The Developer has entered into Lot Sales Contracts with Sandlin Homes, Clarity Homes and K. Hovnanian Homes. Currently, Clarity Homes is contracted to purchase 43 lots and, according to the Developer, is behind on its contractual takedown obligations but are continuing to purchase lots. Under the terms of the contract, Clarity

Homes was required to deposit $52,000 in earnest money with the Developer. The Developer has chosen not to exercise its right to terminate its contract with Clarity Homes. Currently, Sandlin Homes is contracted to purchase 29 lots and, according to the Developer, is behind on its contractual takedown obligations, but are continuing to purchase lots. Under the terms of the contract, Sandlin Homes was required to deposit $72,000 in earnest money with the Developer. The Developer has chosen not to exercise its right to terminate its contract with Sandlin Homes. K. Hovnanian Homes has fulfilled its obligation under its lot sales contract.

THE SYSTEM

General

The road improvements, the purchase, acquisition and construction of which will be 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. According to JBI Partners, Inc. (the "Engineer"), the design of the road improvements has been approved by all governmental agencies, which have jurisdiction over the District.

Description of the System

- Roads -

Construction of the road improvements within the boundaries of the District has been financed with funds advanced by the Developer. The roads within the District vary in width in accordance with standards adopted by Tarrant County, but are sized to accommodate the anticipated traffic demands of full build-out of the property within the District.

- Water Supply and Distribution -

The District's water supply is provided by the City of Fort Worth (the "City"). The City holds a Certificate of Convenience and Necessity ("CCN") issued by the TCEQ to provide retail water service. The City has contracted to provide water service to the District. According to the District's Engineer, the City has sufficient capacity to supply water to the District at the projected full development of 637 ESFCs.

- Wastewater Treatment and Conveyance System -

The District's wastewater service is provided by the City. The District has contracted with the City for wastewater service to the District. The District's wastewater ultimately flows to the Village Creek Wastewater Treatment Plant (the "WWTP"), which is owned and operated by the City. According to the District's Engineer, the City has sufficient capacity in the WWTP to serve the District at the projected full development of 637 ESFCs.

- Drainage -

Stormwater runoff within the District drains through a storm sewer system consisting of inlets and storm sewer piping which eventually discharges into Live Oak Creek.

LEGAL MATTERS

Legal Opinions

Issuance of the Bonds is subject to the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and binding obligations of the District payable from an annual ad valorem tax levied without limit as to rate or amount upon all taxable property within the District. Issuance of the Bonds is also subject to the legal opinion of Bond Counsel that, based upon examination of the transcript of the proceedings incident to authorization and issuance of the Bonds, the Bonds are valid and legally binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity, and are payable from annual ad valorem taxes, which are not limited by applicable law in rate or amount, levied against all property within the District which is not exempt from taxation by or under applicable law. The legal opinion will further state that the interest on the Bonds is excludable from gross income for federal income tax purposes under existing statutes, regulations, published rulings and court decisions as described below under "TAX EXEMPTION." The legal opinion of Bond Counsel will be printed on the Bonds, if certificated Bonds are issued. Such opinions will express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds.

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

No-Litigation Certificate

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

No Material Adverse Change

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

TAX EXEMPTION

Delivery of the Bonds is subject to an opinion of Coats, Rose, Yale, Ryman & Lee, P.C., Bond Counsel, to the effect that, assuming continuing compliance by the District with the provisions of the Bond Order subsequent to the issuance of the Bonds, interest on the Bonds (1) will be excludable from the gross income, as defined in Section 61 of the Code, of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code as amended to the date of issuance of the Bonds, existing regulations, published rulings, and court decisions thereunder, and (2) will not be included in the alternative minimum taxable income of individuals or, corporations. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

In rendering such opinion, Bond Counsel will rely upon representations and certifications of the District made in a certificate pertaining to the use, expenditure, and investment of the proceeds of the Bonds and certain other funds and will assume continuing compliance by the District with certain covenants in the Bond Order subsequent to the issuance of the Bonds. Failure to comply with any of these covenants would cause interest on the Bonds to be includable in the gross income of the owners thereof from the date of issuance of the Bonds.

Bond Counsel's opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law to the extent deemed relevant to render such opinions and the representations and covenants referenced above. The Service has an ongoing audit program to determine whether interest on selected state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to the likelihood that the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service is likely to treat the District as the "taxpayer," and the owners would have no right to participate in the audit process.

In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the District may have different or conflicting interests from the owners. 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 its ultimate outcome.

Except as described above, Bond Counsel will express no opinion with respect to any other federal, state or local tax consequences under present law or proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, "S" corporations with "subchapter C" earnings and profits, certain foreign corporations doing business in the United States, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry (or who have paid or incurred certain expenses allocable to) tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT AND PREMIUM

The initial public offering price (as furnished by the Underwriter) of certain Bonds (the "Discount Bonds"), may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount, allocable to the holding period of such Discount Bond by the initial purchaser, will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes on the same terms and conditions as those for other interest on the Bonds described above under "TAX EXEMPTION." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will result in an amount of interest different from the amount of the payment denominated as interest actually received by the initial purchaser during his taxable year.

However, such interest may be required to be taken into account in determining the alternative minimum taxable income of a corporation, for purposes of calculating a corporation's alternative minimum tax imposed by Sections 55 of the Code, and the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond prior to maturity, the amount realized by such owner in excess of the basis of such 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 Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination for federal income tax purposes of accrued interest upon disposition of Discount Bonds and with respect to the state and local tax consequences of owning Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain of the Bonds (the "Premium Bonds"), may be greater than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bond. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser may be reduced each year by the amortizable bond premium. Such reduction in basis will increase the amount of any gain or decrease the amount of any loss to be recognized for federal income tax purposes upon the sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the state and local tax consequences of owning Premium Bonds.

QUALIFIED TAX-EXEMPT OBLIGATIONS

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

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

CONTINUING DISCLOSURE

The offering of the Bonds qualifies for the Rule 15c2-12(d)(2) exemption from Rule 15c2-12(b)(5) of the United States Securities and Exchange Commission (the "SEC") regarding the District's continuing disclosure obligations because the District does not have more than $10,000,000 in aggregate amount of bonds outstanding 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 Order, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as 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 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 MSRB.

