PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 13, 2016

This Preliminary Official Statement is subject to completion and amendment and is intended solely for the purpose of soliciting initial bids on the Bonds. Upon the sale of the Bonds, the Official Statement will be completed and delivered to the Initial Purchaser.

THE DELIVERY OF THE BONDS IS SUBJECT TO THE OPINION OF BOND COUNSEL AS TO THE VALIDITY OF THE BONDS AND THE OPINION OF SPECIAL TAX COUNSEL TO THE EFFECT THAT, UNDER EXISTING LAW, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES AND THE BONDS ARE NOT "PRIVATE ACTIVITY BONDS." SEE "TAX MATTERS" FOR A DISCUSSION OF THE OPINION OF SPECIAL TAX COUNSEL, INCLUDING A DESCRIPTION OF ALTERNATIVE MINIMUM TAX CONSEQUENCES FOR CORPORATIONS.

THE DISTRICT EXPECTS TO DESIGNATE THE BONDS AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

NEW ISSUE - Book Entry Only

Rating: Moody's "Baa3"
See "MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE" herein

$7,600,000
LAKESIDE WATER CONTROL & IMPROVEMENT DISTRICT NO. 2-C
(A political subdivision of the State of Texas located within Travis County)
UNLIMITED TAX BONDS, SERIES 2016A

Dated: November 1, 2016 **Due: September 1, as shown below**

Principal of the Bonds will be payable at stated maturity or redemption upon presentation of the Bonds at the principal payment office of the paying agent/registrar, initially BOKF, NA (the "Paying Agent/Registrar") in Austin, Texas. Interest on the Bonds will accrue from November 1, 2016, and is payable on September 1, 2017 (ten months' interest) and on each March 1 and September 1 thereafter until the earlier of maturity or redemption. The Bonds will be issued only in fully registered form. Interest will be calculated on the basis of a 360 day year of twelve 30 day months. The Bonds are subject to redemption prior to maturity as shown below.

The Bonds will be registered in the name of 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 Paying Agent 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 as described herein. See "BOOK-ENTRY-ONLY SYSTEM."

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS

Due Sept. 1	Principal Amount(a)	Interest Rate	Initial Reoffering Yield(b)	CUSIP Number(c)	Due Sept. 1	Principal Amount(a)	Interest Rate	Initial Reoffering Yield(b)	CUSIP Number(c)
2017	$ 325,000				2028	$ 325,000 (d)			
2018	325,000				2029	325,000 (d)			
2019	325,000				2030	325,000 (d)			
2020	325,000				2031	325,000 (d)			
2021	325,000				2032	325,000 (d)			
2022	325,000				2033	400,000 (d)			
2023	325,000				2034	400,000 (d)			
2024	325,000 (d)				2035	400,000 (d)			
2025	325,000 (d)				2036	400,000 (d)			
2026	325,000 (d)				2037	400,000 (d)			
2027	325,000 (d)				2038	400,000 (d)			

(a) The Initial Purchaser (as defined herein) may elect to designate one or more term bonds. See accompanying Official Notice of Sale and Official Bid Form.
(b) Initial reoffering yield represents the initial offering yield to the public which has been established by the Initial Purchaser for offers to the public and which may be subsequently changed by the Initial Purchaser and is the sole responsibility of the Initial Purchaser. The initial reoffering yields indicated above represent the lower of the yields resulting when priced at maturity or to the first call date. Accrued interest from November 1, 2016, is to be added to the price.
(c) CUSIP Numbers have been assigned to the Bonds by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Initial Purchaser shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.
(d) Bonds maturing on and after September 1, 2024, are subject to redemption prior to maturity at the option of the District, in whole or in part, on September 1, 2023, and or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. See "THE BONDS—Redemption Provisions."

The Bonds, when issued, will constitute valid and legally binding obligations of Lakeside Water Control & Improvement District No. 2-C (the "District") and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Travis County, the City of Pflugerville or any entity other than the District. The Bonds are subject to special investment considerations described herein. See "INVESTMENT CONSIDERATIONS."

The Bonds are offered when, as and if issued by the District, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Freeman & Corbett, Austin, Texas, Bond Counsel and Bracewell LLP, Austin, Texas, Special Tax Counsel. Delivery of the Bonds through the facilities of DTC is expected on or about November 9, 2016.

Bids Due: Tuesday, October 11, 2016, at 11:00 A.M., Central Daylight Saving Time
Bid Award: Tuesday, October 11, 2016, at 5:45 P.M., Central Daylight Saving Time

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USE OF INFORMATION IN OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended and in effect on the date hereof, this document constitutes an “official statement” with respect to the Bonds that has been “deemed final” by the District as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

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 representation must not be relied upon as having been authorized by the District.

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

All of the summaries of the statutes, resolutions, contracts, audited financial statements, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Lloyd Gosselink Rochelle & Townsend, P.C., 816 Congress Avenue, Suite 1900, Austin, Texas 78701, upon payment of duplication costs.

This Official Statement contains, in part, estimates, assumptions and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions or matters of opinion, or as to the likelihood that they will be realized. Any information and expressions of opinion herein contained are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the 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 this Official Statement until delivery of the Bonds to the Initial Purchaser and thereafter only as specified in “PREPARATION OF OFFICIAL STATEMENT-Updating the Official Statement.”

OFFICIAL STATEMENT SUMMARY

The following information is qualified in its entirety by the detailed information appearing elsewhere in this Official Statement.

THE FINANCING

The Issuer .... Lakeside Water Control & Improvement District No. 2-C (the "District"), a political subdivision of the State of Texas, is located in Travis County, Texas. See "THE DISTRICT."

The Issue.. $7,600,000 Unlimited Tax Bonds, Series 2016A (the "Bonds") are issued pursuant to a resolution (the "Bond Resolution") of the District's Board of Directors. The Bonds will be issued as fully registered bonds, maturing on September 1 in each of the years and in the amounts set forth on the cover hereof. Interest on the Bonds accrues from November 1, 2016, and is payable on September 1, 2017 (ten months' interest), and on each March 1 and September 1 thereafter until the earlier of maturity or prior redemption.

The Bonds maturing on and after September 1, 2024, are subject to redemption, in whole or in part, at the option of the District, prior to their maturity dates, on September 1, 2023, or on any date thereafter. Upon redemption, the Bonds will be payable at a price of par plus accrued interest to the date of redemption. See "THE BONDS—Redemption Provisions."

Source of Payment........................... The Bonds are payable from an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District (see "TAX PROCEDURES"). The Bonds are obligations of the District and are not obligations of the State of Texas, Travis County, the City of Pflugerville or any other political subdivision or agency other than the District. See "THE BONDS—Source of and Security for Payment."

Use of Proceeds............................... Proceeds from sale of the Bonds will be used to reimburse certain of the Developers (as hereinafter defined) for funds advanced by one or more of the Developers on behalf of the District as shown herein under "THE SYSTEM—Use and Distribution of Bond Proceeds." Bond proceeds will also be used to capitalize twelve months of interest on the Bonds, to pay interest to certain of the Developers for funds expended for the foregoing, and to pay certain costs associated with the issuance of the Bonds. See "THE SYSTEM—Use and Distribution of Bond Proceeds."

Payment Record .... The District has previously issued six series of unlimited tax bonds and one series of unlimited tax refunding bonds, of which $8,555,000 principal amount was outstanding as of September 2, 2016 (the "Outstanding Bonds"). The District has never defaulted in the payment of principal and interest on its previously issued bonds.

Qualified Tax-Exempt Obligations................................... The District expects to designate the Bonds as "qualified tax-exempt obligations for financial institutions." See "TAX MATTERS— Purchase of Tax-Exempt Obligations by Financial Institutions."

Municipal Bond Rating and Insurance............................. Moody's Investors Service ("Moody's") has assigned an underlying rating to the District of "Baa3." The fee associated with the rating assigned to the District by Moody's will be paid by the District; however, the fee associated with ratings provided by other agencies will be at the expense of the Initial Purchaser.

Application has also been made for the qualification of the Bonds for municipal bond insurance. The purchase of municipal bond insurance, if available, will be at the option and expense of the Initial Purchaser.

Bond Counsel .... Freeman & Corbett, Austin, Texas.

Special Tax Counsel .... Bracewell LLP, Austin, Texas.

Financial Advisor .... FirstSouthwest, a Division of Hilltop Securities, Inc., Austin, Texas.

Engineer .... Randall Jones Engineering, Inc., Austin, Texas.

Paying Agent/Registrar .... BOKF, NA, Austin, Texas.

Investment Considerations .... The purchase and ownership of the Bonds are subject to special investment considerations and all prospective purchasers are urged to examine carefully the entire Official Statement for a discussion of investment considerations, including particularly the section captioned "INVESTMENT CONSIDERATIONS."

THE DISTRICT

Description .... The District was created by division of Lakeside Water Control & Improvement District No. 2 at a division election duly called and held on January 15, 2000, and operates pursuant to Chapters 49 and 51, Texas Water Code. Prior to division, Lakeside Water Control & Improvement District No. 2 was originally created by order of the Texas Natural Resource Conservation Commission, predecessor to the Texas Commission on Environmental Quality (the "Commission"), dated September 14, 1998. The District presently contains approximately 408 acres of land located in the northeast portion of Travis County approximately five miles northeast of the central area of the City of Pflugerville, Texas which City is located approximately 16 miles northeast of the central business district of the City of Austin, Texas. The District is located just east of F.M. 685 and is bounded on the northeast by Rowe Lane. A small portion of the District is located on the north side of Rowe Lane. Access to the District is presently provided via Texas Highway 130 ("TX 130"), a major north-south toll road east of Austin and roughly parallel to Interstate Highway 35 ("IH 35"), the major freeway through Austin, Texas, and F.M. 685. Access to the District is also provided via Texas Highway 45 ("TX 45"), a east-west toll road from TX 130 approximately three miles to IH 35. The intersection of TX 130 and TX 45 is approximately one mile from the District. The District lies totally within the exclusive extraterritorial jurisdiction of the City of Pflugerville.

Status of Development .... The land within the District is being developed primarily for single family residential purposes, and is within the Blackhawk development ("Blackhawk"). Blackhawk has been and is being developed by various land owners, developers and builders, including, among others, Rowe Lane Development Ltd., the original landowner and developer, and is planned to include approximately 1,370 acres of land. Five water control and improvement districts have been formed to include the 1,370 acres of land, and active single family residential development is occurring within all of the districts. To date, approximately 2,709 single family residential lots have been developed within Blackhawk, and approximately 2,411 houses are completed or are in various stages of construction, including approximately 580 houses within the District.

The District presently provides water, sanitary sewer and drainage facilities to serve The Estates of Rowe Lane, Sections 1 and 2 (approximately 49 acres of land developed into 152 single-family residential lots), The Park at Blackhawk II, Sections 1, 2A, 2B, 3A, and 3B (approximately 78 acres of land developed into 239 single-family residential lots), The Park at Blackhawk III, Sections 1 and 2 (approximately 29 acres of land developed into 74 single family residential lots), The Park at Blackhawk VII, Sections 1A, 1B, and 2 (approximately 34 acres of land developed into 122 single family residential lots), Lakeside at Blackhawk II, Section 1A and 2A (approximately 65 acres of land developed into 99 single family residential lots), and Lakeside at Blackhawk III, Section 1 (approximately 30 acres of land developed into 51 single family residential lots). Construction of underground utilities and street paving is complete in these sections. Home construction in the District began in 2004, and as of September 19, 2016, the District contained 525 single-family homes completed and occupied, 7 unoccupied single-family homes, 6 completed model homes, 42 single-family homes in various stages of construction, and 157 developed lots available to new home construction. Of the 42 homes under construction, 24 are contracted for sale to home purchasers. Builders in the District include Ryland Homes, Wilshire Homes, David Weekley Homes, and Scott Fielder Homes. New homes in the District range in offering prices from approximately $250,000 to $450,000.

Construction of water, sanitary sewer and drainage facilities to serve Lakeside at Blackhawk II, Section 1B (approximately 16 acres of land being developed into 49 single-family residential lots) is underway and lots are expected to be available for home construction in the Fall of 2016.

The District also includes an amenity facility encompassing approximately six acres of land. Pflugerville Independent School District has also constructed an elementary school in the District on an 11-acre site. School district facilities are not subject to taxation by the District.

In addition to the development described above and certain arterial roads, the District contains approximately 74 acres of developable land which are not yet provided with underground water, sanitary sewer or drainage facilities, and approximately 16 acres of undevelopable land already contained in easements, rights of way, storm water detention facilities and other land uses. See "THE DISTRICT—Status of Development."

The Developers................................The original developer of land within the District was Rowe Lane Development, Ltd. ("RLD"), which developed certain major water, sewer, and drainage facilities (and certain main arterial roads) to serve the land within the District. In March 2011, RLD sold its undeveloped land in the District and certain related District rights to SLF IV – Blackhawk, L.P., a Texas limited partnership ("SLF IV"). The general partner of SLF IV is an affiliate of Stratford Land Manager, L.P., a Dallas-based land investment manager, which, together with its predecessors and affiliates, has over 25 years of land investment management experience. SLF IV retained RMD Development Partners, LLC ("RMD Development"), a local land development company, to manage its District property. SLF IV currently still owns approximately 14 acres of land within the District after having sold the remaining land to other owners and developers. Water, sewer and drainage facilities to serve specific sections within the District have been constructed by Pulte Homes of Texas, Gehan Homes, Ltd., Cityview/Blackhawk 192, L.P., Ryland Homes, 2012 Lakeside at Blackhawk, LLC, Century Land Holdings II, LLC dba Century LH II, LLC, and RMD Residential, LP (an affiliate of RMD Development), all of which are unrelated to RLD or SLF IV. These entities, including RLD and SLF IV, may be collectively referred to herein as the "Developers." See "THE DEVELOPERS." Although SLF IV is included as a "Developer" herein for ease of reference, SLF IV itself is not in the development business and such terminology is not intended to imply that development activities have been or will be undertaken by SLF IV, unless otherwise expressly provided herein; instead, those activities have been (or will be) undertaken and performed, for the most part, by the other Developers or other parties to whom SLF IV may convey land.

SELECTED FINANCIAL INFORMATION

2016 Assessed Valuation	$135,677,399(a)
Estimated Assessed Valuation as of August 1, 2016	$141,990,061(b)
Gross Direct Debt Outstanding (after the issuance of the Bonds)	$16,155,000
Estimated Overlapping Debt	6,239,779(c)
Gross Direct Debt and Estimated Overlapping Debt	$22,394,779
Ratio of Gross Direct Debt to 2016 Assessed Valuation	11.91%
Ratio of Gross Direct Debt to Estimated Assessed Valuation as of August 1, 2016	11.38%
Ratio of Gross Direct Debt and Estimated Overlapping Debt to 2016 Assessed Valuation	16.51%(c)
Ratio of Gross Direct Debt and Estimated Overlapping Debt to Estimated Assessed Valuation as of August 1, 2016	15.77%(c)
Debt Service Funds Available	
Debt Service Fund Balance as of August 9, 2016	$531,374(d)
Capitalized Interest (Twelve Months)	380,000(d)
Total Funds Available for Debt Service	$911,374
Operating Funds Available as of August 9, 2016	$850,347
Capital Project Funds Available as of August 9, 2016	$100,963
2016 Tax Rate:	
Debt Service	$0.75(e)
Maintenance and Operations	0.22
Total	$0.97/$100 A.V.
Projected Average Annual Debt Service Requirements (2017-2038) of the Bonds at an assumed interest rate of 5.00% ("Average Requirement")	$1,115,799
Tax rate required to pay Average Requirement based upon 2016 Assessed Valuation at a 97% collection rate	$0.85/$100 A.V.
Tax rate required to pay Average Requirement based upon Estimated Assessed Valuation as of August 1, 2016 at a 97% collection rate	$0.82/$100 A.V.

Status of home construction as of September 19, 2016:

Single-family residential – completed and occupied	525
Single-family residential – completed and unoccupied	7
Single-family residential – under construction	42
Model homes	6
Total	580

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(a) As certified by the Travis Central Appraisal District (the "Appraisal District"). See "TAX PROCEDURES."

(b) As estimated by the Appraisal District as of August 1, 2016 for informational purposes only. Such amount reflects an estimate of the taxable land and improvements value within the District on August 1, 2016. This estimate has no official status. Taxes are levied based on value as certified by the Appraisal District as of January 1 of each year. Consequently, this estimate will not be used to produce tax revenue for the District. See "TAX PROCEDURES."

(c) See "ESTIMATED OVERLAPPING DEBT STATEMENT" herein.

(d) Neither Texas law nor the Bond Resolution requires that the District maintain any particular balance in such fund. This balance reflects payment of debt service due on March 1, 2016. The District will capitalize twelve (12) months of interest from Bond proceeds. See "THE SYSTEM – Use and Distribution of Bond Proceeds."

(e) In connection with its approval, the Commission (defined herein) recommended that the District levy a debt service tax in the year after the issuance of the Bonds at the rate of $0.93 per $100 assessed valuation.

PRELIMINARY OFFICIAL STATEMENT

$7,600,000

LAKESIDE WATER CONTROL & IMPROVEMENT DISTRICT NO. 2-C

(A political subdivision of the State of Texas located within Travis County)

UNLIMITED TAX BONDS SERIES 2016A

This Official Statement provides certain information in connection with the issuance by Lakeside Water Control & Improvement District No. 2-C (the "District") of its $7,600,000 Unlimited Tax Bonds, Series 2016A (the "Bonds").

The Bonds are issued pursuant to the Texas Constitution, the general laws of the State of Texas, a resolution authorizing the issuance of the Bonds (the "Bond Resolution") adopted by the Board of Directors of the District (the "Board"), and an order of the Texas Commission on Environmental Quality (the "TCEQ" or the "Commission").

