

**WALDEN POND FRESH WATER
SUPPLY DISTRICT OF KAUFMAN COUNTY**

KAUFMAN COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JUNE 30, 2025

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McCall Gibson Swedlund Barfoot Ellis PLLC

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Walden Pond Fresh Water Supply District of Kaufman County
Kaufman County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Walden Pond Fresh Water Supply District of Kaufman County (the "District") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Estimate

As discussed in Note 13 to the financial statements, the District received additional information on fiscal year 2024 expenditures, resulting in a restatement of the District's General Fund fund balance and net position balance as of and for the year ended June 30, 2024. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Responsibilities of Management for the Financial Statements (Continued)

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

McCall Gibson Swedlund Barfoot Ellis PLLC

McCall Gibson Swedlund Barfoot Ellis PLLC
Certified Public Accountants
Houston, Texas

October 16, 2025

**WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

Our discussion and analysis of Walden Pond Fresh Water Supply District of Kaufman County’s (the “District”) financial performance provides an overview of the District’s financial activities for the year ended June 30, 2025. Please read it in conjunction with the District’s financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for property tax revenues, developer advances, operating costs and general expenditures. The Debt Service Fund accounts for financial resources restricted, committed or assigned for servicing bond debt. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

**WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets by \$4,505,320 as of June 30, 2025.

**WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following table provides a summary of changes in the Statement of Net Position for the years ended June 30, 2025, and June 30, 2024:

	Summary of Changes in the Statement of Net Position		
	2025	2024	Change Positive (Negative)
Current and Other Assets	\$ 2,044,633	\$ 828,376	\$ 1,216,257
Capital Assets (Net of Accumulated Depreciation)	<u>44,726,597</u>	<u>45,683,767</u>	<u>(957,170)</u>
Total Assets	<u>\$ 46,771,230</u>	<u>\$ 46,512,143</u>	<u>\$ 259,087</u>
Due to Developer	\$ 34,299,477	\$ 44,302,555	\$ 10,003,078
Bonds Payable	16,415,104	3,690,052	(12,725,052)
Other Liabilities	<u>561,969</u>	<u>297,420</u>	<u>(264,549)</u>
Total Liabilities	<u>\$ 51,276,550</u>	<u>\$ 48,290,027</u>	<u>\$ (2,986,523)</u>
Net Position:			
Net Investment in Capital Assets	\$ (5,171,058)	\$ (1,756,951)	\$ (3,414,107)
Restricted	707,950	228,947	479,003
Unrestricted	<u>(42,212)</u>	<u>(249,880)</u>	<u>207,668</u>
Total Net Position	<u>\$ (4,505,320)</u>	<u>\$ (1,777,884)</u>	<u>\$ (2,727,436)</u>

*

The following table provides a summary of the District's operations for the years ending June 30, 2025, and June 30, 2024.

	Summary of Changes in the Statement of Activities		
	2025	2024	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 667,493	\$ 155,195	\$ 512,298
Charges for Services	664,190	499,338	164,852
Other Revenues	<u>141,682</u>	<u>76,520</u>	<u>65,162</u>
Total Revenues	\$ 1,473,365	\$ 731,053	\$ 742,312
Expenses for Services	<u>4,200,801</u>	<u>1,952,801</u>	<u>(2,248,000)</u>
Change in Net Position	\$ (2,727,436)	\$ (1,221,748)	\$ (1,505,688)
Net Position, Beginning of Year, as restated	<u>(1,777,884)</u>	<u>(556,136)</u>	<u>(1,221,748)</u>
Net Position, End of Year	<u>\$ (4,505,320)</u>	<u>\$ (1,777,884)</u>	<u>\$ (2,727,436)</u>

*

As Restated, Note 13

**WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT’S GOVERNMENTAL FUNDS

The District’s combined fund balances as of June 30, 2025, were \$1,851,308, an increase of \$1,133,643 from the prior year.

The General Fund fund balance increased by \$93,738, primarily due to property tax revenues and service revenues exceeding operating expenditures.

The Debt Service Fund fund balance increased by \$774,868, primarily due to the structure of the District’s long-term debt as well as the receipt of capitalized interest from the Series 2024A and Series 2025 road bonds.

The Capital Projects Fund fund balance increased by \$265,037, primarily due to unspent proceeds from the Series 2024A and Series 2025 road bonds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board adopted an unappropriated budget for the General Fund for the current fiscal year. The budget was not amended during the year. Actual revenues were \$198,457 less than budgeted revenues and actual expenditures were \$51,271 less than budgeted expenditures. This resulted in a negative budget variance of \$147,186. See the budget to actual comparison for more information.