The financial information and operating data which will be provided with respect to the District is found in the "APPENDIX A - Financial Statements of the District." The District will update and provide this information via EMMA within six months after the end of each of its fiscal years ending in or after February 28, 2013. Any information so provided shall be prepared in accordance with generally accepted auditing standards or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six month period, and audited financial statements when the audit report becomes available.

The District's current fiscal year end is February 28. Accordingly, it must provide updated information by August 31 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Notice of Certain Events

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 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 SEC Rule 15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; 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 Order 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 certain 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 District has complied with its prior continuing disclosure agreement in accordance with SEC Rule 15c2-12.

SOURCES OF INFORMATION

General

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

Experts

Bond Counsel has reviewed the information appearing in this Official Statement under the captions "THE BONDS," "TAXING PROCEDURES," "THE DISTRICT - General," "LEGAL MATTERS - Legal Opinions," "TAX EXEMPTION," "TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT AND PREMIUM," "QUALIFIED TAX-EXEMPT OBLIGATIONS," and "CONTINUING DISCLOSURE." Bond Counsel has reviewed the information under the aforementioned sections solely to determine whether such information fairly summarizes the law or documents referred to in such sections. Bond Counsel has not independently verified other factual information contained in this Official Statement nor conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon the limited participation of such firm as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of any of the other information contained herein.

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

The information contained in this Official Statement relating to development and the status of development within the District generally and, in particular, the information in the section captioned "THE DEVELOPER" and "DEVELOPMENT STATUS OF THE DISTRICT" has been provided by the Developer and has been included herein in reliance upon their authority and knowledge of such party concerning the matters described therein.

The information contained in this Official Statement relating to the District’s financial statements, in particular, the information in APPENDIX A, has been provided by the Auditor and has been included herein in reliance upon their authority and knowledge of such party concerning the matters described therein.

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

Updating of Official Statement

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

Official Statement "Deemed Final"

For purposes of compliance with Rule 15c2-12 of the SEC, 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 SEC Rule 15c2-12.

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, the information, statements and descriptions pertaining to the District and its affairs herein contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The information, descriptions and statements concerning entities other than the District, including particularly other governmental entities, have been obtained from sources believed to be reliable, but the District has made no independent investigation or verification of such matters and makes no representation as to the accuracy or completeness thereof.

Concluding Statement

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

This Official Statement was approved by the Board of Directors of Live Oak Creek Municipal Utility District No. 1 of Tarrant County as of the date shown on the first page hereof.

/s/ ______________________________

Neal Morris
President, Board of Directors
Live Oak Creek Municipal Utility District No. 1
of Tarrant County

ATTEST:

/s/ ______________________________

Brannon Hamblen
Secretary, Board of Directors
Live Oak Creek Municipal Utility District No. 1
of Tarrant County

APPENDIX A

FINANCIAL STATEMENTS OF THE DISTRICT

LIVE OAK CREEK MUNICIPAL UTILITY DISTRICT NO. 1 OF TARRANT COUNTY

TARRANT COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FEBRUARY 29, 2012

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

LIVE OAK CREEK MUNICIPAL UTILITY DISTRICT NO. 1 OF TARRANT COUNTY

TARRANT COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FEBRUARY 29, 2012

TABLE OF CONTENTS

McCALL GIBSON SWEDLUND BARFOOT PLLC

Certified Public Accountants

13100 Wortham Center Drive
Suite 235
Houston, Texas 77065-5610
(713) 462-0341
Fax (713) 462-2708
E-Mail: mgsb@mgsbpllc.com

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

Board of Directors
Live Oak Creek Municipal Utility
District No. 1 of Tarrant County
Tarrant County, Texas

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities and each major fund of Live Oak Creek Municipal Utility District No. 1 of Tarrant County (the "District"), as of and for the year ended February 29, 2012, 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 opinions 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 opinions.

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 February 29, 2012, 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.

Board of Directors
Live Oak Creek Municipal Utility
District No. 1 of Tarrant County

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 7 and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund on page 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants

July 12, 2012

LIVE OAK CREEK MUNICIPAL UTILITY DISTRICT NO. 1 OF TARRANT COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED FEBRUARY 29, 2012

Our discussion and analysis of Live Oak Creek Municipal Utility District No. 1 of Tarrant County's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended February 29, 2012. Please read it in conjunction with the District's financial statements, which begin on page 8.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The first of the government-wide statements is the Statement of Net Assets. This information is found in the Statement of Net Assets column on pages 8 and 9. The Statement of Net Assets is the District-wide statement of its financial position presenting information that includes all of the District's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The government-wide portion of the Statement of Activities on pages 11 and 12 reports how the District's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, maintenance tax revenues, costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

FUND FINANCIAL STATEMENTS (Continued)

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

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets on page 10 and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities on page 13 explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 14 through 27 in this report.

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets by $3,976,514 as of February 29, 2012.

A portion of the District's net assets reflects its investments in capital assets (e.g. drainage and road facilities), less any debt used to acquire those assets that is still outstanding.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Assets		
	2012	2011	Change Positive (Negative)
Current and Other Assets	$ 844,631	$ 180,152	$ 664,479
Capital Assets (Net of Accumulated Depreciation)	3,153,865	3,229,891	(76,026)
Total Assets	$ 3,998,496	$ 3,410,043	$ 588,453
Due to Developer	$ 5,773,983	$ 5,773,983	$
Long-Term Liabilities	2,165,000		(2,165,000)
Other Liabilities	36,027	1,616,515	1,580,488
Total Liabilities	$ 7,975,010	$ 7,390,498	$ (584,512)
Net Assets:			
Invested in Capital Assets, Net of Related Debt	$ (4,615,884)	$ (2,544,092)	$ (2,071,792)
Restricted	186,330	(1,604,275)	1,790,605
Unrestricted	453,040	167,912	285,128
Total Net Assets	$ (3,976,514)	$ (3,980,455)	$ 3,941

The following table provides a summary of the District's operations for the years ending February 29, 2012, and February 28, 2011. The District's net assets increased by $3,941.