This Official Statement includes descriptions, among others, of the Bonds and the Bond Resolution, and certain other information about the District and the developers of land within the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents may be obtained from Lloyd Gosselink Rochelle & Townsend, P.C. the District's General Counsel, 816 Congress Avenue, Suite 1900, Austin, Texas 78701 upon payment of the costs of duplication therefor.

THE BONDS

General

Following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Resolution authorizing the issuance and sale of the Bonds. The Bond Resolution 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.

The Bonds will be dated and accrue interest from November 1, 2016. Interest is payable on each March 1 and September 1 commencing September 1, 2017 (ten months' interest), until the earlier of maturity or prior redemption. The Bonds mature on September 1 in the amounts and years shown on the cover page of this Official Statement. Interest calculations are based on a 360-day year comprised of twelve 30-day months.

Authority for Issuance

At bond elections held within the District on November 4, 2003 and September 11, 2004, the voters of the District authorized the issuance of a total of $27,500,000 principal amount of unlimited tax bonds for water, wastewater, drainage and stormwater facilities and a total of $1,500,000 in unlimited tax bonds for the purpose of financing and constructing recreational facilities. See "Issuance of Additional Debt" below. The District has previously issued six series of unlimited tax bonds for water, wastewater, drainage and stormwater facilities and one series of unlimited tax refunding bonds of which $8,555,000 in principal amount was outstanding as of September 2, 2016 (the "Outstanding Bonds"). The Commission has authorized the District to sell the Bonds for the purposes described in "THE PROJECT—Use and Distribution of Bond Proceeds."

The Bonds are issued by the District pursuant to the terms and provisions of the Bond Resolution, an Order of the Commission, Article XVI, Section 59 of the Texas Constitution, and Chapters 49 and 51 of the Texas Water Code, as amended.

Source of and Security for Payment

While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, the District covenants in the Bond Resolution to levy an annual ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District sufficient to pay the principal of and interest on the Bonds, with full allowance being made for delinquencies and costs of collection.

The Bonds are obligations of the District and are not the obligations of the State of Texas, Travis County, the City of Pflugerville or any entity other than the District.

Funds

In the Bond Resolution, the Debt Service Fund is confirmed, and the proceeds from all taxes levied, assessed and collected for and on account of the Bonds authorized by the Bond Resolution shall be deposited, as collected, in such fund.

Accrued interest on the Bonds and twelve months of capitalized interest shall be deposited into the Debt Service Fund upon receipt. The remaining proceeds from sale of the Bonds, including interest earnings thereon, shall be deposited into the Capital Projects Fund, to pay the costs of acquiring or constructing District facilities and contract rights and for paying the costs of issuing the Bonds. See "THE SYSTEM--Use and Distribution of Bond Proceeds" for a more complete description of the use of Bond proceeds.

No Arbitrage

The District will certify as of the date the Bonds are delivered and paid for that, based upon all facts and estimates now known or reasonably expected to be in existence on the date the Bonds are delivered and paid for, the District reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds, or any portion of the Bonds, to be "arbitrage bonds" under the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations prescribed thereunder. Furthermore, all officers, employees, and agents of the District have been authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the District as of the date the Bonds are delivered and paid for. In particular, all or any officers of the District are authorized to certify to the facts and circumstances and reasonable expectations of the District on the date the Bonds are delivered and paid for regarding the amount and use of the proceeds of the Bonds. Moreover, the District covenants in the Bond Resolution that it shall make such use of the proceeds of the Bonds, regulate investment of proceeds of the Bonds, and take such other and further actions and follow such procedures, including, without limitation, calculating the yield on the Bonds, as may be required so that the Bonds shall not become "arbitrage bonds" under the Code and the regulations prescribed from time to time thereunder.

Record Date

The record date for payment of the interest on any regularly scheduled interest payment date is defined as the 15th day of the month (whether or not a business day) preceding such interest payment date.

Redemption Provisions

The District reserves the right, at its option, to redeem the Bonds maturing on and after September 1, 2024, prior to their scheduled maturities, in whole or in part, in integral multiples of $5,000, on September 1, 2023, or on any date thereafter, at a price of par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. If fewer than all of the Bonds are redeemed at any time, the particular maturities and amounts of Bonds to be redeemed shall be selected by the District. If fewer than all the Bonds of any maturity are redeemed at any time, the particular Bonds within a maturity to be redeemed shall be selected by the Paying Agent/Registrar (hereinafter defined) by lot or other customary method of selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form).

Notice of any redemption identifying the Bonds to be redeemed in whole or in part shall be given by the Paying Agent/Registrar at least thirty (30) days prior to the date fixed for redemption by sending written 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 register. Such notices shall state the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment and, if fewer than all the Bonds outstanding within any one maturity are to be redeemed, the numbers of the Bonds or the portions thereof to be redeemed. Any notice given shall be conclusively presumed to have been duly given, whether or not the Registered Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed, plus accrued interest to the date fixed for redemption. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Registered Owners to collect interest that would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

Paying Agent/Registrar

The Board has appointed BOKF, NA, Austin, Texas, as the initial Paying Agent/Registrar (the "Paying Agent/Registrar," "Paying Agent" or "Registrar") for the Bonds. The principal of and interest on the Bonds shall be paid to DTC, which will make distribution of the amounts so paid to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM."

Registration and Transfer

So long as any Bonds remain outstanding, the Paying Agent/Registrar shall keep the register at its principal payment office and, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of the Bond Resolution. While the Bonds are in the Book-Entry-Only System, the Bonds will be registered in the name of Cede & Co. and will not be transferred. See "BOOK-ENTRY-ONLY SYSTEM."

Replacement of Paying Agent/Registrar

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

Issuance of Additional Debt

The District may issue additional bonds, with the approval of the Commission, necessary to acquire contract rights and provide and maintain improvements and facilities consistent with the purposes for which the District was created. After issuance of the Bonds, the District will have $10,165,000 of unlimited tax bonds authorized but unissued for these purposes. The District will also have $28,955,000 of unlimited tax refunding bonds authorized but unissued. The District's voters have also authorized issuance of a total of $1,500,000 unlimited tax bonds for the purpose of acquiring or constructing recreational facilities. The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District. See "THE SYSTEM—Future Debt."

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities or acquire contract rights therefor. The District is also empowered to establish parks and recreational facilities for the residents of the District, to contract for or employ its own peace officers and, after approval by the City of Pflugerville, the Commission and the voters of the District, to establish, operate, and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts.

Annexation by the City of Pflugerville

The District lies wholly within the extraterritorial jurisdiction of the City of Pflugerville (the "City"), and may be annexed by the City in accordance with existing Texas law. The City has executed a certain "Comprehensive Development Agreement Between Tiemann Land and Cattle Development, Inc. and the City of Pflugerville, Texas Including Consent to the Creation of Water Control and Improvement Districts and the Development of a Certain 1,113 Acre Tract Located in Williamson and Travis Counties, Texas" dated April 29, 1997 and amended on January 5, 2000, June 27, 2003, March 28, 2006, July 3, 2006, August 7, 2007 and September 29, 2011 (the "Consent Agreement"). In the Consent Agreement, the City agreed to the creation of the District and certain terms and conditions governing, among other items, the City's annexation of the District. If the District is annexed, the City must assume the District's assets and obligations (including the Bonds) and dissolve the District within ninety (90) days. Annexation of territory by the City and dissolution of the District is a policy-making matter within the discretion of the Mayor and City Council of the City, and therefore, the District makes no representation that the City will ever annex the District and assume its debt, nor does the District make any representation concerning the ability of the City to pay debt service on the District's bonds if annexation were to occur.

Remedies in Event of Default

Other than a writ of mandamus, the Bond Resolution does not provide a specific remedy for a default. If the District defaults, a Registered Owner could petition for a writ of mandamus issued by a court of competent jurisdiction compelling and requiring the District and the District's officials to observe and perform the covenants, obligations or conditions prescribed in the Bond Resolution. Such remedy might need to be enforced on a periodic basis. Based on recent Texas court decisions, it is unclear whether §49.066, Texas Water Code, effectively waives governmental immunity of a water control and improvement district for suits for money damages. Even if a judgment against the District for money damages could be obtained, it could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforcement of a claim for payment on the Bonds would be subject to the applicable provisions of the federal bankruptcy laws, any other similar laws affecting the rights of creditors of political subdivisions, and general principles of equity which permit the exercise of judicial discretion. Certain traditional legal remedies also may not be available. See "INVESTMENT CONSIDERATIONS—Registered Owners' Remedies and Bankruptcy Limitations."

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

Defeasance

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

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

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

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, New York, New York, ("DTC") while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District and the Financial Advisor believe the source of such information to be reliable, but neither of the District or the Financial Advisor takes any responsibility for the accuracy or completeness thereof.

The District cannot and does not give any assurance the (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 a 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.

General

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 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 purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District (or the Trustee on behalf thereof) 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 the District or Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, interest payments and redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

THE DISTRICT

General

Lakeside Water Control & Improvement District No. 2-C (the "District") is a conservation and reclamation district created by division of Lakeside Water Control & Improvement District No. 2 at a division election duly called and held on January 15, 2000, and operates pursuant to Chapters 49 and 51, Texas Water Code. Prior to division, Lakeside Water Control & Improvement District No. 2 was originally created by order of the Texas Natural Resource Conservation Commission, predecessor to the Commission, dated September 14, 1998, and operates under the provisions of Chapters 49 and 51 of the Texas Water Code and other general statutes applicable to water control and improvement districts. The District is located wholly within the extraterritorial jurisdiction of the City of Pflugerville, Texas ("Pflugerville" or the "City").

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants, and contract rights therefor, necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities or contract rights therefor. The District is also empowered to establish parks and recreational facilities for the residents of the District, to contract for or employ its own peace officers and, after approval by the City of Pflugerville, the Commission and the voters of the District, to establish, operate, and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts.

The Commission exercises continuing supervisory jurisdiction over the District. The District is required to observe certain requirements of the City of Pflugerville that limit the purposes for which the District may sell bonds to the acquisition, construction, and improvement of waterworks, wastewater, drainage, and recreational facilities or contract rights therefor, and the refunding of outstanding debt obligations; limit the net effective interest rate on such bonds and other terms of such bonds; require approval by the City of Pflugerville of District construction plans; and permit connections only to platted lots and reserves that have been approved by the City of Pflugerville. Construction and operation of the District's drainage system are subject to the regulatory jurisdiction of additional government agencies. See “THE SYSTEM.”

Location

The District presently contains approximately 408 acres of land located in the northeast portion of Travis County approximately five miles northeast of the central area of the City of Pflugerville, Texas which City is located approximately 16 miles northeast of the central business district of the City of Austin, Texas. The District is located just east of F.M. 685 and is bounded on the northeast by Rowe Lane. A small portion of the District is located on the north side of Rowe Lane. Access to the District is presently provided via Texas Highway 130 (“TX 130”), a major north-south toll road east of Austin and roughly parallel to Interstate Highway 35 (“IH 35”), the major freeway through Austin, Texas, and F.M. 685. Access to the District is also provided via Texas Highway 45 (“TX 45”), a east-west toll road from TX 130 approximately three miles to IH 35. The intersection of TX 130 and TX 45 is approximately one mile from the District.

Status of Development

The land within the District is being developed primarily for single family residential purposes, and is within the Blackhawk development (“Blackhawk”). Blackhawk has been and is being developed by various land owners, developers and builders, including among others, Rowe Lane Development Ltd., the original landowner and developer, and is planned to include approximately 1,370 acres of land. Five water control and improvement districts have been formed to include the 1,370 acres of land, and active single family residential development is occurring within all of the districts. To date, approximately 2,709 single family residential lots have been developed within Blackhawk, and approximately 2,411 houses are completed or are in various stages of construction, including approximately 580 houses within the District.

The District presently provides water, sanitary sewer and drainage facilities to serve The Estates of Rowe Lane, Sections 1 and 2 (approximately 49 acres of land developed into 152 single-family residential lots), The Park at Blackhawk II, Sections 1, 2A, 2B, 3A, and 3B (approximately 78 acres of land developed into 239 single-family residential lots), The Park at Blackhawk III, Sections 1 and 2 (approximately 29 acres of land developed into 74 single family residential lots), The Park at Blackhawk VII, Sections 1A, 1B, and 2 (approximately 34 acres of land developed into 122 single family residential lots), Lakeside at Blackhawk II, Section 1A and 2A (approximately 65 acres of land developed into 99 single family residential lots), and Lakeside at Blackhawk III, Section 1 (approximately 30 acres of land developed into 51 single family residential lots). Construction of underground utilities and street paving is complete in these sections.

Builders in the District include Ryland Homes, Wilshire Homes, David Weekley Homes, and Scott Fielder Homes. New homes in the District range in offering prices from approximately $250,000 to $450,000. Home construction in the District began in 2004, and as of September 19, 2016, the District contained 580 single-family homes completed or under construction as shown below:

Status of home construction as of September 19, 2016:

Single-family residential – completed and occupied	525
Single-family residential – completed and unoccupied	7
Single-family residential – under construction	42
Model homes	6
Total	580

Construction of water, sanitary sewer and drainage facilities to serve Lakeside at Blackhawk II, Section 1B (approximately 16 acres of land being developed into 49 single-family residential lots) is underway and lots are expected to be available for home construction in the Fall of 2016.

The District also includes an amenity facility encompassing approximately six acres of land. Pflugerville Independent School District has also constructed an elementary school in the District on an 11-acre site. School district facilities are not subject to taxation by the District.

In addition to the development described above and certain main arterial roads, the District contains approximately 74 acres of developable land which are not yet provided with underground water, sanitary sewer and drainage facilities, and approximately 16 acres of undevelopable land already contained in easements, rights of way, storm water detention facilities and other land uses.

MANAGEMENT

Board of Directors

The District is governed by the Board of Directors, consisting of five directors, which has control over and management supervision of all affairs of the District. One of the Directors listed below resides within the District, but each of the other Directors owns a small parcel of land in the District subject to a Note and Deed of Trust in favor of a third party. Directors are elected by the voters within the District for four-year staggered terms. Directors elections are held in May in even numbered years. The Directors and Officers of the District are listed below:

Name	Title	Term Expires May
David Wang	President	2020
Scott Stratton	Vice President	2018
Larry English	Secretary / Treasurer	2020
Joshua Bridgefarmer	Assistant Secretary	2018
Craig Twellmann	Assistant Secretary	2020

While the District does not employ any full time employees, it has contracted for certain services as follows:

Tax Assessor/Collector

Land and improvements within the District are appraised for ad valorem taxation purposes by the Travis Central Appraisal District. The District's Tax Assessor/Collector is appointed by the Board of Directors of the District and the District has appointed the Travis County Tax Assessor/Collector to serve in this capacity for the District.

Operations

The District has contracted with the City to operate the District’s System and provide billing services for the District’s customers.

Bookkeeper

The District has engaged Montoya, Monzingo & Blakeslee, LLP to serve as the District's bookkeeper.

Engineer

The consulting engineer for the District in connection with the design and construction of the District's facilities is Randall Jones Engineering, Inc. (the “Engineer”).

Special Engineer for the Bonds

The District contracted with Jones-Heroy & Associates, Inc. for preparation of the bond application related to this bond issue.

General Counsel

The District engages Lloyd Gosselink Rochelle & Townsend, P.C., Austin, Texas, as general counsel for the District.

Bond Counsel

The District engages Freeman & Corbett, Austin, Texas, 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.

Special Tax Counsel

The District has engaged Bracewell LLP, Austin, Texas as Special Tax Counsel. The fees payable to Special Tax Counsel are contingent upon the issuance, sale and delivery of the Bonds.

Financial Advisor

FirstSouthwest, a Division of Hilltop Securities, Inc. (the "Financial Advisor") serves as financial advisor to the District. The fee to be paid the Financial Advisor is contingent upon sale and delivery of the Bonds. An officer of FirstSouthwest, a Division of Hilltop Securities, Inc. is related by marriage to Mr. Tiemann.

Auditor

The District's financial statements for the fiscal year ending September 30, 2015 have been audited by West, Davis & Company, LLP.

THE DEVELOPERS

Role of a Developer

In general, the activities of a landowner or developer in a district such as the District include designing the project, defining a marketing program and setting building schedules; securing necessary governmental approvals and permits for development; arranging for the construction of roads and the installation of utilities; and selling or leasing improved tracts or commercial reserves to other developers or third parties. In most instances, a landowner or developer will be required by the Commission to pay thirty percent (30%) of the cost of placing the water distribution, wastewater collection, and storm drainage facilities in a district, exclusive of water supply and storage and wastewater treatment plants of which the district incurs one hundred percent (100%) of the cost. While a developer is required by the Commission to pave streets, a developer is under no obligation to a district to undertake development activities according to any particular plan or schedule. Furthermore, there is no restriction on a developer's right to sell any or all of the land which the developer owns within a district. In addition, the developer is ordinarily the major taxpayer within the district during the early stages of development. The relative success or failure of a developer to perform in the above-described capacities may affect the ability of a district to collect sufficient taxes to pay debt service and retire bonds.

Neither the Developers (as hereinafter defined) nor any of their affiliates, is obligated to pay principal of or interest on the Bonds. See "INVESTMENT CONSIDERATIONS—Factors Affecting Taxable Values and Tax Payments." Furthermore, neither the Developers nor any of their affiliates has any binding commitment to the District to carry out any plan of development, and the furnishing of information relating to the proposed development by the Developers should not be interpreted as such a commitment. Prospective purchasers are encouraged to inspect Blackhawk and the District in order to acquaint themselves with the nature of development that has occurred or is occurring within Blackhawk and within the boundaries of the District.