CAPITAL ASSETS

The District’s investment in capital assets as of June 30, 2025, amounts to \$44,726,597 (net of accumulated depreciation). Capital asset activity included right-of-way land addition for Walden Pond South and decreases to the water, sewer, drainage and paving for Walden Pond South and Walden Pond East from additional information from bond reimbursements.

	<u>Capital Assets At Year-End, Net of Accumulated Depreciation</u>		
	<u>2025</u>	<u>2024</u>	<u>Change Positive (Negative)</u>
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 2,325,356	\$ 1,446,726	\$ 878,630
Capital Assets, Net of Accumulated Depreciation:			
Roadways and Streets	13,707,479	14,233,176	(525,697)
Water System	7,551,200	7,938,607	(387,407)
Wastewater System	11,750,427	12,256,767	(506,340)
Drainage System	<u>9,392,135</u>	<u>9,808,491</u>	<u>(416,356)</u>
Total Net Capital Assets	<u>\$ 44,726,597</u>	<u>\$ 45,683,767</u>	<u>\$ (957,170)</u>

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

**WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

LONG-TERM DEBT ACTIVITY

As of June 30, 2025, the District recorded an amount due to Developers of \$34,299,477 which consists of developer advances toward operating costs, as well as completed projects funded by Developers.

At the end of the current fiscal year, the District had total bond debt payable of \$16,350,000. The change in bonds payable during the current fiscal year is summarized in the following table:

Bond Debt Payable, July 1, 2024	\$ 3,700,000
Add: Bond Sale - Series 2024A and 2025	<u>12,650,000</u>
Bond Debt Payable, June 30, 2025	<u>\$ 16,350,000</u>

The District’s bonds do not carry an underlying rating. The District’s Series 2022 Road Bonds and Series 2024 Road Bonds do not carry insured ratings. The District’s Series 2024A Road Bonds and Series 2025 Road Bonds carry an insured rating of “AA” by virtue of bond insurance issued by Build America Mutual Assurance Company. Credit enhanced ratings provided through bond insurance policies are subject to change based on changes to the ratings of the insurers.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Walden Pond Fresh Water Supply District of Kaufman County, c/o Winstead PC, 2728 N. Harwood Street, Suite 500, Dallas, Texas 75201.

**WALDEN POND FRESH WATER SUPPLY DISTRICT OF
KAUFMAN COUNTY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2025**

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 40,188	\$ 2,529
Investments	126,804	1,115,274
Receivables:		
Property Taxes	2,575	1,708
Service Accounts	133,690	
Other	21,705	
Due from Other Funds	12,183	
Prepaid Costs	1,000	
Due from Other Governmental Unit	112,807	
Land and Improvements		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 450,952	\$ 1,119,511
LIABILITIES		
Accounts Payable	\$ 121,891	\$
Accrued Interest Payable		
Due to Developers		
Due to Other Funds		12,183
Security Deposits	40,700	
Accrued Interest at Time of Sale		26,451
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	\$ 162,591	\$ 38,634
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 2,575	\$ 1,708
FUND BALANCES		
Nonspendable -		
Prepaid Costs	\$ 1,000	\$
Restricted for Authorized Construction		
Restricted for Debt Service		1,079,169
Unassigned	284,786	
TOTAL FUND BALANCES	\$ 285,786	\$ 1,079,169
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 450,952	\$ 1,119,511
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 353	\$ 43,070	\$	\$ 43,070
486,000	1,728,078		1,728,078
	4,283		4,283
	133,690		133,690
	21,705		21,705
	12,183	(12,183)	
	1,000		1,000
	112,807		112,807
		2,325,356	2,325,356
		42,401,241	42,401,241
<u>\$ 486,353</u>	<u>\$ 2,056,816</u>	<u>\$ 44,714,414</u>	<u>\$ 46,771,230</u>
\$	\$ 121,891		\$ 121,891
		399,378	399,378
		34,299,477	34,299,477
	12,183	(12,183)	
	40,700		40,700
	26,451	(26,451)	
		25,000	25,000
		16,390,104	16,390,104
<u>\$ -0-</u>	<u>\$ 201,225</u>	<u>\$ 51,075,325</u>	<u>\$ 51,276,550</u>
<u>\$ -0-</u>	<u>\$ 4,283</u>	<u>\$ (4,283)</u>	<u>\$ -0-</u>
\$	\$ 1,000	\$ (1,000)	\$
486,353	486,353	(486,353)	
	1,079,169	(1,079,169)	
	284,786	(284,786)	
<u>\$ 486,353</u>	<u>\$ 1,851,308</u>	<u>\$ (1,851,308)</u>	<u>\$ - 0 -</u>
<u>\$ 486,353</u>	<u>\$ 2,056,816</u>		
		\$ (5,171,058)	\$ (5,171,058)
		707,950	707,950
		(42,212)	(42,212)
		<u>\$ (4,505,320)</u>	<u>\$ (4,505,320)</u>