	Summary of Changes in the Statement of Activities		
	2012	2011	Change Positive (Negative)
Revenues:			
Property Taxes	$ 187,363	$ 129,432	$ 57,931
Other Revenues	329	71	258
Total Revenues	$ 187,692	$ 129,503	$ 58,189
Expenses for Services	183,751	176,798	(6,953)
Change in Net Assets	$ 3,941	$ (47,295)	$ 51,236
Net Assets, Beginning of Year	(3,980,455)	(3,933,160)	(47,295)
Net Assets, End of Year	$ (3,976,514)	$ (3,980,455)	$ 3,941

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of February 29, 2012, was $625,351, an increase of $2,061,716 from the prior year.

The General Fund fund balance increased by $139,681, primarily due to property tax revenues being greater than operating costs.

The Debt Service Fund fund balance increased by $212,929, primarily due to the receipt of bond proceeds from the issuance of long-term debt.

The Capital Projects Fund fund balance increased by $1,709,106, primarily due to bond proceeds from issuing long-term debt eliminating the liability for the Series 2011 Bond Anticipation Note.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current fiscal year. Actual revenues were $69,876 more than budgeted. Actual expenditures were $12,758 more than budgeted. See the budget to actual comparison on page 29.

CAPITAL ASSETS

The District's investment in capital assets as of February 29, 2012, amounts to $3,153,865. This investment in capital assets includes drainage and road facilities which the District will be responsible for maintaining.

Capital Assets At Year-End, Net of Accumulated Depreciation	
Capital Assets Subject to Depreciation:	
Drainage Facilities	$ 1,432,586
Road Facilities	1,721,279
Total Net Capital Assets	$ 3,153,865

Additional information on the District's capital assets can be found in Note 6 of this report.

The District is located within the extraterritorial jurisdiction of the City of Fort Worth, Texas (the "City"). In accordance with a Utility Agreement with the City, all water and wastewater facilities are conveyed to the City once constructed and placed in service. The City operates the facilities and is responsible for the maintenance.

LONG-TERM DEBT ACTIVITY

As of February 29, 2012, the District had total bond debt payable of $2,165,000. The changes in the debt position of the District during the year ended February 29, 2012, are summarized as follows:

Bond Debt Payable March 1, 2011	$ -0-
Add: Bonds Issued	2,165,000
Bond Debt Payable, February 29, 2012	$ 2,165,000

The Series 2011 Bonds do not carry an insured rating.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Live Oak Creek Municipal Utility District No. 1 of Tarrant County, c/o Coats, Rose, Yale, Ryman & Lee, P.C., 5420 LBJ Freeway, Suite 1300, Dallas, Texas 75240.

LIVE OAK CREEK MUNICIPAL UTILITY DISTRICT NO. 1 OF TARRANT COUNTY
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS BALANCE SHEET
FEBRUARY 29, 2012

	General Fund	Debt Service Fund
ASSETS		
Cash, Note 5	$ 310,716	$ 5,392
Investments, Note 5		185,000
Cash with Fiscal Agent		26,599
Receivables:		
Property Taxes	2,551	
Accrued Interest		76
Due from Other Funds, Note 13	2,165	
Unamortized Bond Issuance Costs		
Unamortized Bond Discount		
Capital Assets (Net of Accumulated Depreciation), Note 6		
TOTAL ASSETS	$ 315,432	$ 217,067
LIABILITIES		
Accounts Payable	$ 5,290	$
Accrued Interest Payable		
Due to Developer, Note 10		
Due to Other Funds, Note 13		
Deferred Property Tax Revenue	2,551	
Accrued Interest at Time of Sale		4,138
Long Term Liabilities Due After One Year, Note 3		
TOTAL LIABILITIES	$ 7,841	$ 4,138
FUND BALANCES/NET ASSETS		
FUND BALANCES		
Restricted for Construction	$	$
Restricted for Debt Service		212,929
Unassigned	307,591	
TOTAL FUND BALANCES	$ 307,591	$ 212,929
TOTAL LIABILITIES AND FUND BALANCES	$ 315,432	$ 217,067
NET ASSETS		
Invested in Capital Assets, Net of Related Debt		
Restricted for Debt Service		
Unrestricted		
TOTAL NET ASSETS		

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

	Capital Projects Fund	Total	Adjustments	Statement of Net Assets
	$ 106,996	$ 423,104	$	$ 423,104
		185,000		185,000
		26,599		26,599
		2,551		2,551
		76		76
		2,165	(2,165)	
			142,898	142,898
			64,403	64,403
			3,153,865	3,153,865
	$ 106,996	$ 639,495	$ 3,359,001	$ 3,998,496
	$	$ 5,290	$	$ 5,290
			26,599	26,599
			5,773,983	5,773,983
	2,165	2,165	(2,165)	
		2,551	(2,551)	
		4,138		4,138
			2,165,000	2,165,000
	$ 2,165	$ 14,144	$ 7,960,866	$ 7,975,010
	$ 104,831	$ 104,831	$ (104,831)	$
		212,929	(212,929)	
		307,591	(307,591)	
	$ 104,831	$ 625,351	$ (625,351)	$ -0-
	$ 106,996	$ 639,495		
			$ (4,615,884)	$ (4,615,884)
			186,330	186,330
			453,040	453,040
			$ (3,976,514)	$ (3,976,514)

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

LIVE OAK CREEK MUNICIPAL UTILITY DISTRICT NO. 1 OF TARRANT COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS
FEBRUARY 29, 2012

Total Fund Balances - Governmental Funds	$ 625,351
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Unamortized bond issuance costs and bond discounts are not financial resources and therefore are not reported as assets in the governmental funds.	207,301
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.	3,153,865
Amounts due to the Developer for District assets financed by the Developer and operating advances are not current financial liabilities and therefore are not reported as liabilities in the governmental funds.	(5,773,983)
Deferred tax revenues for the 2011 levy became part of recognized revenue in the governmental activities of the District.	2,551
Accrued interest on long-term liabilities is not due and payable from current financial resources and, therefore, is not reported in governmental funds.	(26,599)
Certain liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. These liabilities at year end consist of:	
Bonds Payable After One Year	(2,165,000)
Total Net Assets - Governmental Activities	$ (3,976,514)