The Developers

The original developer of land within the District was Rowe Lane Development, Ltd. ("RLD"), which developed certain major water, sewer, and drainage facilities (and certain main arterial roads) to serve the land within the District. In March 2011, RLD sold its undeveloped land in the District and certain related District rights to SLF IV – Blackhawk, L.P., a Texas limited partnership ("SLF IV"). The general partner of SLF IV is an affiliate of Stratford Land Manager, L.P., a Dallas-based land investment manager, which, together with its predecessors and affiliates, has over 25 years of land investment management experience. SLF IV retained RMD Development Partners, LLC ("RMD Development"), a local land development company, to manage its District property. SLF IV currently still owns approximately 14 acres of land within the District after having sold the remaining land to other owners and developers. Water, sewer and drainage facilities to serve specific sections within the District have been constructed by Pulte Homes of Texas, Gehan Homes, Ltd., Cityview/Blackhawk 192, L.P., Ryland Homes, 2012 Lakeside at Blackhawk, LLC, Century Land Holdings II, LLC dba Century LH II, LLC, and RMD Residential, LP (an affiliate of RMD Development), all of which are unrelated to RLD or SLF IV. These entities, including RLD and SLF IV, may be collectively referred to herein as the "Developers." Although SLF IV is included as a "Developer" herein for ease of reference, SLF IV itself is not in the development business and such terminology is not intended to imply that development activities have been or will be undertaken by SLF IV, unless otherwise expressly provided herein; instead, those activities have been (or will be) undertaken and performed, for the most part, by the other Developers or other parties to whom SLF IV may convey land.

SLF IV's financing for its acquisition of land and rights in the District, and for any future investment in the District property, is through its parent company, Stratford Land Fund IV, L.P. ("Fund IV"). SLF IV's financing is also utilized for other Fund IV properties. Accordingly, a default or adverse change in Fund IV or its other properties could adversely affect the ability of SLF IV to complete any future contemplated infrastructure or other investment within the District.

Pulte Homes of Texas financed the development of the Estates of Rowe Lane Sections 1 and 2 in the District with funds provided by its indirect parent, Pulte Homes, Inc. ("Pulte"), a publicly held company, the stock of which is listed on the New York Stock Exchange. Pulte is subject to the information requirements of the Securities and Exchange Act of 1934, as amended, and in accordance therewith files reports and other information with the Securities and Exchange Commission ("SEC"). The Estates of Rowe Lane is built out, and Pulte does not own any additional land in the District.

Gehan Homes Ltd. ("Gehan") financed the development of the Park at Blackhawk II, Sections 1, 2A, and 2B in the District with financing provided by commercial lending institutions. The Park at Blackhawk II, Sections 1, 2A, and 2B is built out and Gehan does not own any additional land in the District.

Cityview/Blackhawk 192, L.P. ("C/B") is a Delaware limited partnership, the general partner of which is Wilshire Management, Inc., which is wholly owned by Wilshire Homes, L.P., and the limited partners of which are Wilshire Homes, L.P., and a real estate investment trust. C/B has financed the acquisition and development of Lakeside at Blackhawk II, Section 1A with funds provided by its limited partners. C/B conveyed all of the 47 lots in this subdivision to Wilshire Homes, L.P., a limited partner of C/B and a homebuilder active in the Austin, San Antonio and Houston areas. Lakeside at Blackhawk II, Section 1A is built out and C/B does not own any additional land in the District.

In 2012, 2012 Lakeside at Blackhawk, LLC purchased the remaining land in Lakeside at Blackhawk II from C/B and developed 52 lots on such land as Lakeside at Blackhawk II, Section 2A. MHI Homes (successor in interest to Wilshire Homes, L.P.) was the homebuilder in Lakeside at Blackhawk II, Section 2A under the name Wilshire in Blackhawk. Lakeside at Blackhawk II, Section 2A is built out. 2012 Lakeside at Blackhawk, LLC still owns approximately 28 acres of land in the District.

RMD Residential, LP ("RMD") has financed the development of the Park at Blackhawk II, Sections 3A and 3B, Park at Blackhawk III, Sections 1 and 2, and Park at Blackhawk VII, Sections 1A, 1B, and 2 in the District with financing provided by commercial lending institutions. Of the 270 lots in these sections, houses have been constructed on approximately 150 of such lots. RMD does not own any additional land in the District.

Century Land Holdings II, LLC developed Lakeside at Blackhawk III, Section 1 with funds provided by its parent company, Century Communities, Inc. a publicly held company, the stock of which is listed on the New York Stock Exchange. Of the 51 lots in this section, houses have been constructed on approximately 18 of such lots. In addition to Lakeside at Blackhawk III, Section 1, Century Land Holdings II, LLC owns approximately 47 acres of land in the District.

None of the Developers are responsible for, liable for, and have not made any commitment for, payment of the Bonds or other obligations of the District. The Developers have no legal commitment to the District or owners of the Bonds to continue development of land within the District and may sell or otherwise dispose of its property within the District, or any other assets, at any time.

THE SYSTEM

Regulation

According to the Engineer, the District's water supply and distribution, wastewater collection, and storm drainage facilities (collectively, the "System") have been designed in accordance with accepted engineering practices and the then current requirements of various entities having regulatory or supervisory jurisdiction over the construction and operation of such facilities. The construction of the System was required to be accomplished in accordance with the standards and specifications of such entities and is subject to inspection by each such entity. Operation of the System is conducted by the City. The regulations and requirements of entities exercising regulatory jurisdiction over the System are subject to further development and revision which, in turn, could require additional expenditures by the District in order to achieve compliance. In particular, additional or revised requirements in the future in connection with any permit held by the City for the wastewater treatment plants from which the District receives service could result in the need to construct additional facilities in the future.

Water, Sanitary Sewer and Drainage Facilities

Construction of the water, sanitary sewer and drainage facilities to serve the District has been financed with proceeds of the Outstanding Bonds and with funds advanced by certain Developers. It is expected that proceeds from sale of the Bonds and future issues of District bonds will be used to reimburse certain Developers for certain of the advances.

The District's water, sanitary sewer and drainage system is operated by the City of Pflugerville (the "City") pursuant to an agreement between the District and the City. The agreement provides for the City to operate the system, including billing and collecting and repairing the system. Pursuant to the agreement, the District sets retail water and sewer rates necessary to cover the City's costs of providing such services.

Source of Water Supply:

The District receives its water supply pursuant to an Agreement for Providing Wholesale Water Service (the "Water Supply Agreement") between TLCD and Manville Water Supply Corporation ("MWSC"). Pursuant to terms of the Agreement, which expires in 2036, MWSC is obligated to provide wholesale water to meet the needs of the area encompassing the Blackhawk development, including land within the boundaries of the District. Certain Developers have advanced funds on behalf of the District to pay MWSC for the connection fees to obtain service capacity rights to serve The Estates of Rowe Lane, Sections 1 and 2, The Park at Blackhawk II, Sections 1, 2A, 2B, 3A, and 3B, The Park at Blackhawk III, Section 1, The Park at Blackhawk VII, Sections 1A and 1B, Lakeside at Blackhawk II, Sections 1A and 2A, and Lakeside at Blackhawk III. Section 1. A portion of the proceeds from the sale of the Outstanding Bonds and the Bonds were used or will be used to reimburse certain Developers for such fees applicable to The Estates of Rowe Lane, Sections 1 and 2, The Park at Blackhawk II, Sections 1, 2A, 2B, 3A, and 3B, The Park at Blackhawk III, Section 1, The Park at Blackhawk VII, Sections 1A and 1B, Lakeside at Blackhawk II, Sections 1A and 2A, and Lakeside at Blackhawk III, Section 1. TLDC assigns its rights in the Water Supply Agreement to the District at such time as the connection fees are paid.

Source of Wastewater Treatment:

The District is provided wastewater treatment capacity by the City of Pflugerville. TLCD entered into an Agreement Providing Wholesale Wastewater Service ("Wastewater Agreement") with Kelly Lane Utility Company ("KLUC"), and TLCD has assigned its rights in the contract to Lakeside Water Control & Improvement District No. 2A ("2A"), which in turn assigns capacity to the District as development occurs, pursuant to the contract between the District and 2A. Pursuant to the terms of the contract, KLUC is obligated to provide wholesale wastewater service to meet the needs of the area within Blackhawk including land within the boundaries of the District. The agreement expires in 2036. In 2003, the City of Pflugerville purchased the wastewater treatment plant of KLUC and assumed the obligations of the Wastewater Agreement. Certain Developers have advanced funds on behalf of the District to pay KLUC, and now the City of Pflugerville, for the connection fees to obtain service capacity rights to serve The Estates if Rowe Lane, Sections 1 and 2, The Park at Blackhawk II, Sections 1, 2A, 2B, 3A, and 3B, The Park at Blackhawk III, Section 1, The Park at Blackhawk VII, Sections

1A and 1B, Lakeside at Blackhawk II, Section 1, and Lakeside at Blackhawk III, Section 1. A portion of the proceeds from the sale of the Outstanding Bonds and the Bonds were used or will be used to reimburse certain Developers for such fees applicable to The Estates of Rowe Lane, Sections 1 and 2, The Park at Blackhawk II, Sections 1, 2A, 2B, 3A, and 3B, The Park at Blackhawk III, Section 1, The Park at Blackhawk VII, Sections 1A and 1B, Lakeside at Blackhawk II, Sections 1A and 2A, and Lakeside at Blackhawk III, Section 1.

Certain Developers within Blackhawk and developers of additional land in the vicinity of the District, together with the City of Pflugerville, financed the construction of a major sanitary sewer interceptor and conveyance facilities to transport all wastewater flows from the District and neighboring areas to a regional wastewater treatment plant owned by the City of Pflugerville several miles south of the District. Wastewater flows are pumped to the City of Pflugerville plant, which has a current capacity of 4.36 million gallons per day.

100-Year Flood Plain:

According to the Engineer, approximately 16 acres of undevelopable land within the District are located within the 100-year flood plain as designated by the most recent Federal Emergency Management Agency Flood Insurance Rate Map. All of the land in the District which has been developed is outside the 100-year flood plain.

Use and Distribution of Bond Proceeds

The estimated use and distribution of Bond proceeds is shown below. Of proceeds to be received from sale of the Bonds, $5,706,319 is estimated for construction costs, and $1,893,681 is estimated for nonconstruction costs.

Construction Costs	
Water, Sanitary Sewer and Drainage to serve:	
Jakes Hill Road and Martin Lane	$120,224
Spiedel Drive, Section 2	368,574
Lakeside at Blackhawk II, Section 1A	891,258
Lakeside at Blackhawk II, Section 2A	814,714
Lakeside at Blackhawk III, Section 1	617,000
The Park at Blackhawk II, Section 3A	682,693
The Park at Blackhawk II, Section 3B	320,227
The Park at Blackhawk III, Section 1	360,507
The Park at Blackhawk VII, Sections 1A and 1B	679,147
Water Connection (Capital Recovery) Fees	142,800
Wastewater Impact (Capital Recovery) Fees	69,462
Engineering Inspection, and Testing	739,752
Less Use of Surplus Funds	(100,039)
Total Construction Costs	$5,706,319
Nonconstruction Costs	
Legal Fees	$55,250
Financial Advisory Fees	129,000
Bond Discount (estimated at 3%) (a)	228,000
Capitalized Interest (twelve months; estimated at 5.00%) (a)	380,000
Developer Interest (estimated)	990,968
Bond Issuances Expenses	33,863
Bond Application Report	50,000
Attorney General Fee	7,600
Commission Fee	19,000
Total Nonconstruction Costs	$1,893,681
TOTAL BOND ISSUE	$7,600,000

(a) The Commission has approved a maximum amount of $380,000 in capitalized interest and a maximum underwriter's discount of 3.0%.

In the event approved estimated amounts exceed actual costs, the difference comprises a surplus which may be expended for uses in accordance with the rules of the Commission. In the event actual costs exceed previously approved estimated amounts and contingencies, additional Commission approval and the issuance of additional bonds may be required.

Future Debt

Certain Developers have financed or are financing the engineering and construction costs of underground utilities to serve the District, as well as certain other District improvements. After reimbursement from sale of the Bonds, certain Developers will have expended approximately $940,000 (as of September 20, 2016) for design, construction and acquisition of District utilities and park and recreational facilities not yet reimbursed. It is anticipated that proceeds from future issues of District bonds will be used, in part, to reimburse certain Developers for these costs to the extent allowed by the Commission. Additionally, the District contains approximately 74 acres of developable land not yet provided with water distribution, wastewater collection and storm drainage facilities. It is anticipated that proceeds from future issues of District bonds will be used to reimburse certain Developers for the costs of these facilities. The District can make no representation that any additional development will occur within the District. The District may also issue additional bonds to finance (or reimburse certain of the Developers for financing of) recreational facilities. The Engineer has stated that the District's authorized but unissued bonds will be adequate, under present land use projections, to fully finance such improvements.

UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED

Date of Authorization	Purpose	Amount Authorized	Issued to Date	Amount Unissued
11/04/2003	Water, Sanitary Sewer and Drainage	$27,500,000	$17,335,000*	$10,165,000
09/11/2004	Recreational Facilities	$ 1,500,000	$ 0	$ 1,500,000

* Includes the Bonds.

FINANCIAL STATEMENT

2016 Assessed Valuation	$135,677,399(a)
Estimated Assessed Valuation as of August 1, 2016	$141,990,061(b)
District Debt:	
Outstanding Bonds (as of September 2, 2016)	$8,555,000
The Bonds	7,600,000
Gross Debt Outstanding (after issuance of the Bonds)	$16,155,000
Ratio of Gross Debt to 2016 Assessed Valuation	11.91%
Ratio of Gross Debt to Estimated Assessed Valuation as of August 1, 2016	11.38%

Approximate Area of District -- 408 acres

(a) As certified by the Travis Central Appraisal District (the "Appraisal District"). See "TAX PROCEDURES."
(b) As estimated by the Appraisal District as of August 1, 2016 for informational purposes only. Such amount reflects an estimate of the taxable land and improvements value within the District on August 1, 2016. This estimate has no official status. Taxes are levied based on value as certified by the Appraisal District as of January 1 of each year. Consequently, this estimate will not be used to produce tax revenue for the District. See "TAX PROCEDURES."

Cash and Investment Balances (unaudited as of August 9, 2016)

General Fund	Cash and Temporary Investments	$850,347
Capital Projects	Cash and Temporary Investments	$100,963
Debt Service Fund	Cash and Temporary Investments	$531,374 (a)

(a) Twelve months of capitalized interest will be deposited into such fund from Bond proceeds (estimated amount $380,000). This balance reflects payment of debt service due on March 1, 2016. Neither the Bond Resolution nor Texas law requires that the District maintain any particular balance in the Debt Service Fund.

Outstanding Bonds (as of September 2, 2016)

Series	Original Principal Amount	Principal Amount Outstanding As of September 2, 2016
2007	$2,535,000	$ 0
2008	2,040,000	1,655,000
2010	1,200,000	1,035,000
2012	980,000	910,000
2014	1,165,000	1,105,000
2015	1,815,000	1,770,000
2016	2,085,000	2,080,000
	$11,820,000	$8,555,000

ESTIMATED OVERLAPPING DEBT STATEMENT

Expenditures of the various taxing entities within the territory of the District are paid out of ad valorem taxes levied by such entities on properties within the District. Such entities are independent of the District and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax bonds ("Tax Debt") was developed from information contained in the "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional bonds since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined. The following table reflects the estimated share of the overlapping Tax Debt of the District.

Taxing Jurisdiction	Outstanding Bonds	As of	Overlapping Percent	Overlapping Amount
Travis County	$717,256,497	07/31/16	0.07%	$ 502,080
Pflugerville Independent School District	498,050,000	07/31/16	1.15	5,727,575
Travis County Healthcare District	11,355,000	07/31/16	0.07	7,949
Travis County Emergency Services District No. 2	170,000	07/31/16	1.28	2,176
Total Estimated Overlapping Debt				$ 6,239,779
The District	16,155,000(a)		100.00	16,155,000
Total Direct and Estimated Overlapping Debt				$22,394,779
Ratio of Total Direct and Estimated Overlapping Debt to 2016 Assessed Valuation				16.51%
Ratio of Total Direct and Estimated Overlapping Debt to Estimated Assessed Valuation as of August 1, 2016				15.77%

(a) Includes the Bonds.

Overlapping Tax Rates for 2015

	2015 Tax Rate per $100 Assessed Valuation
Travis County	$0.416900
Pflugerville Independent School District	1.540000
Travis County Emergency Services District No. 2	0.095800
Travis County Healthcare District	0.117781
The District	0.970000
Total Overlapping Tax Rate	$3.140481

TAX DATA

Tax Collections

The following statement of tax collections sets forth in condensed form the historical tax collection experience of the District. This summary has been prepared for inclusion herein, based upon information from District records. Reference is made to these records for further and more complete information.

Tax Year	Assessed Valuation	Tax Rate	Tax Levy	Total Collections as of 7/31/2016 Amount	Percent
2011	$59,795,474	$0.97	$584,714	$584,680	99.99%
2012	62,402,371	0.97	605,303	605,303	100.00
2013	71,925,688	0.97	697,679	697,645	99.99
2014	85,510,825	0.97	829,455	829,455	100.00
2015	106,968,041	0.97	1,037,590	1,034,928	99.74
2016	135,677,399	0.97	1,316,071	(a)	(a)

(a) In process of collection.

Taxes are due October 1 and become delinquent if not paid before February 1 of the year following the year in which imposed. No split payments are allowed and no discounts are allowed.