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

**WALDEN POND FRESH WATER SUPPLY DISTRICT OF
KAUFMAN COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025**

Total Fund Balances - Governmental Funds		\$ 1,851,308
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Land used in governmental activities is not a financial resource and, therefore, is not reported as an asset in governmental funds.		2,325,356
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		42,401,241
Governmental funds do not record a long-term liability to the Developer for completed projects and operating advances. However, in the Statement of Net Position, the liability for completed projects and operating advances is recorded.		(34,299,477)
Deferred inflows of resources related to property tax revenues for the 2024 and prior tax levies became part of recognized revenue in the governmental activities of the District.		4,283
Accrued interest on long-term liabilities is not payable with current financial resources and, therefore, is not reported in the funds.		(372,927)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Bonds Payable, Due Within One Year	\$ (25,000)	
Bonds Payable, Due After One Year	<u>(16,390,104)</u>	<u>(16,415,104)</u>
Total Net Position- Governmental Activities		<u>\$ (4,505,320)</u>

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

**WALDEN POND FRESH WATER SUPPLY DISTRICT OF
KAUFMAN COUNTY**
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025**

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 398,722	\$ 264,488
Basic Service Charge	227,141	
Water Service	149,360	
Wastewater Service	180,081	
Penalty and Interest	16,726	
Tap Connection and Inspection Fees	90,882	
Patrol Revenues	39,224	
Investment Revenues	4,419	34,340
Miscellaneous Revenues	45,105	
TOTAL REVENUES	\$ 1,151,660	\$ 298,828
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 224,258	\$
Contracted Services	335,581	7,398
Purchased Water and Wastewater Service	185,772	
Utilities	17,321	
Repairs and Maintenance	181,246	
Depreciation		
Other	113,744	
Developer Interest		
Capital Outlay		
Debt Service:		
Bond Issuance Costs		
Bond Interest		213,150
TOTAL EXPENDITURES/EXPENSES	\$ 1,057,922	\$ 220,548
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES/EXPENSES	\$ 93,738	\$ 78,280
OTHER FINANCING SOURCES		
Bond Premium	\$	\$
Long-Term Debt Issued		696,588
TOTAL OTHER FINANCING SOURCES	\$ -0-	\$ 696,588
NET CHANGE IN FUND BALANCES	\$ 93,738	\$ 774,868
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION -		
JULY 1, 2024, AS REPORTED	214,395	304,301
CHANGE FROM ACCOUNTING ESTIMATE	(22,347)	
JULY 1, 2024, AS RESTATED	192,048	304,301
FUND BALANCES/NET POSITION - JUNE 30, 2025	\$ 285,786	\$ 1,079,169

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 663,210	\$ 4,283	\$ 667,493
	227,141		227,141
	149,360		149,360
	180,081		180,081
	16,726		16,726
	90,882		90,882
	39,224		39,224
18,594	57,353		57,353
	45,105		45,105
<u>\$ 18,594</u>	<u>\$ 1,469,082</u>	<u>\$ 4,283</u>	<u>\$ 1,473,365</u>
\$	\$ 224,258	\$ (111,355)	\$ 112,903
	342,979		342,979
	185,772		185,772
	17,321		17,321
	181,246		181,246
		985,415	985,415
	113,744		113,744
564,742	564,742		564,742
10,031,323	10,031,323	(10,031,323)	
1,187,201	1,187,201		1,187,201
	213,150	296,328	509,478
<u>\$ 11,783,266</u>	<u>\$ 13,061,736</u>	<u>\$ (8,860,935)</u>	<u>\$ 4,200,801</u>
<u>\$ (11,764,672)</u>	<u>\$ (11,592,654)</u>	<u>\$ 8,865,218</u>	<u>\$ (2,727,436)</u>
\$ 76,297	\$ 76,297	\$ (76,297)	\$
<u>11,953,412</u>	<u>12,650,000</u>	<u>(12,650,000)</u>	
<u>\$ 12,029,709</u>	<u>\$ 12,726,297</u>	<u>\$ (12,726,297)</u>	<u>\$ -0-</u>
\$ 265,037	\$ 1,133,643	\$ (1,133,643)	\$
		(2,727,436)	(2,727,436)
221,316	740,012	(2,495,549)	(1,755,537)
	(22,347)		(22,347)
<u>221,316</u>	<u>717,665</u>	<u>(2,495,549)</u>	<u>(1,777,884)</u>
<u>\$ 486,353</u>	<u>\$ 1,851,308</u>	<u>\$ (6,356,628)</u>	<u>\$ (4,505,320)</u>