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

THIS PAGE INTENTIONALLY LEFT BLANK

LIVE OAK CREEK MUNICIPAL UTILITY DISTRICT NO. 1 OF TARRANT COUNTY

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED FEBRUARY 29, 2012

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	$ 184,814	$
Investment Revenues	97	154
Miscellaneous Revenues	10	
TOTAL REVENUES	$ 184,921	$ 154
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	$ 23,671	$
Contracted Services	2,833	
Utilities	8,913	
Repairs and Maintenance	750	
Depreciation, Note 6		
Other	9,073	20
Debt Service:		
Bond Issuance Costs		
Bond Anticipation Note Interest		
Bond Interest		
TOTAL EXPENDITURES/EXPENSES	$ 45,240	$ 20
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	$ 139,681	$ 134
OTHER FINANCING SOURCES (USES)		
Bond Discount	$	$
Long-Term Debt Issued, Note 14		212,795
TOTAL OTHER FINANCING SOURCES (USES)	$ -0-	$ 212,795
NET CHANGE IN FUND BALANCES	$ 139,681	$ 212,929
CHANGE IN NET ASSETS		
FUND BALANCES/NET ASSETS – MARCH 1, 2011	167,910	-0-
FUND BALANCES/NET ASSETS – FEBRUARY 29, 2012	$ 307,591	$ 212,929

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$ 184,814	$ 2,549	$ 187,363
68	319		319
	10		10
$ 68	$ 185,143	$ 2,549	$ 187,692
$	$ 23,671	$	$ 23,671
	2,833		2,833
	8,913		8,913
	750		750
		76,026	76,026
51	9,144		9,144
144,112	144,112	(144,112)	
34,054	34,054		34,054
		28,360	28,360
$ 178,217	$ 223,477	$ (39,726)	$ 183,751
$ (178,149)	$ (38,334)	$ 42,275	$ 3,941
$ (64,950)	$ (64,950)	$ 64,950	$
1,952,205	2,165,000	(2,165,000)	
$ 1,887,255	$ 2,100,050	$ (2,100,050)	$ -0-
$ 1,709,106	$ 2,061,716	$ (2,061,716)	$
		3,941	3,941
(1,604,275)	(1,436,365)	(2,544,090)	(3,980,455)
$ 104,831	$ 625,351	$ (4,601,865)	$ (3,976,514)

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

LIVE OAK CREEK MUNICIPAL UTILITY DISTRICT NO. 1 OF TARRANT COUNTY

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

FOR THE YEAR ENDED FEBRUARY 29, 2012

Net Change in Fund Balances - Governmental Funds	$ 2,061,716
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenue when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	2,549
Governmental funds do not account for depreciation. However, in the Statement of Net Assets, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(76,026)
Governmental funds report bond issuance costs paid out of the Capital Projects Fund as an expenditure. Bond discounts are reported as an other financing use. In the Statement of Net Assets, the bond issuance costs and bond discount are amortized over the life of the bonds and the amortized portion is recorded in the Statement of Activities.	209,062
Governmental funds report bond proceeds as other financing sources. In the government-wide statements, the issuance of long-term debt increases liabilities in the Statement of Net Assets and does not affect the Statement of Activities.	(2,165,000)
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Assets, interest is accrued on the long-term debt through fiscal year end.	(28,360)
Change in Net Assets - Governmental Activities	$ 3,941

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

LIVE OAK CREEK MUNICIPAL UTILITY DISTRICT NO. 1 OF TARRANT COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FEBRUARY 29, 2012

NOTE 1. CREATION OF DISTRICT

The City of Fort Worth Municipal Utility District No. 2 of Tarrant County, now known as Live Oak Creek Municipal Utility District No. 1 of Tarrant County (the "District"), was created effective June 18, 2005, by House Bill 3530, Texas Legislature, as a conservation district created under and essential to accomplishing the purposes of Section 59, Article XVI of the Texas Constitution. The District is under the oversight of the Texas Commission on Environmental Quality (the "Commission"). Pursuant to its creation legislation, the District also has the authority to provide roads under Section 52 Article II of the Texas Constitution. Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code and H.B. No. 3530, the District is empowered to purchase, operate and maintain all facilities, plants, and improvements necessary to provide water, wastewater, storm sewer drainage, irrigation, roads, solid waste collection and disposal, including recycling. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its organizational meeting on August 29, 2006, and the first bonds were sold on December 15, 2011.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

The GASB has established the criteria for determining whether or not a given entity is a component unit. The criteria are: (1) is the potential component unit a legally separate entity, (2) does the primary government appoint a voting majority of the potential component unit's board, (3) is the primary government able to impose its will on the potential component unit, (4) is there a financial benefit or burden relationship. The District was created as an independent governmental entity. The District does not meet the criteria for inclusion as a component unit of any entity nor does any other entity meet the component unit criteria for inclusion in the District's basic financial statements.

Financial Statement Presentation

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

- Invested in Capital Assets, Net of Related Debt – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

- Restricted Net Assets – This component of net assets consists of external constraints placed on the use of net assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- Unrestricted Net Assets – This component of net assets consists of net assets that do not meet the definition of "Restricted" or "Invested in Capital Assets, Net of Related Debt."

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

Government-Wide Financial Statements

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

Governmental Funds

The District has three major governmental funds.

General Fund – To account for resources not required to be accounted for in another fund, maintenance tax revenues, costs and general expenditures.

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

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

Basis of Accounting

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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

Assets are capitalized, including infrastructure assets, if they have an original cost greater than $10,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Drainage System	10-45
Roads	10-50

Budgeting

In compliance with governmental accounting principles, the Board of Directors annually adopts an unappropriated budget for the General Fund. The budget was not amended during the current fiscal year.

Pensions

A pension plan has not been established. The District does not have employees, except that the Internal Revenue Service has determined that the directors are considered to be employees for federal payroll tax purposes only.

Measurement Focus

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

Fund Balances

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions,* requires the classification of fund balances in governmental funds using the following hierarchy:

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

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

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

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

Unassigned: all other spendable amounts in the General Fund.

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Estimates

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

Subsequent Events

In preparing these financial statements, management has evaluated and disclosed all material subsequent events through July 12, 2012, which is the date these statements were available to be issued.