Tax Rate Distribution

	2016	2015	2014	2013	2012
Debt Service	$0.75	$0.59	$0.64	$0.63	$0.68
Maintenance and Operations	0.22	0.38	0.33	0.34	0.29
Total	$0.97	$0.97	$0.97	$0.97	$0.97

Tax Rate Limitations

Debt Service: Unlimited (no legal limit as to rate or amount).
Maintenance and Operations: Unlimited (no legal limit as to rate or amount).

Debt Service Tax

The Board covenants in the Bond Resolution to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. For the 2016 tax year, the Board levied a debt service tax in the amount of $0.75 per $100 assessed valuation. In connection with the approval of the Bonds, the Commission has recommended the District levy a tax for debt service at a rate of $0.93 per $100 assessed valuation in the first year after issuance of the Bonds.

Maintenance Tax

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements, if such maintenance tax is authorized by vote of the District's electors. On November 4, 2003, the Board was authorized to levy such a maintenance tax without legal limitation as to rate or amount. For the 2016 tax year, the Board levied a maintenance tax in the amount of $0.22 per $100 assessed valuation. Such tax is in addition to taxes which the District is authorized to levy for paying principal and interest on the District's bonds.

Tax Exemptions

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

Additional Penalties

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

Principal Taxpayers

The following list of principal taxpayers was provided by the District's Tax Assessor/Collector based upon the 2016 tax roll, which reflects ownership at January 1, 2016.

Taxpayer	Type of Property	2016 Assessed Valuation	% of Assessed Valuation
Century Land Holdings II LLC	Land and Improvements	$3,172,460	2.34%
Scott Felder Homes LLC	Homebuilder	2,714,954	2.00
Ashford Montessori LLC	Land and Improvements	1,751,352	1.29
Weekley Homes LLC	Homebuilder	1,643,646	1.21
MHI Partnership Ltd	Homebuilder	1,255,845	0.93
2012 Lakeside at Blackhawk LLC	Land and Improvements	730,604	0.54
RMD Residential LP	Land and Improvements	689,891	0.51
MHI Models Ltd	Land and Improvements	443,657	0.33
Individual	Lot and Residence	406,365	0.30
Individual	Lot and Residence	399,466	0.29
Total		$13,208,240	9.74%

Summary of Assessed Valuation

The following summary of the 2016, 2015 and 2014 Assessed Valuations are provided by the District's Tax Assessor/Collector based on information contained in the 2016, 2015 and 2014 tax rolls of the District. Differences in totals may vary slightly from other information herein due to differences in dates of data.

	2016	2015	2014
Land	$27,723,712	$24,995,080	$20,620,682
Improvements	122,220,992	95,761,211	77,397,370
Personal Property	270,069	172,742	89,691
Exemptions and Deferments	(14,537,374)	(14,725,347)	(12,703,545)
Total Assessed Valuation	$135,677,399	$106,203,686	$85,404,198

Tax Adequacy for Debt Service

The calculations shown below assume, solely for purpose of illustration, no increase or decrease in assessed valuation over the 2016 Assessed Valuation and the Estimated Assessed Valuation as of August 1, 2016, no use of available funds, and utilize tax rates necessary to pay the District's average annual debt service requirements on the Bonds.

Average annual debt service requirement (2017-2038)..	$1,115,799
$0.85 tax rate on the 2016 Assessed Valuation of $135,677,399 at a 97% collection rate produces	$1,118,660
$0.82 tax rate on the Estimated Assessed Valuation as of August 1, 2016 of $141,990,061 at a 97% collection rate produces	$1,129,389

TAX PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds, the Outstanding Bonds, and any additional bonds payable from taxes which the District may hereafter issue (see "INVESTMENT CONSIDERATIONS —Future Debt") and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Resolution to levy such a tax from year to year as described more fully herein under "THE BONDS—Source of and Security for Payment." Under Texas law, the Board may also levy and collect an annual ad valorem tax for the operation and maintenance of the District and its water and wastewater system and for the payment of certain contractual obligations. See "TAX DATA."

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. The District must also follow tax procedures found in the Texas Water Code. These statutory provisions are complex and are not fully summarized here.

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

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares and merchandise in transit; farm products owned by the producer; certain property of 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 travel trailers, certain property of charitable organizations, residential homesteads of persons sixty-five (65) years or older and of certain disabled persons to the extent deemed advisable by the Board. The District may be required to offer such an exemption if a majority of voters approve it at an election. The District would be required to call such 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 certain surviving dependents of disabled veterans, if requested, of between $5,000 and $12,000 depending on the disability rating of the veteran. A veteran who receives a disability rating of 100%, and subject to certain conditions, the surviving spouse of such veteran, is entitled to an exemption for the full amount of the veteran's residence homestead. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating of the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. See "TAX DATA."

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) (not less than $5,000) of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted by May 1. See "TAX DATA."

Freeport Goods and Goods-in-Transit Exemptions: A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2011 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption is limited to tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Tax Abatement

Travis County may designate all or part of the area within the District as a reinvestment zone. Thereafter, Travis County, the District, and, if the District is annexed and dissolved, the City of Pflugerville, 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 jurisdictions.

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. Generally, 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. In determining market value, either the replacement cost or the income or the market data method of valuation may be used, whichever is appropriate. Nevertheless, certain land may be appraised at less than market value under the Property Tax Code. Increases in the appraised value of residence homesteads are limited by the Texas Constitution to 10 percent annually regardless of the market value of the property.

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three (3) years for agricultural use and taxes for the previous five (5) years for open space land and timberland.

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

District and Taxpayer Remedies

Under certain circumstances taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Board by filing a timely petition for review in State district court. In such event, the value of the property in question will be determined by the court or by a jury if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to compel compliance with the Property Tax Code. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

Rollback of Operation and Maintenance Tax Rate

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

Levy and Collection of Taxes

The District is responsible for the levy and, unless it elects to transfer such functions to another governmental entity, collection of its taxes. By September 1 of each year, or as soon thereafter as practicable, the rate of taxation is set by the Board of Directors based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. For those taxes billed at a later date and that become delinquent on or after June 1, they will also incur an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, may be rejected. Additionally, the owner of a residential homestead property that is a person sixty-five (65) years of age or older is entitled by law to pay current taxes on a residential homestead in installments or to defer the payment of taxes without penalty during the time of ownership.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units (see "ESTIMATED OVERLAPPING DEBT STATEMENT--Overlapping Tax Rates for 2015"). A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the cost of suit and sale, 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 (a taxpayer may redeem property within six (6) months for commercial property and two (2) years for residential and all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. The District's ability to foreclose its tax lien or collect penalties or interest on delinquent taxes may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act 12 U.S.C. 1825, as amended. See "INVESTMENT CONSIDERATIONS."

GENERAL FUND OPERATIONS

General

The Bonds are payable from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. Surplus revenues, if any, of the District's general fund are not pledged to the payment of the Outstanding Bonds or the Bonds but are available for any lawful purpose including payment of debt service on the Outstanding Bonds and the Bonds, at the discretion and upon action of the Board. The District's water and wastewater system is operated by the City of Pflugerville. Consequently, the District's general fund is used primarily for administration and payment for services to the City of Pflugerville. It is not expected that significant surplus revenues, if any, will be available for payment of debt service on the Bonds.

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Operating Statement

The following statement sets forth in condensed form the historical results of operation of the District's General Fund. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Such summary is based upon information obtained from the District's audited financial statements, and in the case of the period ended June 30, 2016, from the District's Bookkeeper's records. Reference is made to such records and statements for further and more complete information.

	10/01/2015 to 06/30/2016 [(a)]	Fiscal Year Ended September 30 2015	2014	2013	2012
Revenues					
Water Service	$ 227,102	$ 287,596	$ 257,915	$ 277,208	$ 267,115
Wastewater Service	190,739	220,974	203,614	187,818	172,381
Tap Connection Fees	41,600	56,000	28,000	33,600	15,100
Property Taxes	407,276	286,955	245,123	182,793	175,331
Interest and Miscellaneous	2,524	2,429	1,917	1,404	805
Total Revenues	$ 869,241	$ 853,954	$ 736,569	$ 682,823	$ 630,732
Expenditures					
Water Purchased	$ 128,731	$ 157,097	$ 140,697	$ 158,807	$ 154,784
City Water Fees	68,242	83,611	71,300	75,432	71,372
Wastewater Service Purchased	190,739	220,974	203,614	187,818	172,381
Repairs and Maintenance	125,663	98,614	104,039	51,505	66,605
Accounting Fees	9,658	10,716	10,288	9,598	9,129
Audit Fees	10,500	10,500	10,500	10,500	10,500
Engineering Fees	10,837	13,443	14,816	10,650	14,711
Legal Fees	33,518	68,720	61,517	62,675	51,057
Tax Assessor/Collector	4,794	5,305	4,150	5,536	3,318
Director Salaries and Tax	7,105	8,235	7,413	6,943	9,214
Insurance	4,052	3,874	3,525	3,622	3,599
Licenses and Fees	2,725	12,937	3,714	3,715	5,867
Miscellaneous	1,708	2,362	2,376	2,414	1,848
Fiscal Agent Fees	1,500	1,500	1,500	1,500	1,500
Amenity Center	3,831	-	-	-	-
CCN - Legal Fees	2,475	-	-	-	-
MS4 Permitting	5,190	-	-	-	-
PUC CCN - Legal	978	-	-	-	-
Total Expenditures	$ 612,246	$ 697,888	$ 639,449	$ 590,715	$ 575,885
Excess (Deficit) of Revenues over Expenditures	256,995	156,066	97,120	92,108	54,847
Fund Balance - Beginning of Year	658,860	502,794	405,674	313,566	258,719
Fund Balance - End of Year		$ 658,860	$ 502,794	$ 405,674	$ 313,566

(a) Unaudited, provided by the Bookkeeper.

DEBT SERVICE REQUIREMENTS

The following sets forth the debt service requirements for the Outstanding Bonds and the estimated debt service requirements for the Bonds at an estimated interest rate of 5.00% per annum.

Year	Outstanding Bonds Debt Service Requirements	Debt Service on the Bonds: Principal	Debt Service on the Bonds: Interest	Debt Service on the Bonds: Total	Debt Service Requirements
2017	$ 630,146	$ 325,000	$ 316,667	$ 641,667	$ 1,271,813
2018	635,106	325,000	363,750	688,750	1,323,856
2019	641,211	325,000	347,500	672,500	1,313,711
2020	641,784	325,000	331,250	656,250	1,298,034
2021	651,609	325,000	315,000	640,000	1,291,609
2022	659,416	325,000	298,750	623,750	1,283,166
2023	671,160	325,000	282,500	607,500	1,278,660
2024	671,830	325,000	266,250	591,250	1,263,080
2025	686,593	325,000	250,000	575,000	1,261,593
2026	683,680	325,000	233,750	558,750	1,242,430
2027	695,009	325,000	217,500	542,500	1,237,509
2028	699,801	325,000	201,250	526,250	1,226,051
2029	708,295	325,000	185,000	510,000	1,218,295
2030	720,379	325,000	168,750	493,750	1,214,129
2031	720,950	325,000	152,500	477,500	1,198,450
2032	725,009	325,000	136,250	461,250	1,186,259
2033	547,769	400,000	120,000	520,000	1,067,769
2034	401,133	400,000	100,000	500,000	901,133
2035	305,663	400,000	80,000	480,000	785,663
2036	229,160	400,000	60,000	460,000	689,160
2037	135,200	400,000	40,000	440,000	575,200
2038		400,000	20,000	420,000	420,000
Total	$ 12,460,901	$ 7,600,000	$ 4,486,667	$ 12,086,667	$ 24,547,568

Average Annual Debt Service Requirements (2017-2038) $1,115,799
Maximum Annual Debt Service Requirements (2018) $1,323,856

INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations of the District and not obligations of the State of Texas, Travis County, the City of Pflugerville, or any other political entity other than the District, will be secured by an annual ad valorem tax, without legal limitation as to rate or amount, levied on all taxable property within the District. The ultimate security for payment of the principal of and interest on the Bonds depends on the ability of the District to collect from the property owners within the District all taxes levied against the property or, in the event of foreclosure, on the value of the taxable property with respect to taxes levied by the District and by other taxing authorities.

Economic Factors and Interest Rates

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

Credit Markets and Liquidity in the Financial Markets

Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates at which developers are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, particularly liquidity in the national credit markets, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 16 miles from the central downtown business district of the City of Austin, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Austin metropolitan and regional economies and national credit and financial markets. A downturn in the economic conditions of Austin and decline in the nation's real estate and financial markets could adversely affect development and home-building plans in the District and restrain the growth of the District's property tax base.

Competition

The demand for and construction of single-family homes in the District, which is approximately 16 miles from downtown Austin, could be affected by competition from other residential developments, including other residential developments located in the northeastern portion of the Austin area market. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in the area of the District. Such homes could represent additional competition for new homes proposed to be sold within the District.

The competitive position of the builders in the sale of single-family residential houses within the District is affected by most of the factors discussed in this section. Such a competitive position directly affects the growth and maintenance of taxable values in the District and tax revenues to be received by the District. The District can give no assurance that building and marketing programs in the District by the Developers will be implemented or, if implemented, will be successful.

Developer/Landowner Obligation to the District

There are no commitments from or obligations of the Developers, any builders, or any landowner to the District to proceed at any particular rate or according to any specified plan with the development of land or the construction of improvements in the District, and there is no restriction on any landowner's right to sell its land. Failure to construct taxable improvements on developed lots or developed tracts of land would restrict the rate of growth of taxable values in the District. The District cannot and does not make any representations that over the life of the Bonds continued development of taxable property within the District will increase or maintain its taxable value.

Impact on District Tax Rates

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 District property owners to pay their taxes. The 2016 assessed valuation of the District (see "FINANCIAL STATEMENT") is $135,677,399. After issuance of the Bonds, the maximum annual debt service requirement will be $1,323,856 (2018) and the average annual debt service requirement will be $1,115,799 (2017-2038). Assuming no increase or decrease from the 2016 assessed valuation and no use of funds other than tax collections, a tax rate of $1.01 per $100 assessed valuation at a 97% collection rate would be necessary to pay the maximum annual debt service requirement of $1,323,856 and a tax rate of $0.85 per $100 assessed valuation at a 97% collection rate would be necessary to pay the average annual debt service requirement of $1,115,799 (see "DEBT SERVICE REQUIREMENTS"). The estimated assessed valuation as of August 1, 2016 within the District is $141,990,061. Assuming no increase or decrease from the estimated assessed valuation as of August 1, 2016 and a 97% collection rate, tax rates of $0.97 and $0.82 per $100 assessed valuation would be necessary to pay the maximum annual requirement and the average annual requirement, respectively. Such calculated rates may be higher than tax rates presently being levied in utility districts in the general vicinity of the District. Although calculations have been made regarding average and maximum tax rates necessary to pay the debt service on the Bonds based upon the 2016 assessed valuation and the estimated assessed valuation as of August 1, 2016, the District can make no representations regarding the future level of assessed valuation within the District. Increases in the tax rate may be required in the event the District's assessed valuation does not continue to increase or in the event major taxpayers do not pay their District taxes timely. Increases in taxable values depend primarily on the continuing construction and sale of homes and other taxable improvements within the District. See "TAX PROCEDURES" and "TAX DATA—Tax Adequacy for Debt Service."

Future Debt

The District reserves in the Bond Resolution the right to issue the remaining $10,165,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities and the $1,500,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of financing and constructing recreational facilities, and the District may issue additional bonds which may be voted hereafter. The District may also issue refunding bonds. See "THE BONDS—Issuance of Additional Debt" and "THE SYSTEM." The issuance of such future obligations may adversely affect the investment security of the Bonds. The District does not employ any formula with regard to assessed valuations or tax collections or otherwise to limit the amount of bonds which may be issued. Any bonds issued by the District, however, must be approved by the Attorney General of Texas and the Board of the District and any bonds issued to acquire or construct water, sanitary sewer and drainage facilities must be approved by the Commission. After sale of the Bonds and reimbursement to certain Developers of a portion of the proceeds therefrom, the District will still owe not less than approximately $940,000 to certain Developers for the costs of water, wastewater, and drainage facilities and park and recreational facilities for which that have not yet been reimbursed. The District expects to sell additional bonds to reimburse certain Developers for such costs. See "THE SYSTEM – Future Debt" herein.

Tax Collection Limitations

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by market conditions limiting the proceeds from a foreclosure sale of taxable property and collection procedures. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. The costs of collecting any such taxpayer's delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. 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 against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid. See "TAX PROCEDURES—District's Rights in the Event of Tax Delinquencies."

Registered Owners' Remedies and Bankruptcy Limitations

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners have a right to seek a writ of mandamus requiring the District to levy adequate taxes each year to make such payments. There is no provision for acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Based on recent Texas court decisions, it is unclear whether Section 49.066, Texas Water Code, effectively waives governmental immunity of a municipal utility district for suits for money damages. Even if the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. Since there is no trust indenture or trustee, the Registered Owners would have to initiate and finance the legal process to enforce their remedies. The enforceability of the rights and remedies of Registered Owners may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District or by a State of Texas statute reasonably required to attain an important public purpose.

Subject to the requirements of Texas law discussed below, a political subdivision such as the District may voluntarily file a petition for relief from creditors under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Sections 901-946. The filing of such petition would automatically stay the enforcement of Registered Owner's remedies, including mandamus. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismisses the petition, enters an order granting relief from the stay or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision such as the District may qualify as a debtor eligible to proceed in a Chapter 9 case only if it (1) is authorized to file for federal bankruptcy protection by applicable state law, (2) is insolvent or unable to meet its debts as they mature, (3) desires to effect a plan to adjust such debts, and (4) has either obtained the agreement of, or negotiated in good faith with, its creditors or is unable to negotiate with its creditors because negotiation is impracticable. The District must obtain the approval of the Commission as a condition to seeking relief under the Federal Bankruptcy Code. The

Commission is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under federal bankruptcy law only if such district has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

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

The District may not be placed into bankruptcy involuntarily.