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

**WALDEN POND FRESH WATER SUPPLY DISTRICT OF
KAUFMAN COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

Net Change in Fund Balances - Governmental Funds	\$ 1,133,643
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	4,283
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(985,415)
Costs incurred but not payable with current financial resources are recorded as an expense in the Statement of Activities.	111,355
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.	10,031,323
Governmental funds report bond discounts and premiums as other financing uses in the year paid. However, in the Statement of Net Position, the bond discounts are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.	(75,052)
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Assets, interest is accrued on the long-term debt through fiscal year-end.	(297,573)
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Assets.	<u>(12,650,000)</u>
Change in Net Position - Governmental Activities	<u>\$ (2,727,436)</u>

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

**WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1. CREATION OF DISTRICT

On November 7, 2018, the Kaufman County Commissioners Court approved the order creating Walden Pond Water Control and Improvement District of Kaufman County (the “District”). On March 5, 2019, the board approved the District’s conversion to a Fresh Water Supply District operating under Chapter 53 of the Water Code and Article XVI, Section 59 of the Texas Constitution, and specifically reserved powers granted under Chapter 51 of the Texas Water Code. The District also assumes the rights of a road district under Article III, Section 52(b) of the Texas Constitution. Pursuant to the provisions of Chapters 49, 51 and 53 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, roads, solid waste collection and disposal, including recycling, and parks and recreational facilities for the residents of the District. The District also has the power to acquire, construct, operate and maintain road facilities and is empowered to contract for or employ its own peace officers with powers to make arrests and, subject to certain regulatory and voter approvals, to contract for fire protection services or establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The District held its first meeting on December 4, 2018.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

**WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District was created as an independent municipality. The District does not meet the criteria for inclusion as a component unit of any entity nor does any other entity meet the component unit criteria for inclusion in the District's financial statements.

Financial Statement Presentation

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

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

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

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

Government-Wide Financial Statements

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

**WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (Continued)

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

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

Fund Financial Statements

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

Governmental Funds

The District has three governmental funds and considers each to be a major fund.

General Fund – To account for property tax revenues, developer advances, operating costs and general expenditures.

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

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

Basis of Accounting

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

**WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Property taxes considered available by the District and included in revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures. No taxes have yet been levied.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. The Debt Service Fund recorded payables to the General Fund in the amount of \$12,183 for maintenance tax collections.

Capital Assets

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

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

	<u>Years</u>
Buildings	40
Water System	10-45
Wastewater System	10-45
Drainage System	10-45
Roads	10-50
All Other Equipment	3-20

**WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting

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

Pensions

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

Measurement Focus

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

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

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

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

**WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus

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

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

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

**WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3. LONG-TERM DEBT

	Series 2022 Road	Series 2024 Road
Amount Outstanding – June 30, 2025	\$ 1,250,000	\$ 2,450,000
Interest Rates	6.00% - 6.25%	4.00% - 6.00%
Maturity Dates - Serially Beginning/Ending	September 1, 2025/2047	September 1, 2026/2049
Interest Payment Dates	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2029*	September 1, 2029*
	Series 2024A Road	Series 2025 Road
Amount Outstanding – June 30, 2025	\$ 7,550,000	\$ 5,100,000
Interest Rates	4.00% - 4.125%	4.00% - 7.00%
Maturity Dates - Serially Beginning/Ending	September 1, 2027/2049	September 1, 2027/2050
Interest Payment Dates	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2030*	September 1, 2030*

* Or any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption. Series 2022 Road term bonds due September 1, 2032 and 2047 are subject to mandatory redemption by random selection beginning September 1, 2025 and 2033, respectively. Series 2024 Road term bonds due September 1, 2030, 2039, 2044 and 2049 are subject to mandatory redemption beginning September 1, 2026, 2035, 2040 and 2045, respectively. Series 2024A Road term bonds due September 1, 2040 are subject to mandatory redemption beginning September 1, 2039.

The District has the following unused bond authorizations as of year-end: \$105,033,000 Utility Bonds, \$131,291,250 Utility Refunding Bonds, \$17,422,000 Road Bonds and \$42,215,000 Road Refunding Bonds.

**WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3. LONG-TERM DEBT (Continued)

Bond payable activity for the current fiscal year are summarized in the following table:

	July 1, 2024	Additions	Retirements	June 30, 2025
Bonds Payable	\$ 3,700,000	\$ 12,650,000	\$ -0-	\$ 16,350,000
Unamortized Discounts	(9,948)		(389)	(9,559)
Unamortized Premiums		76,297	1,634	74,663
Bonds Payable, Net	\$ 3,690,052	\$ 12,726,297	\$ 1,245	\$ 16,415,104
			Amount Due Within One Year	\$ 25,000
			Amount Due After One Year	16,390,104
			Bonds Payable, Net	\$ 16,415,104

As of June 30, 2025, the debt service requirements on the bonds outstanding were as follows

Fiscal Year	Principal	Interest	Total
2026	\$ 25,000	\$ 895,827	\$ 920,827
2027	70,000	728,600	798,600
2028	385,000	717,025	1,102,025
2029	405,000	696,801	1,101,801
2030	420,000	675,675	1,095,675
2031-2035	2,415,000	3,027,818	5,442,818
2036-2040	3,030,000	2,409,761	5,439,761
2041-2045	3,780,000	1,677,796	5,457,796
2046-2050	4,740,000	750,279	5,490,279
2051	1,080,000	21,600	1,101,600
	\$ 16,350,000	\$ 11,601,182	\$ 27,951,182

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount. During the year ended June 30, 2025, the District levied an ad valorem debt service tax rate of \$0.3988 per \$100 of assessed valuation, which resulted in a tax levy of \$266,196 on the adjusted taxable valuation of \$66,749,233 for the 2024 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on the bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance levy tax.

**WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds be rebated to the federal government, within the meaning of Section 148(f) of the Internal Revenue Code. The bond orders state that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data with respect to the District to certain information repositories. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District’s deposits was \$43,070 and the bank balance was \$44,294. The District was not exposed to custodial credit risk at year end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at June 30, 2025, as listed below:

	Cash
GENERAL FUND	\$ 40,188
DEBT SERVICE FUND	2,529
CAPITAL PROJECTS FUND	353
TOTAL DEPOSITS	\$ 43,070

**WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments

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

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

The District invests in LOGIC (Local Government Investment Cooperative), an external public fund investment pool that is not SEC-registered. LOGIC is organized and existing as a business trust under the laws of the State of Texas with all participant funds and all investment assets held and managed in trust by a Board of Trustees for the benefit of the participants. Hilltop Securities, Inc. and J.P. Morgan Investment Management, Inc. serve as co-administrators of the pool. LOGIC measures all of its portfolio assets at amortized cost for financial reporting purposes. The District measures its investments in LOGIC at amortized cost. There are no limitations or restrictions on withdrawals from LOGIC.

**WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of June 30, 2025, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
LOGIC	\$ 126,804	\$ 126,804
<u>DEBT SERVICE FUND</u>		
LOGIC	1,115,274	1,115,274
<u>CAPITAL PROJECTS FUND</u>		
LOGIC	486,000	486,000
TOTAL INVESTMENTS	\$ 1,728,078	\$ 1,728,078

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. As of June 30, 2025, the District's investment in LOGIC was rated AAAM by Standard and Poor's.

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

Restrictions

All cash and investments of the Debt Service Fund are restricted for the payment of debt service. All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

**WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025:

	July 1, 2024	Increases	Decreases	June 30, 2025
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 1,446,726	\$ 878,630	\$ -0-	\$ 2,325,356
Capital Assets at Historical Cost Subject to Depreciation				
Paving	\$ 14,475,717	\$	\$ 203,913	\$ 14,271,804
Water System	8,064,569		212,926	7,851,643
Wastewater System	12,481,450		234,178	12,247,272
Drainage System	9,963,835		199,368	9,764,467
Total Capital Assets at Historical Cost Subject to Depreciation	\$ 44,985,571	\$ - 0 -	\$ 850,385	\$ 44,135,186
Less Accumulated Depreciation				
Paving	\$ 242,541	\$ 321,784	\$	\$ 564,325
Water System	125,962	174,481		300,443
Wastewater System	224,683	272,162		496,845
Drainage System	155,344	216,988		372,332
Total Accumulated Depreciation	\$ 748,530	\$ 985,415	\$ -0-	\$ 1,733,945
Total Depreciable Capital Assets, Net of Accumulated Depreciation	\$ 44,237,041	\$ (985,415)	\$ 850,385	\$ 42,401,241
Total Capital Assets, Net of Accumulated Depreciation	\$ 45,683,767	\$ 14,953,411	\$ 15,910,581	\$ 44,726,597

NOTE 7. MAINTENANCE TAX

On May 4, 2019, voters of the District approved the levy and collection of a maintenance tax in an amount not to exceed \$1.00 per \$100 of assessed valuation on all taxable property within the District. The maintenance tax is to be used for maintenance purposes to include funds for planning, maintaining, repairing and operating all necessary plants, properties, owned or contracted facilities and improvements of the District and for proper services, engineering and legal fees, and operational and administrative costs in accordance with Section 49.107 of the Texas Water Code. During the current fiscal year, the District levied an ad valorem maintenance tax rate of \$0.6012 per \$100 of assessed valuation, which resulted in a tax levy of \$401,296 on the adjusted taxable valuation of \$66,749,233 for the 2024 tax year.