NOTE 3. BONDS PAYABLE

	Series 2011
Amount Outstanding - February 29, 2012	$ 2,165,000
Interest Rates	4.00% - 5.40%
Maturity Dates – Serially Beginning/Ending	September 1, 2014/2036
Interest Payment Dates	March 1/ September 1
Callable Dates	September 1, 2019*

* On any date thereafter, at a price equal to the par value plus accrued interest from the most recent interest payment date to the date fixed for redemption. The Series 2011 term bonds maturing on September 1, 2028, September 1, 2032, and September 1, 2036, are subject to mandatory redemption beginning September 1, 2026, September 1, 2029, and September 1, 2033, respectively.

NOTE 3. BONDS PAYABLE (Continued)

The following is a summary of transactions regarding bonds payable for the year ended February 29, 2012:

Bond Debt Payable – March 1, 2011	$ -0-
Add: Series 2011 Bonds Issued	2,165,000
Bond Debt Payable – February 29, 2012	$ 2,165,000
Bond Debt Payable –	
Due Within One Year	$ -0-
Due After One Year	2,165,000
Bond Debt Payable – February 29, 2012	$ 2,165,000
Original Bonds Voted	$ 52,000,000
Original Bonds Approved	$ 2,165,000
Original Bonds Issued	$ 2,165,000
Road Bonds Voted	$ 22,000,000

As of February 29, 2012, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2013	$	$ 75,660	$ 75,660
2014		106,398	106,398
2015	50,000	106,398	156,398
2016	50,000	104,398	154,398
2017	55,000	102,398	157,398
2018-2022	315,000	477,027	792,027
2023-2027	425,000	398,776	823,776
2028-2032	550,000	281,902	831,902
2033-2037	720,000	120,495	840,495
	$ 2,165,000	$ 1,773,452	$ 3,938,452

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount, and are further payable from and secured by a lien on and pledge of the net revenues to be received from the operation of the District's waterworks and wastewater system. To date, the District has not yet levied an ad valorem debt service tax.

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

A. The bond order states that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data to each nationally recognized municipal securities information repository and the state information depository. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

B. The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds, within the meaning of section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on the five year anniversary of the issue.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was $608,104 and the bank balance was $608,453. Of the bank balance, $497,047 was covered by federal depository insurance and the balance was covered by collateral pledged in the name of the District and held in a third-party depository.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Assets at February 29, 2012, as listed below:

	Cash	Certificate of Deposit	Total
GENERAL FUND	$ 310,716	$	$ 310,716
DEBT SERVICE FUND	5,392	185,000	190,392
CAPITAL PROJECTS FUND	106,996		106,996
TOTAL DEPOSITS	$ 423,104	$ 185,000	$ 608,104

Investments

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

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. Authorized investments are summarized as follows: (1) obligations of the United States or its agencies and instrumentalities, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, (5) certain A rated or higher obligations of states, agencies, counties, cities, and other

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) insured or collateralized certificates of deposit, (8) certain fully collateralized repurchase agreements secured by delivery, (9) certain bankers' acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

All investments are recorded at cost. As of February 29, 2012, the District had the following investments and maturities.

		Maturities in Years			
Fund and Investment Type	Fair Value	Less Than 1	1-5	6-10	More Than 10
DEBT SERVICE FUND -					
Certificate of Deposit	$ 185,000	$ 185,000	$ -0-	$ -0-	$ -0-

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District manages credit risk by typically investing in certificates of deposit with balances below FDIC coverage.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages interest rate risk by investing in certificates of deposit with maturities of less than one year.

Restrictions

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

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

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended February 29, 2012:

	March 1, 2011	Increases	February 29, 2012
Capital Assets at Historical Costs Subject to Depreciation			
Drainage Facilities	$ 1,564,094	$	$ 1,564,094
Roads	1,847,722		1,847,722
Total Capital Assets Historical Costs Subject to Depreciation	$ 3,411,816	$ -0-	$ 3,411,816
Less Accumulated Depreciation			
Drainage Facilities	$ 96,655	$ 34,853	$ 131,508
Roads	85,270	41,173	126,443
Total Less Accumulated Depreciation	$ 181,925	$ 76,026	$ 257,951
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 3,229,891	$ (76,026)	$ 3,153,865

In accordance with the Utility Agreement, see Note 8, the water and wastewater assets constructed by the District's Developer, for which the District has recorded a liability in the Statement of Net Assets, have been submitted for conveyance to the City of Fort Worth for operations and maintenance.

NOTE 7. MAINTENANCE TAX

On November 7, 2006, the voters of the District approved the levy and collection of a maintenance tax in an amount not to exceed $1.00 per $100 of assessed valuation of taxable property within the District. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's facilities. During the current fiscal year, the District levied an ad valorem maintenance tax rate of $0.99 per $100 of assessed valuation, which resulted in a tax levy of $187,139 on the adjusted taxable valuation of $18,902,882 for the 2011 tax year.

The District's tax calendar is as follows:

Levy Date	- October 1, or as soon thereafter as practicable.
Lien Date	- January 1.
Due Date	- Not later than January 31.
Delinquent Date	- February 1, at which time the taxpayer is liable for penalty and interest.

NOTE 8. UTILITY AGREEMENT

On November 15, 2006, the District approved a Utility Agreement (the "Agreement") between the City of Fort Worth, Texas (the "City") and a Developer in the District. The Agreement acknowledges that the District lies within the City's extraterritorial jurisdiction. The Agreement provides that the District will acquire, for the benefit of and conveyance to the City, the water and wastewater facilities needed to serve lands being developed within and near the boundaries of the District in order to enhance the economic feasibility of the District.

As facilities are acquired, constructed and conveyed to the City, the City will assume responsibility for operation and maintenance of the water and wastewater facilities. The City will bill and collect for water and wastewater services from the customers within the District at the same rates as those the City charges its other customers.

NOTE 9. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, error and omission and natural disasters for which the District carries commercial insurance. There have been no significant changes in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 10. UNREIMBURSED DEVELOPER COSTS

The District has executed a Facilities and Operating Reimbursement Agreement with a Developer within the District. The agreement calls for the Developer to fund costs associated with water, sewer, drainage and road facilities until such time as the District can sell bonds. As reflected in the Statement of Net Assets, $5,749,583 has been recorded as a liability for facilities financed by Developer. The District expects to reimburse the Developer from future bond proceeds.