Continuing Compliance with Certain Covenants

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

Marketability

The District has no agreement with the Initial Purchaser (hereinafter defined) 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 of the Bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional issuers as such bonds are generally bought, sold or traded in the secondary market.

LEGAL MATTERS

Legal Proceedings

The District will furnish to the Initial Purchaser a transcript of certain proceedings incident to the issuance and authorization of the Bonds. Such transcript will include a certified copy of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Bonds are valid and binding obligations of the District payable from the proceeds of an annual ad valorem tax levied, without limit as to rate or amount, upon all taxable property within the District. The District will also furnish the approving legal opinion of Freeman & Corbett, Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are (i) valid and binding obligations of the District under the Constitution and general laws of the State of Texas, except to the extent that enforcement of the rights and remedies of the Bondholders may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District; and (ii) payable, both as to principal and interest, from the levy of ad valorem taxes, without limitation as to rate or amount, against taxable property within the District. The District has employed Bracewell LLP, Austin, Texas, as Special Tax Counsel. Special Tax Counsel will render an opinion to the effect that under existing law (i) interest on the Bonds is excludable from gross income of the holders for federal tax purposes and (ii) the Bonds are not "private activity bonds" under the Code and, as such, interest on the Bonds is not subject to the alternative minimum tax on individuals and corporations, except as described in "TAX MATTERS – Tax Exemption" below. Bond Counsel will not be responsible in any manner for matters addressed in the opinion of Special Tax Counsel and, likewise, Special Tax Counsel will not be responsible in any manner for matters addressed in the opinion of Bond Counsel. Moreover, Bond Counsel and Special Tax Counsel have no joint responsibility with respect to the Bonds or the proceeds relating to the Bonds. Bond Counsel will be solely responsible for such proceedings and Special Tax Counsel will be solely responsible for its opinion.

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

In its capacity as Special Tax Counsel, Bracewell LLP has reviewed the information appearing in this Official Statement under the captions "MANAGEMENT – Special Tax Counsel," "LEGAL MATTERS – Legal Proceedings" (insofar as such section relates to the legal opinion of Special Tax Counsel), "TAX MATTERS," and "ADDITIONAL FEDERAL INCOME TAX CONSIDERATIONS" solely to determine whether such information fairly summarizes the law referred to therein. Special Tax Counsel has not independently verified factual information contained in this Official Statement and has not 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 such firm's limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to the accuracy or completeness of any of the other information contained herein.

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

No Material Adverse Change

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

No-Litigation Certificate

The District will furnish the Initial Purchaser a certificate, executed by both the President and Secretary of the Board, and dated as of the date of delivery of the Bonds, to the effect that no litigation of any nature is pending, or to its knowledge threatened, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the levy, assessment and collection of ad valorem taxes to pay the interest or the principal of the Bonds; in any manner questioning the authority or proceedings for the issuance, execution or delivery of the Bonds; or affecting the validity of the Bonds or the title of the present officers of the District.

TAX MATTERS

Tax Exemption

In the opinion of Bracewell LLP, Special Tax Counsel, under existing law (i) interest on the Bonds is excludable from gross income for federal income tax purposes and (ii) the Bonds are not "private activity bonds" under the Code, and, as such, interest on the Bonds is not subject to the alternative minimum tax on individuals and corporations, except as described below in the discussion regarding the adjusted current earnings adjustment for corporations.

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

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

The Code also imposes a 20% alternative minimum tax on the "alternative minimum taxable income" of a corporation if the amount of such alternative minimum tax is greater than the amount of the corporation's regular income tax. Generally, the alternative minimum taxable income of a corporation (other than any S corporation, regulated investment company, REIT, or REMIC), includes 75% of the amount by which its "adjusted current earnings" exceeds its other "alternative minimum taxable income." Because interest on tax-exempt obligations, such as the Bonds, is included in a corporation's "adjusted current earnings," ownership of the Bonds could subject a corporation to alternative minimum tax consequences.

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

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

Purchase of Tax-Exempt Obligations by Financial Institutions

Section 265(a) of the Code provides, in general, that a deduction for interest on indebtedness incurred to acquire or carry tax-exempt obligations is disallowed. Section 265(b) of the Code provides a specific complete disallowance of any deduction by a financial institution of its pro rata interest expense to reflect such financial institution's investment in tax-exempt obligations acquired after August 7, 1986. Section 265(b) also provides an exception for financial institutions for tax-exempt obligations that are properly designated by an issuer as "qualified tax-exempt obligations."

The Bonds are expected to be designated as "qualified tax-exempt obligations" based, in part, on the District's representation that the amount of the Bonds, when added to the amount of all other tax-exempt obligations (not including private activity bonds other than "qualified 501(c)(3) bonds" or any obligation issued to currently refund any obligation to the extent that the amount of the refunding obligation does not exceed the amount of the refunded obligation) issued or reasonably anticipated to be issued by or on behalf of the District during 2016, is not expected to exceed $10,000,000. Further, the District and entities aggregated with the District under the Code have not designated more than $10,000,000 in "qualified tax-exempt obligations" (including the Bonds) during 2016.

Notwithstanding the designation of the Bonds as "qualified tax-exempt obligations" under this exception, financial institutions acquiring the Bonds will be subject to a 20% disallowance of allocable interest expense.

ADDITIONAL FEDERAL INCOME TAX CONSIDERATIONS

Collateral Tax Consequences

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

Tax Accounting Treatment of Original Issue Premium

The issue price of all or a portion of the Bonds may exceed the stated redemption price payable at maturity of such Bonds. Such Bonds (the "Premium Bonds") are considered for federal income tax purposes to have "bond premium" equal to the amount of such excess. The basis of a Premium Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Bond in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Premium Bond.

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

Tax Accounting Treatment of Original Issue Discount Bonds

The issue price of all or a portion of the Bonds may be less than the stated redemption price payable at maturity of such Bonds (the "Original Issue Discount Bonds"). In such case, the difference between (i) the amount payable at the maturity of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond in the initial public offering of the Bonds. Generally, such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Bonds under the captions "TAX MATTERS – Tax Exemption" and "ADDITIONAL FEDERAL INCOME TAX CONSIDERATIONS – Collateral Tax Consequences" and "—Tax Legislative Changes" generally apply and should be considered in connection with the discussion in this portion of the Official Statement.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

The foregoing discussion assumes that (i) the Initial Purchaser has purchased the Bonds for contemporaneous sale to the public and (ii) all of the Original Issue Discount Bonds have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the cover page of this Official Statement. Neither the District nor Bond Counsel has made any investigation or offers any comfort that the Original Issue Discount Bonds will be offered and sold in accordance with such assumptions.

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

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

Tax Legislative Changes

Current law may change so as to directly or indirectly reduce or eliminate the benefit of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed, pending or future legislation.

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net interest cost, which bid was tendered by ____________________________ (the "Initial Purchaser") bearing the interest rates shown on the cover page hereof, 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 ________% as calculated pursuant to Chapter 1204, Texas Government Code, as amended.

Prices and Marketability

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

The prices and other terms with respect to the offering and sale of the Bonds may be changed at any time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts. In connection with the offering of the Bonds, the Initial Purchaser may over-allot or effect transactions that stabilize or maintain the market prices of the Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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

Securities Laws

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

MUNICIPAL BOND INSURANCE AND RATING

Moody's Investors Service ("Moody's") has assigned an underlying rating to the District of "Baa3." An explanation of the rating may be obtained from Moody's. Application has also been made for the qualification of the Bonds for municipal bond insurance. If qualified, such insurance will be available at the option of the Initial Purchaser and at the Initial Purchaser's expense. The rating fees of Moody's will be paid by the District; however, the fees associated with any other rating will be the responsibility of the Initial Purchaser.

An explanation of the significance of the foregoing rating may only be obtained from Moody's. The foregoing rating expresses only the view of Moody's at the time the ratings are given. Furthermore, a security rating is not a recommendation to buy, sell or hold securities. There is no assurance that the rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by Moody's, if, in its judgement, circumstances so warrant. Any such downward change in or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

The District is not aware of any ratings assigned the Bonds other than the ratings of Moody's.

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

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

Financial Advisor

The Financial Advisor is employed as the financial advisor to the District to render certain professional services, including advising the District on a plan of financing and preparing the Official Statement, including the Official Notice Of Sale and the Official Bid Form for the sale of the Bonds. In its capacity as Financial Advisor, the Financial Advisor has compiled and edited this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

Consultants

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

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

Appraisal District: The information contained in this Official Statement relating to the assessed valuations has been provided by the Travis Central Appraisal District and has been included herein in reliance upon the authority of such entity as experts in assessing the values of property in Travis County, including the District.

Tax Assessor/Collector: The information contained in this Official Statement relating to the historical breakdown of the Assessed Valuations, principal taxpayers, and certain other historical data concerning tax rates and tax collections has been provided by the Travis Central Appraisal District and the Travis County Tax Assessor/Collector and is included herein in reliance upon their respective authority as experts in assessing and collecting taxes.

Auditor: The District's financial statements for the fiscal year ending September 30, 2015 have been audited by West, Davis & Company, LLP. See "APPENDIX A" for a copy of the District's September 30, 2015, audited financial statements.

Updating the Official Statement

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

Certification of Official Statement

The District, acting through its Board of Directors in its official capacity, hereby certifies, as of the date hereof, that the information, statements, and descriptions or any addenda, supplement and amendment thereto pertaining to the District and its affairs contained herein, to the best of its knowledge and belief, contain no untrue statement of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they are made, not misleading. With respect to information included in this Official Statement other than that relating to the District, the District has no reason to believe that such information contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading; however, the Board has made no independent investigation as to the accuracy or completeness of the information derived from sources other than the District. In rendering such certificate, the official executing this certificate may state that he has relied in part on his examination of records of the District relating to matters within his own area of responsibility, and his discussions with, or certificates or correspondence signed by, certain other officials, employees, consultants and representatives of the District.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Resolution, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB").

Annual Reports

The District will provide certain updated financial information and operating data annually to the MSRB, or any successor, through its Electronic Municipal Market Access System ("EMMA"). The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings "FINANCIAL STATEMENT," "TAX DATA," "GENERAL FUND OPERATIONS," "DEBT SERVICE REQUIREMENTS," and "APPENDIX A" (Annual Financial Report and supplemental schedules). The District will update and provide this information within six months after the end of each fiscal year ending in or after 2016.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12. The updated information will include audited financial statements, if the District commissions an audit and the audit is completed by the required time. If the audit of such financial statements is not complete within such period, then the District will 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 of such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Resolution or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

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

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other events affecting the tax-exempt status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of 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 an definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material to a decision to purchase or sell Bonds. The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from MSRB

The District has agreed to provide the foregoing updated information only to the MSRB through EMMA. The MSRB makes the information available to the public without charge through its EMMA internet portal at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of material events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders or 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 from time to time to adapt the changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with SEC Rule 15c2-12, taking into account any amendments or interpretations of SEC Rule 15c2-12 to the date of such amendment, as well as such changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment 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 holders and beneficial owners of the Bonds. The District may amend or repeal the agreement in the Bond Resolution if the SEC amends or repeals the applicable provisions of SEC Rule 15c2-12 or a court of final jurisdiction determines that such provisions are invalid or unenforceable, but only to the extent that its right to do so would not prevent the Underwriters from lawfully purchasing the Bonds in the initial offering. 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

During the last five years, the District has complied in all material respects with all continuing disclosure agreements made by it in accordance with SEC Rule 15c2-12.

MISCELLANEOUS

All estimates, statements and assumptions in this Official Statement and the Appendix hereto have been made on the basis of the best information available and are believed to be reliable and accurate. Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact, and no representation is made that any such statements will be realized.

This Official Statement was approved by the Board of Directors of Lakeside Water Control & Improvement District No. 2-C, as of the date shown on the cover page.

/s/ ____

President, Board of Directors
Lakeside Water Control & Improvement
District No. 2-C

ATTEST:

/s/ ____

Secretary, Board of Directors
Lakeside Water Control & Improvement
District No. 2-C

PHOTOGRAPHS OF THE DISTRICT

The following photographs were taken in the District in September 2016, solely to illustrate the type of improvements which have been constructed in the District. The District cannot predict if any additional improvements will be constructed in the future.

APPENDIX A

Audited Financial Statements for the fiscal year ended September 30, 2015

LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2C

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2015

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LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT #2C
Annual Financial Report
For the Year Ended September 30, 2015

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FINANCIAL SECTION

Independent Auditor's Report

Board of Directors
Lakeside Water Control & Improvement District #2C
Travis County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Lakeside Water Control & Improvement District #2C (the District) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluation the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

11824 JOLLYVILLE RD, SUITE 100 • AUSTIN, TEXAS 78759 – 2322
TELEPHONE 512.922.8809

Opinion

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the District at September 30, 2015, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The supplemental schedules required by the Texas Commission on Environmental Quality are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules required by the Texas Commission on Environmental Quality are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules required by the Texas Commission on Environmental Quality are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

West, Davis and Company

Austin, Texas
December 31, 2015

Management Discussion and Analysis
For the Year Ended September 30, 2015

In accordance with Governmental Accounting Standards Board Statement 34 ("GASB 34"), the management of Lakeside Water Control & Improvement District #2C (the "District") offers the following discussion and analysis to provide an overview of the District's financial activities for the year ended September 30, 2015. Since this information is designed to focus on current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the District's financial statements that follow.

FINANCIAL HIGHLIGHTS

- **General Fund:** The unassigned fund balance at the end of the year was approximately $659 thousand which was an increase of $156 thousand from the end of the previous year end. Revenue increased from $737 thousand in the previous fiscal year to $854 thousand in the current fiscal year primarily due to increased property tax revenue.

- **Debt Service Fund:** The fund balance restricted for debt service increased from $417 thousand at the end of the previous fiscal year to $503 thousand at the end of the current fiscal year. Revenue increased by $103 thousand over the previous fiscal year plus bond proceeds increased by $20 thousand. The District made bond principal payments of $210 thousand and bond interest payments of $325 thousand during the fiscal year.

- **Capital Projects Fund:** The fund balance decreased by $196 thousand due primarily to the payment of bond issuance costs.

- **Governmental Activities:** On a Government-wide basis for governmental activities, the District had revenue in excess of expenses of approximately $41 thousand. Net position increased from $(311) thousand to $(270) thousand.

OVERVIEW OF THE DISTRICT

Lakeside Water Control and Improvement District #2C (the District), a political subdivision of the State of Texas, was created by an election to approve the division of Lakeside Water Control and Improvement District #2 held on January 15, 2000. The District was created and organized for the purpose of constructing water, sewer, and drainage facilities and providing water and sewer services to customers within its boundaries and in the surrounding area. The District's first Board of Directors meeting was held on June 28, 2000. The District is also authorized to provide recreational facilities.

Management Discussion and Analysis
For the Year Ended September 30, 2015

USING THIS ANNUAL REPORT

The District's reporting is comprised of five parts:

- Management's Discussion and Analysis (this section)
- Basic Financial Statements
  - Statement of Net Position and Reconciliation to Governmental Funds Balance Sheet
  - Statement of Activities and Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds
- Notes to the Financial Statements
- Required Supplementary Information
- Texas Supplementary Information (required by the Texas Commission on Environmental Quality)

The Government-wide statements are reported using the flow of economic resources measurement focus and the full accrual basis of accounting. The Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

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

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

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

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Summary Statement of Net Position

	Governmental Activities (in thousands)		
	September 2015	September 2014	Increase (Decrease)
Current and Other Assets	$ 1,297	$ 1,241	$ 56
Capital and Non-Current Assets	7,278	5,673	1,605
Total Assets	**8,575**	**6,914**	**1,661**
Current Liabilities	330	260	70
Long-Term Liabilities	8,515	6,965	1,550
Total Liabilities	**8,845**	**7,225**	**1,620**
Invested in Capital Assets, Net of Related Debt	(1,432)	(1,231)	(201)
Restricted	503	417	86
Unassigned	659	503	156
Total Net Position	**$ (270)**	**$ (311)**	**$ 41**

The District's total assets were approximately $8.575illion as of September 30, 2015. Of this amount, approximately $1.284 million is accounted for by cash and short term investments. The District had outstanding liabilities of approximately $8.845 million. The District's unassigned net assets, which can be used to finance day to day operations, totaled $659 thousand.