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

**WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8. INTERLOCAL AGREEMENT FOR WATER AND WASTEWATER TREATMENT SERVICES – EAST WALDEN POND

On June 23, 2020, the District approved an interlocal agreement for water and wastewater treatment services with Kaufman County Fresh Water Supply District No. 1-A (“District No. 1-A”), MM Walden Pond, LLC (the “Walden Pond Developer”), and EQK Bridgeview Plaza, Inc. (the “District No. 1-A Developer”). The Walden Pond Developer is the owner of approximately 215.5 acres of land located in Kaufman County, Texas, which makes up the eastern portion of the District. District No. 1-A has reserved water capacity to provide water service to the property due to the Amended and Restated Wholesale Water Contract dated December 7, 2017 between the City of Forney, Texas and District No. 1-A. The City has provided consent to District No. 1-A to provide service to the Walden Pond property as evidenced in the Amendment to Amended and Restated Wholesale Water Contract between the City and District No. 1-A and Water Contract Amended approved on January 17, 2020. The District has requested that District No. 1-A provide water and wastewater service to the property through an extension of District No. 1-A’s water and wastewater treatment service infrastructure.

The water system extension will be sized to provide continuous and adequate water supply to the property based on plans for development. The water system extension will extend from the water system of District No. 1-A to the point of connection and will include a master water meter at the point of connection. The master water meter will be designed and engineered by District No. 1-A at the cost and expense of the District or the Walden Pond Developer. Upon completion, the water system extension will be owned and maintained by District No. 1-A, except for the master water meter, which will be owned and maintained by the City at its own cost and expense. The District and/or the Walden Pond Developer will pay their pro rata share of costs associated with the installation of the water system extension and water meter. Throughout the term of the Agreement, the City and District No. 1-A will read the master water meter pursuant to the City Water Contract and the Water Contract Amendment. The monthly amount charged by District No. 1-A for wholesale treated water will be the number of gallons delivered to the property based on the meter reading for the month multiplied times the bulk rate per 1,000 gallons that the district is charged for purchasing treated water from the City for service to the property pursuant to the Water Contract Amendment, plus (1) cost of conveyance based on a cost-of-service rate study of the type promulgated by the American Water Works Association or utility basis rate, and plus (2) a maximum of an additional five percent of the total of the bulk rate and the cost of conveyance, which will be retained by District No. 1-A as a fee for the pass through use of District No. 1-A facilities. The bulk rate will be the rate charged by the City, which is based on the rate charged the City by the North Texas Municipal Water District (“NTMWD”) plus sixty-three percent.

**WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8. INTERLOCAL AGREEMENT FOR WATER AND WASTEWATER TREATMENT SERVICES – EAST WALDEN POND (Continued)

The wastewater system extension will be sized to provide continuous and adequate wastewater supply to the property based on plans for development. The wastewater system extension will extend from the wastewater system of District No. 1-A to the point of connection and will include a master wastewater meter at the point of connection. The master wastewater meter will be designed and engineered by District No. 1-A at the shared cost and expense of the District or the Walden Pond Developer. Upon completion, the wastewater system extension will be owned and maintained by District No. 1-A. The District and the multifamily property owner will share with District No. 1-A the costs associated with the installation of the wastewater system extension and wastewater meter. Throughout the term of the Agreement, District No. 1-A will read the master wastewater meter and calculate its bill to the District for wastewater service based upon such readings. The monthly amount charged by District No. 1-A for wholesale treated wastewater will be the number of gallons delivered to District No. 1-A based on the meter reading for the month less the calculated multifamily property flow multiplied times the bulk rate that District No. 1-A is charged by the City, plus (1) cost of conveyance based on a cost-of-service rate study of the type promulgated by the American Water Works Association or utility basis rate, and plus (2) a maximum of an additional five percent of the total of the bulk rate and the cost of conveyance, which will be retained by District No. 1-A as a fee for the pass through use of District No. 1-A facilities. The bulk rate will be the rate charged by the City, which is based on the rate charged the City by NTMWD plus thirty percent.

On March 22, 2022, the agreement was amended and restated to include 93 acres owned by MM Forney 92, LLC (“Walden Pond South”) to the boundaries of Walden Pond. As such, District No. 1-A has re-allocated certain wastewater costs and capacity reservations to account for the additional land provided by Walden Pond South.