The Developer has also advanced money to the District's General Fund in order for the District to meet its ongoing financial obligations. Through February 29, 2012, the Developer advanced directly to the District a total of $24,400 to help cover the operating deficits. The District has recorded a Due to Developer for this amount in the Statement of Net Assets at February 29, 2012.

NOTE 11. ECONOMIC DEPENDENCY AND DEFICIT FUND BALANCE

The District's Developer owns a substantial portion of the taxable property within the District. In addition, the District could be dependent upon the Developer for operating advances to meet its financial obligations. The Developer's ability to make full and timely payments of taxes and operating advances could directly affect the District's ability to meet its financial obligations.

NOTE 12. STRATEGIC PARTNERSHIP AGREEMENT

Effective March 6, 2007, the District entered into a Strategic Partnership Agreement with the City of Fort Worth, Texas (the "City"). The agreement provides for the City to annex the land that has been determined as commercial property for the limited purposes of imposing and collecting revenues from the sales and use tax authorized to be imposed by the City on sales consummated at locations within the annexed properties pursuant to Chapter 321 of the Texas Tax Code. The sales and use tax will be imposed on all eligible commercial activities at the rate of 1% or other rate allowed under future amendments to Chapter 321 of the Tax Code and imposed by the City. The City will pay to the District an amount equal to 50% of the sales and use tax revenues collected within the annexed properties commencing upon the effective date of the limited purpose annexation of the properties and continuing for nineteen (19) years. The City is required to pay the District's share within 30 days after the City receives the sales tax report reflecting such revenues from the Comptroller of the State of Texas. Any payment not submitted within the 30-day period shall bear interest calculated in accordance with the Texas Government Code. The agreement allows the City, in the nineteenth year of the limited purpose annexation, to retain $300,000 from the 50% payment in order to defray the cost of maintaining the roads within the District upon full purpose annexation. Commencing on the first day of the twentieth (20) year of the limited purpose annexation, the City will reduce the payment to the District to 25% of the sales and use tax revenues collected by the City within the annexed properties. To date, no sales tax revenues have been received from the City.

NOTE 13. INTERFUND PAYABLES AND RECEIVABLES

As of February 29, 2012, the Capital Projects Fund has recorded a payable of $2,165 to the General Fund for amounts paid by the General Fund for bond issuance costs.

NOTE 14. BOND SALE

On December 15, 2011, the District issued $2,165,000 of Series 2011 Unlimited Tax Bonds. Proceeds from the bonds were used to redeem the Series 2011 Bond Anticipation Note ("BAN") in the amount of $1,610,000 and to pay capitalization interest and issuance costs of the bonds. The BAN proceeds were previously used to reimburse the Developer for a portion of construction costs of offsite water and wastewater improvements for Haywire Ranch, Section 1.

LIVE OAK CREEK MUNICIPAL UTILITY DISTRICT NO. 1 OF TARRANT COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

FEBRUARY 29, 2012

LIVE OAK CREEK MUNICIPAL UTILITY DISTRICT NO. 1 OF TARRANT COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED FEBRUARY 29, 2012

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	$ 145,000	$ 184,814	$ 39,814
Investment Revenues	45	97	52
Miscellaneous Revenues		10	10
TOTAL REVENUES	$ 145,045	$ 184,921	$ 39,876
EXPENDITURES			
Service Operations:			
Professional Fees	$ 24,000	$ 23,671	$ 329
Contracted Services	3,400	2,833	567
Utilities	7,600	8,913	(1,313)
Repairs and Maintenance		750	(750)
Other	8,495	9,073	(578)
TOTAL EXPENDITURES	$ 43,495	$ 45,240	$ (1,745)
NET CHANGE IN FUND BALANCE	$ 101,550	$ 139,681	$ 38,131
FUND BALANCE – MARCH 1, 2011	167,910	167,910	
FUND BALANCE – FEBRUARY 29, 2012	$ 269,460	$ 307,591	$ 38,131

See accompanying independent auditor's report.

LIVE OAK CREEK MUNICIPAL UTILITY DISTRICT NO. 1 OF TARRANT COUNTY

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

FEBRUARY 29, 2012

LIVE OAK CREEK MUNICIPAL UTILITY DISTRICT NO. 1 OF TARRANT COUNTY

SERVICES AND RATES

FOR THE YEAR ENDED FEBRUARY 29, 2012

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

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

Pursuant to the Utility Agreement, the water and wastewater facilities constructed by the District have been conveyed to the City. The District retains ownership of the drainage and road facilities. The City owns, operates and maintains facilities which the District conveys to it for the benefit of the residents of the District.

2. RETAIL SERVICE PROVIDERS

a. RETAIL RATES FOR A 5/8" METER (OR EQUIVALENT):

Based on the rate order approved or effective N/A.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	N/A				
WASTEWATER:	N/A				
SURCHARGE:	N/A				

Total monthly charges per 10,000 gallons usage: Water: $N/A Wastewater: $N/A Surcharge: $N/A Total: $N/A

See accompanying independent auditor's report.

LIVE OAK CREEK MUNICIPAL UTILITY DISTRICT NO. 1 OF TARRANT COUNTY
SERVICES AND RATES
FOR THE YEAR ENDED FEBRUARY 29, 2012

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered			x 1.0	
≤¾"			x 1.0	
1"			x 2.5	
1½"			x 5.0	
2"			x 8.0	
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	N/A	N/A		N/A
Total Wastewater Connections	N/A	N/A	x 1.0	N/A

3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: (Not Applicable)

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

Does the District have Debt Service standby fees? Yes __ No _X_

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

See accompanying independent auditor's report.

LIVE OAK CREEK MUNICIPAL UTILITY DISTRICT NO. 1 OF TARRANT COUNTY
SERVICES AND RATES
FOR THE YEAR ENDED FEBRUARY 29, 2012

4. Is the District located entirely within one county?

Yes X No ___

County or Counties in which District is located:

Tarrant County, Texas

Is the District located within a city?

Entirely ___ Partly ___ Not at all X

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

Entirely X Partly ___ Not at all ___

ETJ's in which District is located:

City of Fort Worth, Texas

Are Board Members appointed by an office outside the District?