LAKESIDE WATER CONTROL & IMPROVEMENT DISTRICT #2C

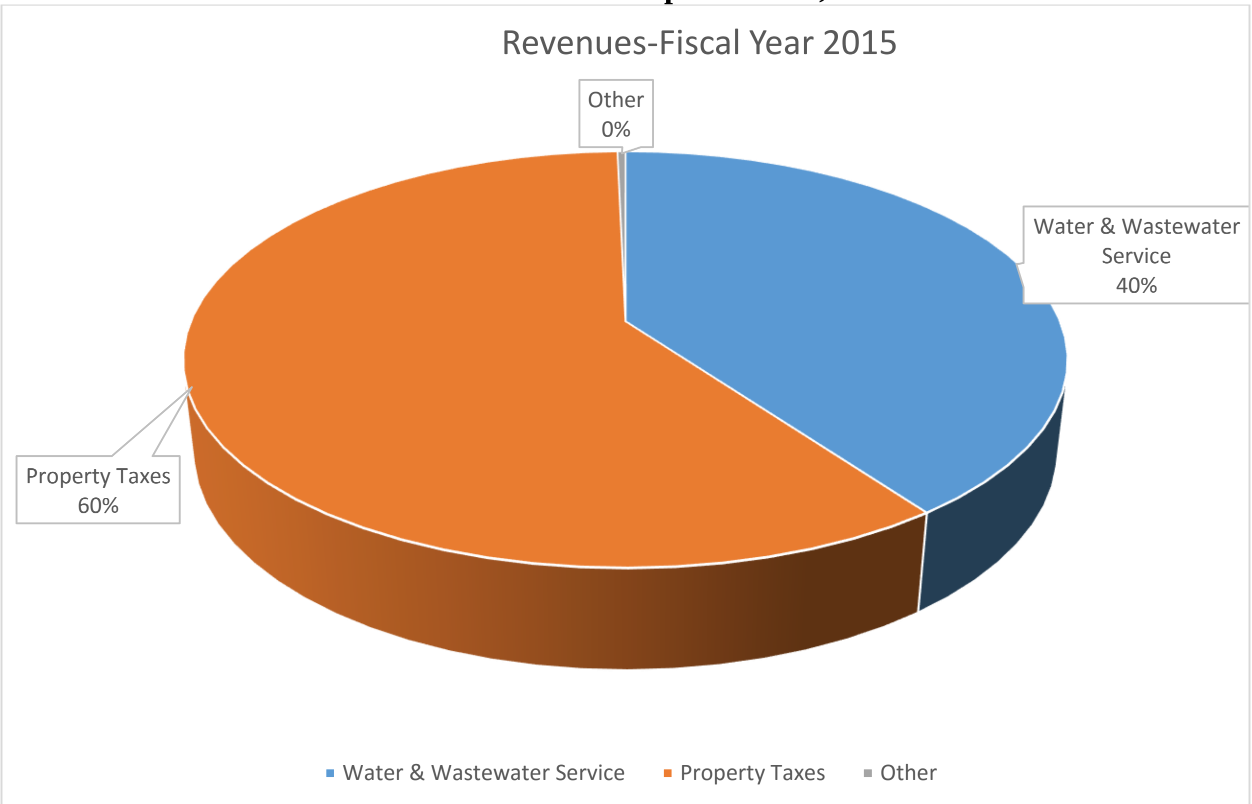
Management Discussion and Analysis
For the Year Ended September 30, 2015

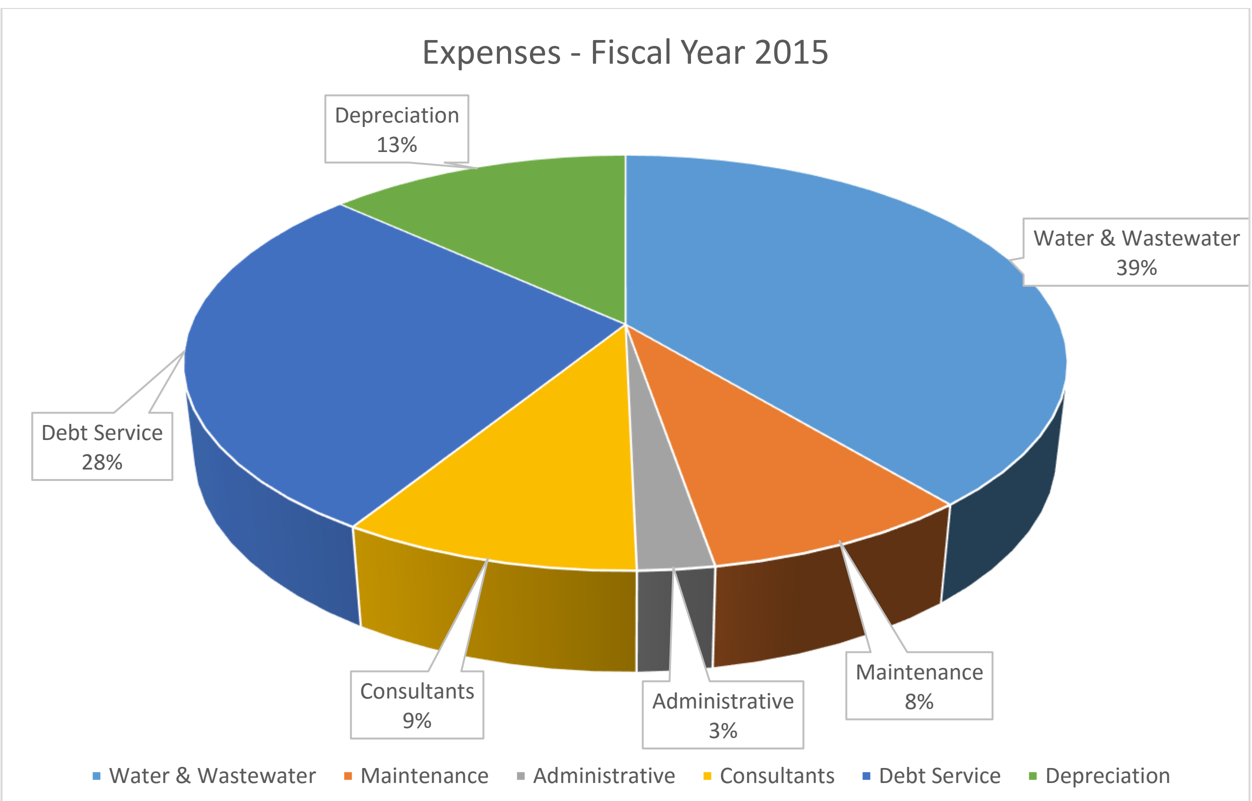
Summary Statement of Activities

	Governmental Activities (in thousands)		Increase
	2015	2014	(Decrease)
Water & Wastewater Service	$ 565	$ 490	$ 75
Property Taxes	843	697	146
Other	5	5	-
Total Revenues	**1,413**	**1,192**	**221**
Water & Wastewater	462	416	46
Maintenance	99	104	(5)
Administrative	28	22	6
Consultants	109	97	12
Debt Service	331	282	49
Depreciation	157	122	35
Total Expenses	**1,186**	**1,043**	**143**
Bond Costs	(186)	(162)	(24)
Change In Net Position	**41**	**(13)**	**54**
Beginning Net Position	**(311)**	**(298)**	**(13)**
Ending Net Position	**$ (270)**	**$ (311)**	**$ 41**

Revenues were approximately $1.4 million for the year ended September 30, 2015. Expenses were approximately $1.3 million including Other Financing Uses for the year ended September 30, 2015. Net position increased about $41 thousand primarily due to increased property tax revenue. The following charts summarize the sources of revenue and areas of expenses.

Management Discussion and Analysis
For the Year Ended September 30, 2015





FINANCIAL ANALYSIS OF THE DISTRICT'S FUND LEVEL STATEMENTS

In comparison to the Government-wide statements, the Fund-level statements focus on the key funds of the District. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The District reports the following types of Governmental funds: General Fund, Debt Service Fund and Capital Projects Fund. The focus of the District's Governmental funds is to provide information on near-term inflows, outflows, and available resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available at the end of the fiscal year.

Summary Balance Sheet

	Governmental Activities (in thousands)		
	September 2015	September 2014	Increase (Decrease)
Cash and Investments	$ 1,284	$ 1,232	$ 52
Accounts Receivable	81	12	69
Total Assets	**1,365**	**1,244**	**121**
Accounts Payable	102	24	78
Unrealized Revenue	-	3	(3)
Total Liabilities	**102**	**27**	**75**
Nonspendable	-	-	-
Restricted For Debt Service	503	417	86
Restricted For Capital Projects	101	297	(196)
Unassigned	659	503	156
Total Fund Balances	**1,263**	**1,217**	**46**
Total Liabilities and Fund Balances	**$ 1,365**	**$ 1,244**	**$ 121**

The General Operating Fund, which pays for daily operating expenses, has a balance of $659 thousand at the end of the current fiscal year. This is an increase of $156 thousand over the prior fiscal year.

The Debt Service Fund increased by $86 thousand during the current fiscal year. This fund remitted bond principal of $210 thousand and bond interest of $325 thousand during the year.

BUDGETARY HIGHLIGHTS

The Board of Directors adopted the fiscal year 2015 annual budget for the General Fund on September 9, 2014. The budget included revenues of $783 thousand and expenditures of $655 thousand. Actual revenue amounted to $854 thousand and expenditures of $698 thousand, including capital expenditures. More detailed information about the District's budgetary comparison is presented in the Required Supplementary Information section.

CAPITAL ASSETS

The District has invested $8.1 million in infrastructure. A summary of these assets is listed below:

Summary of Capital Assets

	Governmental Activities (in thousands)		
	September 2015	September 2014	Increase (Decrease)
Water, Wastewater and Drainage	$ 7,854	$ 6,092	$ 1,762
Accumulated Depreciation	(845)	(688)	(157)
Land	269	269	-
Total Capital Assets (Net)	**$ 7,278**	**$ 5,673**	**$ 1,605**

LONG TERM DEBT

The District issued $1.815 million of Unlimited Tax Bonds during the year. Bonded indebtedness of the District at year end was $8.78 million. More detailed information about the District's long-term debt is presented in the Notes to the Basic Financial Statements.

ECONOMIC FACTORS

The taxable assessed value of property within the District as of January 1, 2015 has been fixed by the Travis Central Appraisal District at $105 million. The tax rates adopted by the District on October 13, 2015 for the coming fiscal year are $0.38 for maintenance and operations and $0.59 for debt service. The District expects this to produce $1 million in total property tax revenue for next year. The adopted budget for fiscal year 2016 projects a small increase in the operating fund balance.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District in care of Lloyd Gosselink Rochelle & Townsend, PC, 816 Congress Avenue, Suite 1900, Austin, Texas 78701.

BASIC FINANCIAL STATEMENTS

LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT #2C

STATEMENT OF NET POSITION
AND GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2015

	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	TOTAL	ADJUST-MENTS	STATEMENT OF NET POSITION
ASSETS						
Cash	$ 674,187	$ 439,965	$ 169,466	$ 1,283,618	$ -	$ 1,283,618
Temporary Investments	-	-	-	-	-	-
Taxes Receivable	32	70	-	102	-	102
Water Revenue Receivable	9,988	-	-	9,988	-	9,988
Prepaid Expenses	200	-	3,247	3,447	-	3,447
Due From Other Funds	3,247	64,413	-	67,660	(67,660)	-
Water/WW/Drainage System (Net)	-	-	-	-	7,278,454	7,278,454
TOTAL ASSETS	$ 687,654	$ 504,448	$ 172,713	$ 1,364,815	$ 7,210,794	$ 8,575,609
LIABILITIES AND FUND EQUITY						
Liabilities:						
Accounts Payable	$ 28,762	$ 1,400	$ 4,400	$ 34,562	$ 30,663	$ 65,225
Deferred Inflow of Resources-Taxes	32	70	-	102	(102)	-
Due To Other Funds	-	-	67,660	67,660	(67,660)	-
Bonds Payable in less than one year	-	-	-	-	265,000	265,000
Bonds Payable in more than one year	-	-	-	-	8,515,000	8,515,000
Total Liabilities	28,794	1,470	72,060	102,324	8,742,901	8,845,225
Fund Equity:						
Restricted for Debt Service	-	502,978	-	502,978	(502,978)	-
Investment in General Fixed Assets	-	-	100,653	100,653	(100,653)	-
Unassigned	658,860	-	-	658,860	(658,860)	-
Total Fund Equity	658,860	502,978	100,653	1,262,491	(1,262,491)	-
Total Liabilities & Fund Equity	$ 687,654	$ 504,448	$ 172,713	$ 1,364,815		
Net Position:						
Invested in General Fixed Assets - Net of Related Debt					(1,431,556)	(1,431,556)
Restricted for Debt Service					503,048	503,048
Unassigned					658,892	658,892
Total Net Position					$ (269,616)	$ (269,616)

See notes to financial statements.

LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT #2C

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED SEPTEMBER 30, 2015

REVENUES	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	TOTAL	ADJUST-MENTS	STATEMENT OF ACTIVITIES
Water Service	$ 287,596	$ -	$ -	$ 287,596	$ -	$ 287,596
Wastewater Service	220,974	-	-	220,974	-	220,974
Tap Connection Fees	56,000	-	-	56,000	-	56,000
Property Taxes	286,955	556,060	-	843,015	(295)	842,720
Interest	2,429	2,629	120	5,178	-	5,178
TOTAL REVENUES	853,954	558,689	120	1,412,763	(295)	1,412,468
EXPENDITURES						
Current:						
Water Purchased	157,097	-	-	157,097	-	157,097
City Water Fees	83,611	-	-	83,611	-	83,611
Wastewater Service Purchased	220,974	-	-	220,974	-	220,974
Maintenance	98,614	-	-	98,614	-	98,614
Accounting Fees	10,716	-	-	10,716	-	10,716
Audit Fees	10,500	-	-	10,500	-	10,500
Engineering Fees	13,443	-	-	13,443	-	13,443
Legal Fees	68,720	-	-	68,720	-	68,720
Tax Assessor/Collector	5,305	-	-	5,305	-	5,305
Director Salaries and Payroll Taxes	8,235	-	-	8,235	-	8,235
Insurance	3,874	-	-	3,874	-	3,874
License and Fees	12,937	-	-	12,937	-	12,937
Printing and Office Supplies	2,362	-	-	2,362	-	2,362
Depreciation	-	-	-	-	157,075	157,075
Debt Service:						
Fiscal Agent's Fees	1,500	800	-	2,300	-	2,300
Interest	-	324,719	-	324,719	4,499	329,218
Principal	-	210,000	-	210,000	(210,000)	-
Capital Expenditures	-	-	1,762,213	1,762,213	(1,762,213)	-
TOTAL EXPENDITURES	697,888	535,519	1,762,213	2,995,620	(1,810,639)	1,184,981
OTHER FINANCING SOURCES						
Bond Proceeds	-	63,012	1,751,988	1,815,000	(1,815,000)	-
Bond Costs			(185,839)	(185,839)	-	(185,839)
TOTAL OTHER SOURCES	-	63,012	1,566,149	1,629,161	(1,815,000)	(185,839)
Excess (Deficit) of Revenues Over Expenditures	156,066	86,182	(195,944)	46,304	(46,304)	-
Change in Net Position					41,648	41,648
Fund Balance/Net Position-Beginning	502,794	416,796	296,597	1,216,187	(1,527,451)	(311,264)
Fund Balance/Net Position-Ending	$ 658,860	$502,978	$ 100,653	$1,262,491	$(1,532,107)	$ (269,616)

See notes to financial statements.

1. Summary of Significant Accounting Policies

The combined financial statements of Lakeside Water Control and Improvement District #2C (the District) have been prepared in conformity with accounting principles applicable to governmental units that are generally accepted in the United States of America. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Lakeside Water Control and Improvement District #2C (the District), a political subdivision of the State of Texas, was created by an election to approve the division of Lakeside Water Control and Improvement District #2 held on January 15, 2000. The District was created and organized for the purpose of constructing water, sewer, and drainage facilities and providing water and sewer services to customers within its boundaries and in the surrounding area. The District's first Board of Directors meeting was held on June 28, 2000. The District is also authorized to provide recreational facilities.

The reporting entity of the District encompasses those activities and functions over which the District's elected officials exercise significant oversight or control. The District is governed by a five member Board of Directors (the Board) that has been elected by District residents. The funds and account groups presented in this report are within the oversight responsibility of the Board, in accordance with Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting. There are no component units of the District, nor is the District a component unit of any other entity.

A. Basis of Presentation, Basis of Accounting

In accordance with GASB Statement No. 34, the District has elected to combine their Government-wide and Governmental Fund Financial Statements into one set of financial statements with a reconciliation of the individual line items in a separate column on the financial statements.

Government-wide Financial Statements:

The **Statement of Net Position** and the **Statement of Activities** include the financial activities of the overall government. Governmental activities are generally financed through property taxes.

The **Statement of Activities** presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

1. Summary of Significant Accounting Policies (continued)

Fund Financial Statements:

The governmental fund financial statement columns are labeled **Government Funds Balance Sheet** and **Governmental Funds Revenue, Expenditures and Changes in Fund Balance**. In the fund financial statements, the accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

Debt Service Fund: The Debt Service Fund is used to account for the accumulation of financial resources for, and the payment of, general long term debt principal and interest.

Capital Projects Fund: The Capital Projects Fund is used to account for the acquisition or construction of major capital facilities. Principal sources of revenue are municipal long-term debt proceeds and interest income.

B. Measurement Focus, Basis of Accounting

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

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources management focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District does not consider revenues collected after its year end to be available in the current period. Revenues from local sources consist primarily of property taxes. Miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long term debt, which is recognized as an expenditure to the extent that it has matured. General capital asset acquisitions are reported as expenditures in major governmental funds. Proceeds of general long term debt are reported as other financing sources.

1. Summary of Significant Accounting Policies (continued)

C. Fund Balances

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

Nonspendable – Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.

Committed – Amounts that can only be used for specific purposes pursuant to approval by formal action by the Board.

Assigned – For the General Fund, amounts that are appropriated by the Board or Board designee, if any, that are to be used for specific purposes. For all other governmental funds, any remaining positive amounts not previously classified as nonspendable, restricted or committed.

Unassigned – Amounts that are available for any purpose; these amounts can be reported only in the District's General Fund.

Fund balance of the District may be committed for a specific purpose by formal action of the Board, the District's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through a resolution approved by the Board. The Board has not delegated the authority to assign fund balance.

D. Budget

The Board adopted an annual budget for the General Fund on the basis consistent with generally accepted accounting principles. The District does not prepare budgets for other funds. The District's Board of Directors utilizes the budget as a management tool for planning and cost control purposes. All annual appropriations lapse at fiscal year end.

E. Pensions

The District has not established a pension plan.