NOTE 9. INTERLOCAL AGREEMENT FOR WASTEWATER TREATMENT SERVICES - WEST WALDEN POND

On June 23, 2020, the District approved an interlocal agreement for wastewater treatment services with Kaufman County Fresh Water Supply District No. 1-A (“District No. 1-A”), MM Walden Pond, LLC (the “Walden Pond Developer”), and EQK Bridgeview Plaza, Inc. (the “District No. 1-A Developer”). The Walden Pond Developer is the owner of approximately 214 acres of land located in Kaufman County, Texas, which makes up the western portion of the District. District No. 1-A has reserved wastewater capacity with the City for the disposal of its wastewater produced within the property pursuant to an Agreement Regarding Wastewater Treatment Service dated October 1, 2019 by and among the City and District No. 1-A, which contemplates service to the property. The District has requested that District No. 1-A provide wastewater treatment service to the property and a planned multifamily property through an extension of District No. 1-A’s wastewater treatment service infrastructure.

**WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9. INTERLOCAL AGREEMENT FOR WASTEWATER TREATMENT SERVICES - WEST WALDEN POND (Continued)

The wastewater system extension will extend to a wholesale wastewater meter to measure the volume of wastewater produced within and transported from the District and the multifamily property into District No. 1-A's wastewater system. The wastewater system extension will be sized to provide continuous and adequate wastewater supply to the property and multifamily property based on plans for development. The wastewater system extension will extend from the wastewater system of District No. 1-A to the point of connection and will include a master wastewater meter at the point of connection. The master wastewater meter will be designed and engineered by District No. 1-A at the shared cost and expense of the District or the Walden Pond Developer. Upon completion, the wastewater system extension will be owned and maintained by District No. 1-A. The District and the multifamily property owner will share with District No. 1-A the costs associated with the installation of the wastewater system extension and wastewater meter. Throughout the term of the Agreement, District No. 1-A will operate the wastewater meter at its sole cost and expense and will calibrate the wastewater meter at least once every twelve months. Throughout the term of the Agreement, District No. 1-A shall read the wastewater meter and calculate its bill to the District for wastewater service based upon such readings. The monthly amount charged by District No. 1-A for wholesale treated wastewater will be the number of gallons delivered to District No. 1-A based on the meter reading for the month less the calculated multifamily property flow multiplied times the bulk rate that District No. 1-A is charged by the City, plus (1) cost of conveyance based on a cost-of-service rate study of the type promulgated by the American Water Works Association or utility basis rate, and plus (2) a maximum of an additional five percent of the total of the bulk rate and the cost of conveyance, which will be retained by District No. 1-A as a fee for the pass through use of District No. 1-A facilities. The bulk rate will be the rate charged by the City, which is based on the rate charged the City by NTMWD plus thirty percent.

On March 22, 2022, the agreement was amended and restated to include 93 acres owned by MM Forney 92, LLC ("Walden Pond South") to the boundaries of the District. As such, District No. 1-A has re-allocated certain wastewater costs and capacity reservations to account for the additional land provided by Walden Pond South.

NOTE 10. UNREIMBURSED DEVELOPER COSTS

The District has entered into Agreements for the Construction of Improvements and Reimbursement for Costs. These agreements call for the Developers to fund costs associated with water, sanitary sewer, drainage and road facilities until such time as the District can sell bonds. In addition, the Developer has advanced funds to the District to cover operating costs of the District. Through June 30, 2025, the Developer has advanced \$330,573 to the District. There were no advances received during the current fiscal year.

**WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10. UNREIMBURSED DEVELOPER COSTS (Continued)

The following table summarizes the activity for the current year fiscal year.

Due to Developers, beginning of year	\$ 44,302,555
Current year reimbursements	<u>10,003,078</u>
Due to Developers, end of year	<u>\$ 34,299,477</u>

NOTE 11. RISK MANAGEMENT

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

NOTE 12. BOND SALE

On October 21, 2024, the District closed on the sale of \$7,550,000 of Unlimited Tax Road Bonds, Series 2024A. Proceeds from the bonds were used to reimburse a Developer for construction and engineering costs related to road improvements in Walden Pond East, Phase 1 and land costs for Walden Pond East, Phase 2. Additional proceeds were used to fund capitalized interest, developer interest and issuance costs of the bonds.

On January 16, 2025, the District closed on the sale of \$5,100,000 of Unlimited Tax Road Bonds, Series 2025. Proceeds from the bonds were used to reimburse Developers for construction and engineering costs related to road improvements in Walden Pond East, Phase 1 and Walden Pond South and land costs for Walden Pond South. Additional proceeds were used to fund capitalized interest, developer interest and issuance costs of the bonds.