Yes ___ No X

LIVE OAK CREEK MUNICIPAL UTILITY DISTRICT NO. 1 OF TARRANT COUNTY
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED FEBRUARY 29, 2012

PERSONNEL EXPENDITURES (Including Benefits)	$ -0-
PROFESSIONAL FEES:	
Auditing	$ 6,000
Engineering	855
Legal	16,816
TOTAL PROFESSIONAL FEES	$ 23,671
PURCHASED SERVICES FOR RESALE:	
Purchased Water Service	$
Purchased Wastewater Service	
TOTAL PURCHASED SERVICES FOR RESALE	$ -0-
CONTRACTED SERVICES:	
Appraisal District	$ 1,285
Bookkeeping	1,548
TOTAL CONTRACTED SERVICES	$ 2,833
UTILITIES:	
Electricity	$ 8,913
Telephone	
TOTAL UTILITIES	$ 8,913
REPAIRS AND MAINTENANCE	$ 750
ADMINISTRATIVE EXPENDITURES:	
Director Fees	$ 3,450
Insurance	3,111
Travel and Meetings	274
Payroll Taxes	264
Other	1,974
TOTAL ADMINISTRATIVE EXPENDITURES	$ 9,073

See accompanying independent auditor's report.

LIVE OAK CREEK MUNICIPAL UTILITY DISTRICT NO. 1 OF TARRANT COUNTY

GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED FEBRUARY 29, 2012

CAPITAL OUTLAY	
Capitalized Assets	$
Expenditures not Capitalized	
TOTAL CAPITAL OUTLAY	$ -0-
TAP CONNECTION	$ -0-
SOLID WASTE DISPOSAL	$ -0-
FIRE FIGHTING	$ -0-
PARKS AND RECREATION	$ -0-
SECURITY	$ -0-
OTHER EXPENDITURES:	
Chemicals	$
Inspection Fees	
Sludge Haul	
Other	
TOTAL OTHER EXPENDITURES	$ -0-
DEBT SERVICE	$ -0-
TOTAL EXPENDITURES	$ 45,240

See accompanying independent auditor's report.

LIVE OAK CREEK MUNICIPAL UTILITY DISTRICT NO. 1 OF TARRANT COUNTY
INVESTMENTS
FEBRUARY 29, 2012

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at Year End	Accrued Interest Receivable at Year End
DEBT SERVICE FUND					
Certificate of Deposit	9009010020	0.50%	08/28/12	$ 185,000	$ 76

See accompanying independent auditor's report.

LIVE OAK CREEK MUNICIPAL UTILITY DISTRICT NO. 1 OF TARRANT COUNTY
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED FEBRUARY 29, 2012

	Maintenance Taxes	
TAXES RECEIVABLE –		
MARCH 1, 2011	$ 2	
Adjustments to Beginning Balance	224	$ 226
Original 2011 Tax Levy	$ 185,304	
Adjustment to 2011 Tax Levy	1,835	187,139
TOTAL TO BE ACCOUNTED FOR		$ 187,365
TAX COLLECTIONS:		
Prior Years	$ 224	
Current Year	184,590	184,814
TAXES RECEIVABLE – FEBRUARY 29, 2012		$ 2,551
TAXES RECEIVABLE BY YEAR:		
2011		$ 2,549
2010		2
TOTAL		$ 2,551

See accompanying independent auditor's report.

LIVE OAK CREEK MUNICIPAL UTILITY DISTRICT NO. 1 OF TARRANT COUNTY

TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED FEBRUARY 29, 2012

	2011	2010**
PROPERTY VALUATIONS		
Land	$ 18,902,882	$ 6,788,056
Improvements		5,701,500
Personal Property		
Exemptions		(14,869)
TOTAL PROPERTY VALUATIONS	$ 18,902,882	$ 12,474,687
TAX RATES PER $100 VALUATION:		
Debt Service	$ 0.00	$ 0.00
Maintenance	0.99	0.99
TOTAL TAX RATES PER $100 VALUATION	$ 0.99	$ 0.99
ADJUSTED TAX LEVY*	$ 187,139	$ 123,499
PERCENT OF TAXES COLLECTED TO TAXES LEVIED	98.64%	99.99%

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

** First year audit

Maintenance Tax – Maximum tax rate in an amount of $1.00 per $100 assessed valuation approved by voters on November 7, 2006.

See accompanying independent auditor's report.

THIS PAGE INTENTIONALLY LEFT BLANK

LIVE OAK CREEK MUNICIPAL UTILITY DISTRICT NO. 1 OF TARRANT COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 29, 2012

Due During Fiscal Years Ending February 28	SERIES - 2011 Principal Due September 1	Interest Due March 1/ September 1	Total
2013	$	$ 75,660	$ 75,660
2014		106,398	106,398
2015	50,000	106,398	156,398
2016	50,000	104,398	154,398
2017	55,000	102,398	157,398
2018	55,000	100,198	155,198
2019	60,000	97,998	157,998
2020	65,000	95,598	160,598
2021	65,000	92,998	157,998
2022	70,000	90,235	160,235
2023	75,000	87,085	162,085
2024	80,000	83,710	163,710
2025	85,000	80,110	165,110
2026	90,000	76,073	166,073
2027	95,000	71,798	166,798
2028	100,000	67,048	167,048
2029	105,000	62,048	167,048
2030	110,000	56,798	166,798
2031	115,000	51,023	166,023
2032	120,000	44,985	164,985
2033	130,000	38,685	168,685
2034	135,000	31,860	166,860
2035	145,000	24,570	169,570
2036	150,000	16,740	166,740
2037	160,000	8,640	168,640
TOTAL	$ 2,165,000	$ 1,773,452	$ 3,938,452

See accompanying independent auditor's report.