1. Summary of Significant Accounting Policies (continued)

F. Cash and Cash Equivalents

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

G. Capital Assets

Capital assets, which include Administrative Facilities and Equipment, Common and Recreation Areas, Water Production and Distribution System, Wastewater Collection System, Water Quality Ponds and Organizational Costs are reported in the Government-wide column in the Statement of Net Assets. Public domain ("infrastructure") capital assets including water, wastewater and drainage systems, are capitalized as acquired. Items purchased or acquired are reported at historical cost or estimated historical cost. Contributed fixed assets are recorded as capital assets at estimated fair market value at the time received.

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

Asset	Years
Water/Wastewater/Drainage System	50

H. Interfund Transactions

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

1. Summary of Significant Accounting Policies (continued)

I. Long-Term Debt

Unlimited tax bonds, which have been issued to acquire capital assets, are to be repaid from tax revenues of the District.

In the Government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs are expensed as incurred.

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums and discounts on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

J. Deferred Outflows and Inflows of Resources

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides guidance for reporting the financial statement elements of deferred outflows of resources, which represent the consumption of the District's net position that is applicable to a future reporting period, and deferred inflows of resources, which represent the District's acquisition of net position applicable to a future reporting period. GASB Statement No. 63 became effective for fiscal years beginning after December 15, 2011 and has been implemented in the financial statements.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 is effective for fiscal years beginning after December 15, 2012 and has been implemented in these financial statements.

2. Cash and Investments

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

Cash – At year end, deposits were held by the District's depository bank in accounts that were secured at the balance sheet date by Federal Deposit Insurance Corporation (FDIC) coverage or by pledged collateral held by the District's agent bank in the District's name.

Investments - The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, and maturity and the quality and capability of investment management; and include a list of the types of authorized investments in which the investing entity's funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

The Public Funds Investment Act (”Act”) requires an annual audit of investment practices. Audit procedures in this area conducted as part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirement of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restriction, (1) obligations of the US Treasury, certain US Agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The District's had no temporary investments at year end.

Investment or Investment Type	Maturity	Fair Value
N/A	N/A	$ 0

Analysis of Specific Cash and Investment Risks – GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and, if so, the reporting of certain related disclosures.

2. Cash and Investments (continued)

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

At year end, the District's investments, other than those which are obligations of or guaranteed by the US Government, are rated as to credit quality as follows:

	Rating
N/A	N/A

Custodial Credit Risk – Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterpart or the counterparty's trust department or agent but not in the District's name. At year end, the District was not exposed to custodial credit risk.

Concentration of Credit Risk – This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

Foreign Currency Risk – This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

Investment Accounting Policy – The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

2. Cash and Investments (continued)

Public Funds Investment Pools – Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the Pool and other persons who do not have a business relationship with the Pool and are qualified to advise the Pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio with one half of one percent of the value of its shares.

The District's investments in Pools are reported at an amount determined by the fair value per share of the Pool's underling portfolio, unless the Pool is 2a7-like, in which case they are reported at share value. A 2a7-like Pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

3. Property Taxes

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. The assessed value of the property tax roll on January 1, 2014, upon which the levy for the 2014-15 fiscal year was based, was $84,945,878. Taxes are delinquent if not paid by June 30. Delinquent taxes are subject to both penalty and interest charges plus delinquent collection fees for attorney costs.

The tax rates assessed for the year ended September 30, 2015, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were $0.33 and $0.64 per $100 valuation, respectively, for a total of $0.97 per $100 valuation.

Current tax collections for the year ended September 30, 2015 were 99.99% of the year end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. The District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of September 30, 2015, property taxes receivable, totaled $32 and $70 for the General and Debt Service Funds, respectively.

4. Capital Assets

During the year, the District acquired $1,762,213 of additional Water, Wastewater and Drainage Facilities serving the District's residents. All of the District's facilities, other than land, are being depreciated over their estimated useful life of 50 years. Depreciation in the amount of $157,075 has been charged to system operations for the year and accumulated depreciation amounts to $844,572 leaving a net book value of $7,278,454.

A summary of changes in capital assets follows:

Capital Assets:	Balance 10/1/2014	Additions	Deletions	Balance 9/30/2015
Water WW & Drainage	$ 6,091,538	1,762,213	-	$ 7,853,751
Land	269,275	-	-	269,275
Total	6,360,813	1,762,213	-	8,123,026
Accumulated Depreciation:				
Water WW & Drainage	(687,497)	(157,075)	-	(844,572)
Total	(687,497)	(157,075)	-	(844,572)
Total Capital Assets (Net)	**$ 5,673,316**	**1,605,138**	**-**	**$ 7,278,454**

5. Bonds

At elections held within the District on November 14, 2003, and September 11, 2004, voters authorized a total of $29,000,000 combination unlimited tax and revenue bonds for the purpose of purchasing, constructing, acquiring, owning, improving, extending, maintaining, repairing, or operating a waterworks system, a sanitary sewer system, a drainage and storm water system and recreational facilities for the District.

On December 12, 2006, the District issued $2,535,000 of these bonds dated January 1, 2007. The bonds mature serially on September 1, in each year 2009 through 2032, in principal amounts set forth on the following page. Bonds maturing on or after September 1, 2016, are subject to redemption, in whole or in part, on September 1, 2015, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. Bonds maturing in the years 2020, 2023, 2026, 2029, and 2032 are also subject to mandatory redemption.

On May 13, 2008, the District issued another $2,040,000 of these bonds dated June 1, 2008. The bonds mature serially on September 1, in each year 2009 through 2033, in principal amounts set forth on the following page. Bonds maturing on or after September 1, 2020, are subject to redemption, in whole or in part, on September 1, 2017, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. Bonds maturing in the years 2020, 2024, 2027, 2030, and 2033 are also subject to mandatory redemption.

5. Bonds (continued)

On October 12, 2010, the District issued another $1,200,000 of these bonds dated November 1, 2010. The bonds mature serially on September 1, in each year 2011 through 2034, in principal amounts set forth on the following page. Bonds maturing on or after September 1, 2019, are subject to redemption, in whole or in part, on September 1, 2018, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. Bonds maturing in the years 2027, 2029, and 2034 are also subject to mandatory redemption.

On December 13, 2012, the District issued another $980,000 of these bonds dated December 1, 2012. The bonds mature serially on September 1, in each year 2014 through 2035, in principal amounts set forth on the following page. Bonds maturing on or after September 1, 2021, are subject to redemption, in whole or in part, on September 1, 2020, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. Bonds maturing in the years 2026, 2028, 2030 and 2035 are also subject to mandatory redemption.

On June 11, 2014, the District issued another $1,165,000 of these bonds dated June 1, 2014. The bonds mature serially on September 1, in each year 2015 through 2036, in principal amounts set forth on the following page. Bonds maturing on or after September 1, 2022, are subject to redemption, in whole or in part, on September 1, 2021, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

On August 11, 2015, the District issued another $1,815,000 of these bonds dated September 1, 2015. The bonds mature serially on September 1, in each year 2016 through 2037, in principal amounts set forth on the following page. Bonds maturing on or after September 1, 2023, are subject to redemption, in whole or in part, on September 1, 2022, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

These bonds are described as follows:

Issue	Original Issue Amount	Installments (In Thousands)	Final Maturity	Interest Rates	Outstanding
Series 2007	$2,535,000	$50 to 190	2032	4.50–4.550%	$2,115,000
Series 2008	$2,040,000	$40 to 145	2033	4.75–6.750%	$1,715,000
Series 2010	$1,200,000	$25 to 90	2034	3.00–4.875%	$1,065,000
Series 2012	$ 980,000	$20 to 75	2035	1.50–3.950%	$ 935,000
Series 2014	$1,165,000	$30 to 90	2036	1.50–4.400%	$1,135,000
Series 2015	$1,815,000	$45 to 130	2037	2.00–4.000%	$1,815,000

5. Bonds (continued)

Redemption

Series 2007 Bonds maturing on or after September 1, 2016, are subject to redemption, in whole or in part, on September 1, 2015, or on any date thereafter at a price equal to the principal amount thereof plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. Additionally, term bonds maturing on in the years 2020, 2023, 2026, 2029, and 2032 are subject to mandatory sinking fund redemption.

Series 2008 Bonds maturing on or after September 1, 2020, are subject to redemption, in whole or in part, on September 1, 2017, or on any date thereafter at a price equal to the principal amount thereof plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. Additionally, term bonds maturing on in the years 2020, 2024, 2027, 2030 and 2033 are subject to mandatory sinking fund redemption.

Series 2010 Bonds maturing on or after September 1, 2019, are subject to redemption, in whole or in part, on September 1, 2018, or on any date thereafter at a price equal to the principal amount thereof plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. Additionally, term bonds maturing on in the years 2027, 2029 and 2034 are subject to mandatory sinking fund redemption.

Series 2012 Bonds maturing on or after September 1, 2021, are subject to redemption, in whole or in part, on September 1, 2020, or on any date thereafter at a price equal to the principal amount thereof plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. Additionally, term bonds maturing on in the years 2026, 2028, 2030 and 2035 are subject to mandatory sinking fund redemption.

Series 2014 Bonds maturing on or after September 1, 2022, are subject to redemption, in whole or in part, on September 1, 2021, or on any date thereafter at a price equal to the principal amount thereof plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption.

Series 2015 Bonds maturing on or after September 1, 2023, are subject to redemption, in whole or in part, on September 1, 2022, or on any date thereafter at a price equal to the principal amount thereof plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption.

5. Bonds (continued)

Debt Service Requirements

Debt service requirements on long-term debt as of the end of the year are as follows:

Ending September 30,	Principal	Interest	Totals
2016	$ 265,000	$ 367,957	$ 632,957
2017	280,000	356,881	636,881
2018	300,000	345,142	645,142
2019	315,000	334,322	649,322
2020	325,000	322,844	647,844
2021-2025	1,975,000	1,405,352	3,380,352
2026-2030	2,600,000	944,095	3,544,095
2031-2035	2,375,000	339,205	2,714,205
2036-2040	345,000	19,360	364,360
Totals	$ 8,780,000	$ 4,435,158	$ 13,215,158

6. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During the year, the District obtained liability coverage.

7. Contingencies

The District has an obligation to reimburse developers of property in the District for costs expended on behalf of the District for the construction of water, sewer and drainage systems designed to serve the District. Since the construction of these facilities is not yet complete, the ultimate amount of the future reimbursements cannot be determined at this time.

8. Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

9. Subsequent Events

The District has evaluated subsequent events as of December 31, 2015, the date the financial statements were available to be issued.

10. Reconciliation of Government-wide and Fund Financial Statements

Amounts reported for governmental activities in the statement of net assets are different because:

Governmental Funds Total Fund Balances	**$ 1,262,491**
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	7,278,454
Long-term liabilities (bonds payable) are not due and payable in the current period and, therefore, are not reported in the funds	(8,780,000)
Interest is accrued on outstanding debt in the government-wide statements, whereas in the governmental funds, an interest expenditure is reported when made and not accrued in the funds	(30,663)
Deferred tax revenue is not available to pay for current period expenditures and, therefore, is deferred in the funds	102
Total Net Position	**$ (269,616)**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental Funds Excess of Revenues over Expenditures	**$ 46,304**
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds	
Change in Deferred Tax Revenue	(295)
Governmental funds report capital outlays as expenditures however, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense	
Capital Outlay	1,762,213
Depreciation Expense	(157,075)
Governmental funds report principal payments as expenditures however, in the Statement of Activities, these payments are not reported as operating expenses	
Bond Principal	210,000
Bond Proceeds	(1,815,000)
Governmental funds do not report the change in accrued interest as an expenditure, however, in the Statement of Activities, this change in the amount accrued is reported as an expense	
Accrued Interest	(4,499)
Change in Net Position	**$ 41,648**

REQUIRED SUPPLEMENTARY INFORMATION

LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT #2C

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GENERAL FUND
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)
REVENUES				
Water Service	$ 250,000	$ 250,000	$ 287,596	$ 37,596
Wastewater Service	210,000	210,000	220,974	10,974
Tap Connection Fees	48,000	48,000	56,000	8,000
Property Taxes	274,715	286,955	286,955	-
Interest	500	2,024	2,429	405
TOTAL REVENUES	783,215	796,979	853,954	56,975
EXPENDITURES				
Current:				
Water Purchased	132,000	132,000	157,097	(25,097)
City Water Fees	71,000	71,000	83,611	(12,611)
Wastewater Service Purchased	210,000	210,000	220,974	(10,974)
Maintenance	87,500	97,500	98,614	(1,114)
Accounting Fees	10,000	12,000	10,716	1,284
Audit Fees	10,500	10,500	10,500	-
Engineering Fees	25,000	25,000	13,443	11,557
Legal Fees	73,500	73,500	68,720	4,780
Tax Assessor/Collector	5,000	6,000	5,305	695
Director Salaries and Payroll Taxes	10,000	10,000	8,235	1,765
Insurance	6,000	6,000	3,874	2,126
License and Fees	10,500	19,237	12,937	6,300
Printing and Office Supplies	2,500	2,500	2,362	138
Debt Service:				
Fiscal Agent's Fees	1,500	1,500	1,500	-
Interest	-	-	-	-
Principal	-	-	-	-
Capital Expenditures	-	-	-	-
TOTAL EXPENDITURES	655,000	676,737	697,888	(21,151)
Excess (Deficit) of Revenues over Expenditures	128,215	120,242	156,066	35,824
Fund Balance - Beginning of Year	502,794	502,794	502,794	-
Fund Balance - End of Year	$ 631,009	$ 623,036	$ 658,860	$ 35,824

See notes to general purpose financial statements.

OTHER SUPPLEMENTARY INFORMATION

LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT #2C

INDEX OF SUPPLEMENTAL SCHEDULES REQUIRED

BY THE TEXAS WATER COMMISSION

FOR THE YEAR ENDED SEPTEMPER 30, 2015

(Schedules included are checked; explanatory notes are provided for omitted schedules).

[√] Schedule of Services and Rates

[√] Schedule of General Fund Expenditures

[√] Temporary Investments

[√] Analysis of Taxes Levied and Receivable

[√] General Long Term Debt Service Requirements by Years

[√] Analysis of Changes in General Long Term Debt

[√] Comparative Schedule of Revenues and Expenditures - General Fund

[√] Comparative Schedule of Revenues and Expenditures – Debt Service Fund

[√] Board Members, Key Personnel, and Consultants

LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT #2C
SERVICES AND RATES
SEPTEMBER 30, 2015

1. **Services Provided by the District:**
   Retail Water　　　　Drainage
   Retail Wastewater　　Parks

2. **Retail Rates Based on 5/8" Meter**

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per first 1000 Gallons Over Minimum	Rate per add'l 1000 Gallons Over Minimum
Water:	$ 16.00	1,000	N	$ 3.90	$ 3.90
Wastewater:	$ 40.00	-0-	Y	$ -0-	$ -0-
Surcharge:	-0-				

   Total water and wastewater charges per 10,000 gallons usage: $ 95.60

3. **Retail Service Provided:** Number of retail water and/or wastewater connections.

	Active Connections	Active EFSC	Inactive Connections (EFSC)
Single Family & Total	486	486	0

4. **Total Water Consumption During the Fiscal Year:**

   Gallons pumped into system: 48,337,400
   Gallons billed to customers: 48,337,400

5. **Standby Fees:** The District does not assess standby fees.

6. **Anticipated sources of funds to be used for debt service payments**: Ad Valorem taxes

7. **Location of District**:
   The District is located entirely within Travis County.
   The District is not located within any city.
   The District is located within the City of Pflugerville ETJ.
   The general membership of the Board is not appointed by an office outside the District.

LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT #2C

SCHEDULE OF GENERAL FUND EXPENDITURES
YEAR ENDED SEPTEMBER 30, 2015

Current:	
Purchased Services for Resale	
Water	$ 157,097
City Fees	83,611
Wastewater	220,974
	461,682
Professional Fees	
Audit	10,500
Engineering	13,443
Legal	68,720
	92,663
Contracted Services	
Accounting	10,716
Tax Appraisal/Collection	5,305
	16,021
Administrative	
Director Salaries and Payroll Taxes	8,235
Insurance	3,874
Printing and Office Supplies	2,362
License and Fees	12,937
	27,408
Maintenance	
Amenity Center	7,065
Drainage	8,575
Landscape	82,974
	98,614
Debt Service:	
Fiscal Agent's Fees	**1,500**
Capital Expenditures:	
Lease Purchase Principal	**-**
TOTAL EXPENDITURES	**$ 697,888**

Number of persons employed by the District: -0-

LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT #2C

TEMPORARY INVESTMENTS
SEPTEMBER 30, 2015

FUNDS	IDENTIFICATION OR CERTIFICATE NUMBER	INTEREST RATE	MATURITY DATE	BALANCE AT END OF YEAR	ACCRUED INTEREST RECEIVABLE AT END OF YEAR
GENERAL FUND					
None				$ -	$ -
Total				-	-
DEBT SERVICE FUND					
None				$ -	$ -
Total				-	-
CAPITAL PROJECTS FUND					
None				$ -	$ -
Total				-	-
TOTALS - ALL FUNDS				$ -	$ -

LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT #2C

ANALYSIS OF TAXES LEVIED AND RECEIVABLE
YEAR ENDED SEPTEMBER 30, 2015

	MAINTENANCE TAXES	DEBT SERVICE TAXES
Taxes Receivable, Beginning of Year	$ 127	$ 270
2014 Original Levy	280,321	543,654
Adjustments	5,599	10,384
Add: Penalty & Interest	940	1,822
Total to be accounted for	286,987	556,130
Tax collections:		
Current year	282,465	547,811
Prior years	4,490	8,249
Total Collections	286,955	556,060
Taxes Receivable, End of Year	$ 32	$ 70

	2014	2013	2012	2011	2010
Property Valuations:					
Land & Improvements	84,945,878	71,636,978	61,728,665	59,787,000	56,429,500
Tax Rates Per $100 Valuation:					
Debt Service tax rates	$ 0.6400	$ 0.6300	$ 0.6800	$ 0.6800	$ 0.6400
Maintenance tax rates	$ 0.3300	$ 0.3400	$ 0.2900	$ 0.2900	$ 0.3300
Totals	$ 0.9700	$ 0.9700	$ 0.9700	$ 0.9700	$ 0.9700
Original Tax Levy	$ 823,975	$ 694,879	$ 598,768	$ 579,934	$ 547,366

LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT #2C

GENERAL LONG TERM DEBT SERVICE REQUIREMENTS-BY YEARS
YEAR ENDED SEPTEMBER 30, 2015

	ANNUAL REQUIREMENTS FOR SERIES 2007		
DUE DURING FISCAL YEARS ENDING	TOTAL PRINCIPAL DUE	TOTAL INTEREST DUE	TOTAL PRINCIPAL AND INTEREST DUE
2016	75,000	95,860	170,860
2017	80,000	92,485	172,485
2018	85,000	88,885	173,885
2019	90,000	85,060	175,060
2020	95,000	81,010	176,010
2021	100,000	76,735	176,735
2022	105,000	72,235	177,235
2023	115,000	67,510	182,510
2024	120,000	62,335	182,335
2025	125,000	56,875	181,875
2026	135,000	51,187	186,187
2027	140,000	45,045	185,045
2028	150,000	38,675	188,675
2029	160,000	31,850	191,850
2030	170,000	24,570	194,570
2031	180,000	16,835	196,835
2032	190,000	8,645	198,645
2033	-	-	-
2034	-	-	-
2035	-	-	-
2036	-	-	-
2037	-	-	-
	$ 2,115,000	$ 995,797	$ 3,110,797

LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT #2C

GENERAL LONG TERM DEBT SERVICE REQUIREMENTS-BY YEARS
YEAR ENDED SEPTEMBER 30, 2015

	ANNUAL REQUIREMENTS FOR SERIES 2008		
DUE DURING FISCAL YEARS ENDING	TOTAL PRINCIPAL DUE	TOTAL INTEREST DUE	TOTAL PRINCIPAL AND INTEREST DUE
2016	60,000	85,120	145,120
2017	60,000	81,070	141,070
2018	65,000	77,020	142,020
2019	70,000	73,933	143,933
2020	70,000	70,608	140,608
2021	75,000	67,283	142,283
2022	80,000	63,720	143,720
2023	85,000	59,920	144,920
2024	90,000	55,883	145,883
2025	95,000	51,608	146,608
2026	100,000	47,095	147,095
2027	105,000	42,345	147,345
2028	110,000	37,358	147,358
2029	115,000	31,995	146,995
2030	125,000	26,389	151,389
2031	130,000	20,295	150,295
2032	135,000	13,860	148,860
2033	145,000	7,178	152,178
2034	-	-	-
2035	-	-	-
2036	-	-	-
2037	-	-	-
	$ 1,715,000	$ 912,680	$ 2,627,680

LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT #2C

GENERAL LONG TERM DEBT SERVICE REQUIREMENTS-BY YEARS
YEAR ENDED SEPTEMBER 30, 2015

	ANNUAL REQUIREMENTS FOR SERIES 2010		
DUE DURING FISCAL YEARS ENDING	TOTAL PRINCIPAL DUE	TOTAL INTEREST DUE	TOTAL PRINCIPAL AND INTEREST DUE
2016	30,000	49,095	79,095
2017	35,000	47,970	82,970
2018	35,000	46,605	81,605
2019	35,000	45,205	80,205
2020	40,000	43,770	83,770
2021	40,000	42,110	82,110
2022	45,000	40,430	85,430
2023	45,000	38,518	83,518
2024	50,000	36,538	86,538
2025	55,000	34,288	89,288
2026	55,000	31,730	86,730
2027	60,000	29,145	89,145
2028	65,000	26,325	91,325
2029	70,000	23,156	93,156
2030	75,000	19,744	94,744
2031	75,000	16,088	91,088
2032	80,000	12,431	92,431
2033	85,000	8,531	93,531
2034	90,000	4,388	94,388
2035	-	-	-
2036	-	-	-
2037	-	-	-
	$ 1,065,000	$ 596,067	$ 1,661,067

LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT #2C

GENERAL LONG TERM DEBT SERVICE REQUIREMENTS-BY YEARS
YEAR ENDED SEPTEMBER 30, 2015

	ANNUAL REQUIREMENTS FOR SERIES 2012		
DUE DURING FISCAL YEARS ENDING	TOTAL PRINCIPAL DUE	TOTAL INTEREST DUE	TOTAL PRINCIPAL AND INTEREST DUE
2016	25,000	32,541	57,541
2017	25,000	32,041	57,041
2018	30,000	31,491	61,491
2019	30,000	30,771	60,771
2020	30,000	29,991	59,991
2021	35,000	29,151	64,151
2022	35,000	28,101	63,101
2023	40,000	27,008	67,008
2024	40,000	25,708	65,708
2025	45,000	24,358	69,358
2026	45,000	22,828	67,828
2027	50,000	21,298	71,298
2028	50,000	19,498	69,498
2029	55,000	17,698	72,698
2030	55,000	15,663	70,663
2031	60,000	13,628	73,628
2032	65,000	11,258	76,258
2033	70,000	8,690	78,690
2034	75,000	5,925	80,925
2035	75,000	2,963	77,963
2036	-	-	-
2037	-	-	-
	$ 935,000	$ 430,610	$ 1,365,610

LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT #2C

GENERAL LONG TERM DEBT SERVICE REQUIREMENTS-BY YEARS
YEAR ENDED SEPTEMBER 30, 2015

	ANNUAL REQUIREMENTS FOR SERIES 2014		
DUE DURING FISCAL YEARS ENDING	TOTAL PRINCIPAL DUE	TOTAL INTEREST DUE	TOTAL PRINCIPAL AND INTEREST DUE
2016	30,000	42,328	72,328
2017	30,000	41,652	71,652
2018	35,000	40,978	75,978
2019	35,000	40,190	75,190
2020	35,000	39,402	74,402
2021	40,000	38,528	78,528
2022	40,000	37,426	77,426
2023	45,000	36,228	81,228
2024	45,000	34,764	79,764
2025	50,000	33,190	83,190
2026	50,000	31,316	81,316
2027	55,000	29,440	84,440
2028	55,000	27,240	82,240
2029	60,000	25,040	85,040
2030	65,000	22,640	87,640
2031	65,000	20,040	85,040
2032	70,000	17,310	87,310
2033	75,000	14,370	89,370
2034	80,000	11,220	91,220
2035	85,000	7,700	92,700
2036	90,000	3,960	93,960
2037	-	-	-
	$ 1,135,000	$ 594,962	$ 1,729,962

LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT #2C

GENERAL LONG TERM DEBT SERVICE REQUIREMENTS-BY YEARS
YEAR ENDED SEPTEMBER 30, 2015

	ANNUAL REQUIREMENTS FOR SERIES 2015		
DUE DURING FISCAL YEARS ENDING	TOTAL PRINCIPAL DUE	TOTAL INTEREST DUE	TOTAL PRINCIPAL AND INTEREST DUE
2016	45,000	63,013	108,013
2017	50,000	61,663	111,663
2018	50,000	60,163	110,163
2019	55,000	59,163	114,163
2020	55,000	58,063	113,063
2021	60,000	56,688	116,688
2022	65,000	55,038	120,038
2023	65,000	53,088	118,088
2024	70,000	51,138	121,138
2025	75,000	48,950	123,950
2026	75,000	46,513	121,513
2027	80,000	43,981	123,981
2028	85,000	41,181	126,181
2029	90,000	38,206	128,206
2030	95,000	34,944	129,944
2031	100,000	31,500	131,500
2032	100,000	27,750	127,750
2033	110,000	24,000	134,000
2034	115,000	19,600	134,600
2035	120,000	15,000	135,000
2036	125,000	10,200	135,200
2037	130,000	5,200	135,200
	$ 1,815,000	$ 905,042	$ 2,720,042

LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT #2C

GENERAL LONG TERM DEBT SERVICE REQUIREMENTS-BY YEARS
YEAR ENDED SEPTEMBER 30, 2015

	ANNUAL REQUIREMENTS FOR ALL SERIES		
DUE DURING FISCAL YEARS ENDING	TOTAL PRINCIPAL DUE	TOTAL INTEREST DUE	TOTAL PRINCIPAL AND INTEREST DUE
2016	265,000	367,957	632,957
2017	280,000	356,881	636,881
2018	300,000	345,142	645,142
2019	315,000	334,322	649,322
2020	325,000	322,844	647,844
2021	350,000	310,495	660,495
2022	370,000	296,950	666,950
2023	395,000	282,272	677,272
2024	415,000	266,366	681,366
2025	445,000	249,269	694,269
2026	460,000	230,669	690,669
2027	490,000	211,254	701,254
2028	515,000	190,277	705,277
2029	550,000	167,945	717,945
2030	585,000	143,950	728,950
2031	610,000	118,386	728,386
2032	640,000	91,254	731,254
2033	485,000	62,769	547,769
2034	360,000	41,133	401,133
2035	280,000	25,663	305,663
2036	215,000	14,160	229,160
2036	130,000	5,200	135,200
	$ 8,780,000	$ 4,435,158	$ 13,215,158

LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT #2C

ANALYSIS OF CHANGES IN GENERAL LONG TERM DEBT
YEAR ENDED SEPTEMBER 30, 2015

	SERIES 2007	SERIES 2008	SERIES 2010	SERIES 2012	SERIES 2014	SERIES 2015	TOTALS
Interest Rate	4.50 - 4.55%	4.75 - 6.75%	3.00 - 4.875%	1.50-3.95%	1.50-4.40%	2.00-4.00%	
Dates Interest Payable	3/1 : 9/1	3/1 : 9/1	3/1 : 9/1	3/1 : 9/1	3/1 : 9/1	3/1 : 9/1	
Maturity Dates	2009-32	2009-33	2011-34	2014-35	2015-36	2015-36	
Bonds Outstanding-Beginning	$ 2,185,000	$ 1,770,000	$ 1,095,000	$ 960,000	$ 1,165,000	$ -	$7,175,000
Bonds Sold During the Year	-	-	-	-	-	1,815,000	1,815,000
Bonds Defeased During the Year	-	-	-	-	-	-	-
Retirements During the Year	(70,000)	(55,000)	(30,000)	(25,000)	(30,000)	-	(210,000)
Bonds Outstanding-Ending	$ 2,115,000	$ 1,715,000	$ 1,065,000	$ 935,000	$ 1,135,000	$ 1,815,000	$8,780,000
Interest Paid During the Year	$ 99,009	$ 88,833	$ 50,145	$ 32,979	$ 53,753	$ -	$ 324,719
Change in Accrued Interest	$ (263)	$ (310)	$ (88)	$ (36)	$ (56)	$ 5,252	$ 4,499
Interest on Financial Statements	$ 98,746	$ 88,523	$ 50,057	$ 32,943	$ 53,697	$ 5,252	$ 329,218
Paying Agent	Wells Fargo	Wells Fargo	Wells Fargo	Bank of Texas	Bank of Texas	Bank of Texas	

	Tax Bonds	Other Bonds	Refunding Bonds
Bond Authority:			
Amount Authorized By Voters	$ 29,000,000	$ -	$ -
Amount Issued	$ 9,735,000	$ -	$ -
Remaining To Be Issued	$ 19,265,000	$ -	$ -

Debt Service Fund Cash and Temporary Investments balances as of September 30, 2015 — $ 439,965

Average annual debt service payment (principal & interest) for remaining term of all debt — $ 600,689

LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT #2C

COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES - GENERAL FUND
FOR THE FIVE YEARS ENDED SEPTEMBER 30, 2015

	AMOUNTS					PERCENT OF REVENUES				
	2015	**2014**	**2013**	**2012**	**2011**	**2015**	**2014**	**2013**	**2012**	**2011**
REVENUES										
Water Service	$ 287,596	$257,915	$277,208	$267,115	$285,507	34%	35%	41%	42%	43%
Wastewater Service	220,974	203,614	187,818	172,381	157,672	26%	28%	28%	27%	24%
Tap Connection Fees	56,000	28,000	33,600	15,100	27,200	7%	4%	5%	2%	4%
Property Taxes	286,955	245,123	182,793	175,331	190,907	34%	33%	27%	28%	29%
Interest & Miscellaneous	2,429	1,917	1,404	805	409	0%	0%	0%	0%	0%
TOTAL REVENUES	853,954	736,569	682,823	630,732	661,695	100%	100%	100%	100%	100%
EXPENDITURES										
Current:										
Water Purchased	157,097	140,697	158,807	154,784	170,933	18%	19%	23%	25%	26%
City Water Fees	83,611	71,300	75,432	71,372	78,167	10%	10%	11%	11%	12%
Wastewater Service Purchased	220,974	203,614	187,818	172,381	157,672	26%	28%	28%	27%	24%
Repairs and Maintenance	98,614	104,039	51,505	66,605	39,380	12%	14%	8%	11%	6%
Accounting Fees	10,716	10,288	9,598	9,129	8,193	1%	1%	1%	1%	1%
Audit Fees	10,500	10,500	10,500	10,500	10,500	1%	1%	2%	2%	2%
Engineering Fees	13,443	14,816	10,650	14,711	15,049	2%	2%	2%	2%	2%
Legal Fees	68,720	61,517	62,675	51,057	44,443	8%	8%	9%	8%	7%
Tax Assessor/Collector	5,305	4,150	5,536	3,318	2,965	1%	1%	1%	1%	0%
Director Salaries and Tax	8,235	7,413	6,943	9,214	7,105	1%	1%	1%	1%	1%
Insurance	3,874	3,525	3,622	3,599	3,581	0%	0%	1%	1%	1%
Licenses & Fees	12,937	3,714	3,715	5,867	1,559	2%	1%	1%	1%	0%
Printing and Office Supplies	2,362	2,376	2,414	1,848	919	0%	0%	0%	0%	0%
Fiscal Agent Fees	1,500	1,500	1,500	1,500	1,500	0%	0%	0%	0%	0%
Interest	-	-	-	-	-	0%	0%	0%	0%	0%
Principal	-	-	-	-	-	0%	0%	0%	0%	0%
Capital Expenditures	-	-	-	-	-	0%	0%	0%	0%	0%
TOTAL EXPENDITURES	697,888	639,449	590,715	575,885	541,966	82%	87%	87%	91%	82%
Excess (Deficit) of Revenues over Expenditures	156,066	97,120	92,108	54,847	119,729	18%	13%	13%	9%	18%
TOTAL ACTIVE RETAIL CONNECTIONS	486	434	399	362	337	486	434	399	362	337

LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT #2C

COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES - DEBT SERVICE FUND
FOR THE FIVE YEARS ENDED SEPTEMBER 30, 2015

	AMOUNTS					PERCENT OF REVENUES				
	2015	**2014**	**2013**	**2012**	**2011**	**2015**	**2014**	**2013**	**2012**	**2011**
<u>REVENUES</u>										
Property Taxes	556,060	453,247	426,451	410,300	366,065	100%	100%	100%	100%	100%
Interest	2,629	2,255	2,108	1,392	1,286	0%	0%	0%	0%	0%
TOTAL REVENUES	558,689	455,502	428,559	411,692	367,351	100%	100%	100%	100%	100%
<u>EXPENDITURES</u>										
Debt Service										
Fiscal Agent Fees	800	200	205	45	95	0%	0%	0%	0%	0%
Interest	324,719	277,271	276,087	258,725	254,921	58%	61%	64%	63%	69%
Principal	210,000	165,000	140,000	130,000	125,000	38%	36%	33%	32%	34%
TOTAL EXPENDITURES	535,519	442,471	416,292	388,770	380,016	96%	97%	97%	94%	103%
OTHER FINANCING SOURCES										
Bond Proceeds	63,012	43,002	33,279	-	53,295	11%	9%	8%	0%	15%
Excess (Deficit) of Revenues over Expenditures	86,182	56,033	45,546	22,922	40,630	15%	12%	11%	6%	11%

LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT #2C

BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS
YEAR ENDED SEPTEMBER 30, 2015

DISTRICT MAILING ADDRESS: c/o Lloyd Gosselink Rochelle & Townsend 816 Congress Av #1900 Austin TX 78701

DISTRICT BUSINESS TELEPHONE NUMBER: (512) 322-5800

LIMITS ON FEES OF OFFICE THAT A DIRECTOR MAY RECEIVE DURING A FISCAL YEAR: $7,200

NAMES AND ADDRESSES	TERM OF OFFICE	SALARY FYE 9/30/15	REIMBURSEMENTS FYE 9/30/15	TITLE AT YEAR END
DIRECTORS				
David Wang	Elected 5/12-5/16	$ 1,500	$ -	President
Scott Stratton	Elected 5/14-5/18	$ 1,650	$ -	Vice-President
Larry English	Elected 5/12-5/16	$ 1,500	$ -	Secretary/Treasurer
Joshua Bridgefarmer	Elected 5/14-5/18	$ 1,050	$ -	Asst Sec
Craig Twellmann	Elected 5/12-5/16	$ 1,950	$ -	Asst Sec
Payments to Retiring Directors		$ -	$ -	
		$ 7,650	$ -	
CONSULTANTS				
Lloyd Gosselink Rochelle & Townsend		$ 68,720	$ -	Attorneys
Randall Jones Engineering		$ 13,137		Engineers
Jones-Heroy & Associates		$ 306	$ -	Engineers
Blakeslee, Monzingo & Company		$ 10,716	$ -	Accountants
West, Davis & Company		$ 10,500	$ -	Auditor