LIVE OAK CREEK MUNICIPAL UTILITY DISTRICT NO. 1 OF TARRANT COUNTY

CHANGE IN LONG-TERM BOND DEBT

FOR THE YEAR ENDED FEBRUARY 29, 2012

Description	Original Bonds Issued	Bonds Outstanding March 1, 2011
Live Oak Creek Municipal Utility District No. 1 Unlimited Tax Bonds – Series 2011	$ 2,165,000	$ -0-

Bond Authority:	Tax Bonds*	Road Bonds
Amount Authorized by Voters	$ 52,000,000	$ 22,000,000
Amount Issued	2,165,000	
Remaining to be Issued	$ 49,835,000	$ 22,000,000

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

Debt Service Fund cash, investments and cash with paying agent balances as of February 29, 2012:	$ 216,991
Average annual debt service payment (principal and interest) for remaining term of all bond debt:	$ 157,538

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

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements		Bonds	
Bonds Sold	Principal	Interest	Outstanding February 29, 2012	Paying Agent
$ 2,165,000	$ -0-	$ -0-	$ 2,165,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX

See accompanying independent auditor's report.

LIVE OAK CREEK MUNICIPAL UTILITY DISTRICT NO. 1 OF TARRANT COUNTY

COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2012	2011*	2010
REVENUES			
Property Taxes	$ 184,814	$ 129,430	$
Investment Revenues	97	61	
Miscellaneous Revenues	10	10	
TOTAL REVENUES	$ 184,921	$ 129,501	$
EXPENDITURES			
Professional Fees	$ 23,671	$ 13,138	$
Contracted Services	2,833	2,782	
Utilities	8,913	7,375	
Repairs and Maintenance	750		
Other	9,073	7,410	
TOTAL EXPENDITURES	$ 45,240	$ 30,705	$
NET CHANGE IN FUND BALANCE	$ 139,681	$ 98,796	$
BEGINNING FUND BALANCE	167,910	69,114	
ENDING FUND BALANCE	$ 307,591	$ 167,910	$ N/A

* First audit was for the fiscal year ended February 28, 2011.

See accompanying independent auditor's report.

		Percent of Total Revenues				
2009	2008	2012	2011*	2010	2009	2008
$	$	99.9%	99.9%			
		0.1	0.1			
$	$	100.0%	100.0%			
$	$	12.8%	10.1%			
		1.5	2.2			
		4.8	5.7			
		0.4				
		4.9	5.7			
$	$	24.4%	23.7%			
$	$	75.6%	76.3%	N/A	N/A	N/A
$ N/A	$ N/A					

See accompanying independent auditor's report.

LIVE OAK CREEK MUNICIPAL UTILITY DISTRICT NO. 1 OF TARRANT COUNTY

COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2012	2011*	2010
REVENUES			
Investment Revenues	$ 154	$	$
TOTAL REVENUES	$ 154	$	$
EXPENDITURES			
Tax Collection Expenditures	$ 20	$	$
TOTAL EXPENDITURES	$ 20	$	$
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 134	$	$
OTHER FINANCING SOURCES (USES)			
Long Term Debt Issued	$ 212,795	$	$
NET CHANGE IN FUND BALANCE	$ 212,929	$	$
BEGINNING FUND BALANCE	-0-		
ENDING FUND BALANCE	$ 212,929	$ N/A	$ N/A
TOTAL ACTIVE RETAIL WATER CONNECTIONS	N/A	N/A	N/A
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	N/A	N/A	N/A

* First audit was for the fiscal year ended February 28, 2011.

See accompanying independent auditor's report.

		Percent of Total Revenues				
2009	2008	2012	2011*	2010	2009	2008
$	$	100.0%				
$	$	100.0%				
$	$	13.0%				
$	$	13.0%				
$	$	87.0%	N/A	N/A	N/A	N/A
$	$					
$	$					
$ N/A	$ N/A					
N/A	N/A					
N/A	N/A					

See accompanying independent auditor's report.

LIVE OAK CREEK MUNICIPAL UTILITY DISTRICT NO. 1 OF TARRANT COUNTY
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
FEBRUARY 29, 2012

District Mailing Address	-	Live Oak Creek Municipal Utility District No. 1 of Tarrant County c/o Coats, Rose, Yale, Ryman & Lee, P.C. 5420 LBJ Freeway, Suite 1300 Dallas, TX 75240
District Telephone Number	-	(972) 982-8450

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended February 29, 2012	Expense Reimbursements for the year ended February 29, 2012	Title
Neal Morris	05/10 05/14 (Elected)	$ 750	$ 41	President
Amy May	05/10 05/14 (Elected)	$ 750	$ 58	Vice President
Brannon Hamblen	05/10 05/14 (Elected)	$ 750	$ 74	Secretary
William (Bill) R. Miller	05/08 05/12 (Elected)	$ 750	$ 50	Assistant Secretary
Nathan Golik	05/08 05/12 (Elected)	$ 450	$ 51	Assistant Secretary

Notes: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District's developers or with any of the District's consultants.

Submission date of most recent District Registration Form (TWC Sections 36.054 and 49.054): June 22, 2012.

The limit on Fees of Office that a Director may receive during a fiscal year is $7,200 as set by Board Resolution (TWC Section 49.060) on August 29, 2006. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

LIVE OAK CREEK MUNICIPAL UTILITY DISTRICT NO. 1 OF TARRANT COUNTY
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
FEBRUARY 29, 2012

Consultants:	Date Hired	Fees for the year ended February 29, 2012	Title
Coats, Rose, Yale, Ryman & Lee, P.C. 5420 LBJ Freeway, Suite 1300 Dallas, TX 75240	09/27/06	$ 82,341	Attorney
McCall Gibson Swedlund Barfoot, PLLC 13100 Wortham Center Drive, Suite 235 Houston, TX 77065-5610	02/17/11	$ 9,500	Auditor
Cindy Schmidt P. O. Box 80 Tomball , TX 77377	09/27/06	$ 2,298	Bookkeeper/ Investment Officer
JBI Partners 3601 N.E. Loop 820, Suite 102 Fort Worth, TX 76137	01/06/11	$ 855	Engineer
RBC Capital Markets 1001 Fannin, Suite 1200 Houston, TX 77002	09/27/06	$ 46,610	Financial Advisor
Tarrant Appraisal District 2500 Handley-Ederville Road Fort Worth, TX 76118	Legislative Action	$ 1,285	Property Tax Appraisals
Tarrant County Tax Office 100 E. Weatherford Street Fort Worth, TX 76196	09/15/09	$ 164	Tax Assessor/ Collector

See accompanying independent auditor's report.