NOTE 13. CHANGE IN ACCOUNTING ESTIMATE

During the current fiscal year, the District received invoices related to security services for fiscal year 2024. This resulted in a prior period adjustment that decreased the General Fund fund balance and the net position balance as of June 30, 2024 by \$22,347.

**WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY**

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2025

**WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	Original and Final Budget	Actual	Variance Positive (Negative)
	<u>Budget</u>	<u>Actual</u>	<u>(Negative)</u>
REVENUES			
Property Taxes	\$ 325,471	\$ 398,722	\$ 73,251
Basic Service Charge	495,638	227,141	(268,497)
Water Service	117,112	149,360	32,248
Wastewater Service	89,107	180,081	90,974
Penalty and Interest	1,200	16,726	15,526
Tap Connection and Inspection Fees	261,000	90,882	(170,118)
Patrol Revenues	49,678	39,224	(10,454)
Transfer and Service Initiation Fees			
Regulatory Assessment Fee			
Builder Damages			
Investment Revenues	600	4,419	3,819
Miscellaneous Revenues	10,311	45,105	34,794
TOTAL REVENUES	<u>\$ 1,350,117</u>	<u>\$ 1,151,660</u>	<u>\$ (198,457)</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 111,900	\$ 224,258	\$ (112,358)
Contracted Services	187,059	335,581	(148,522)
Purchased Water and Wastewater Service	424,994	185,772	239,222
Utilities	9,300	17,321	(8,021)
Repairs and Maintenance	90,000	181,246	(91,246)
Other	285,940	113,744	172,196
TOTAL EXPENDITURES	<u>\$ 1,109,193</u>	<u>\$ 1,057,922</u>	<u>\$ 51,271</u>
NET CHANGE IN FUND BALANCE	\$ 240,924	\$ 93,738	\$ (147,186)
FUND BALANCE - JULY 1, 2024, AS RESTATED	<u>192,048</u>	<u>192,048</u>	<u></u>
FUND BALANCE - JUNE 30, 2025	<u>\$ 432,972</u>	<u>\$ 285,786</u>	<u>\$ (147,186)</u>

**WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY**

**SUPPLEMENTARY INFORMATION REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**

JUNE 30, 2025

**WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY
SERVICES AND RATES
FOR THE YEAR ENDED JUNE 30, 2025**

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

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

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order approved February 6, 2025.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use**	Usage Levels
WATER:	\$43.25*		N	\$ 5.80 \$ 6.80 \$ 7.80	0001 to 5,000 5,001 to 10,000 10,001 and up
WASTEWATER:	\$36.75		Y		

SURCHARGE:

Commission 0.5% of actual water and
Regulatory sewer bill
Assessments

District employs winter averaging for wastewater usage?

 X
Yes No

Total monthly charges per 10,000 gallons usage: Water and Wastewater: \$143.00 Surcharge: \$0.50 Total \$143.50

* Service Charge includes trash and recycling fee and law enforcement patrol fee.

** Rates apply to customers in Walden Pond East. Rates for Walden Pond West and South are determined by SUD.

See accompanying independent auditor's report.

**WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY
SERVICES AND RATES
FOR THE YEAR ENDED JUNE 30, 2025**

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤ ³ / ₄ "	<u>381</u>	<u>378</u>	x 1.0	<u>378</u>
1"			x 2.5	
1½"	<u>1</u>	<u>1</u>	x 5.0	<u>5</u>
2"			x 8.0	
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	<u><u>382</u></u>	<u><u>379</u></u>		<u><u>383</u></u>
Total Wastewater Connections	<u><u>381</u></u>	<u><u>378</u></u>	x 1.0	<u><u>378</u></u>

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

Water Accountability Ratio: 115.8%
(Gallons billed and sold/Gallons
pumped and purchased)

Gallons billed to customers: 24,437,000

Gallons purchased: 21,108,000 From: Kaufman County Fresh Water
Supply District No. 1-A *

* Kaufman County Fresh Water Supply District No. 1-A supplies water to the District, Kaufman County Fresh Water Supply District No. 1-B, Kaufman County Fresh Water Supply District No. 1-C, and Kaufman County Fresh Water Supply District No. 1-D.

See accompanying independent auditor's report.

**WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY
SERVICES AND RATES
FOR THE YEAR ENDED JUNE 30, 2025**

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

Does the District have Debt Service standby fees? Yes No

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes No

County or Counties in which District is located:

Kaufman County, Texas

Is the District located within a city?

Entirely Partly Not at all

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

Entirely Partly Not at all

ETJ's in which District is located:

City of Dallas, Texas

Are Board Members appointed by an office outside the District?

Yes No

See accompanying independent auditor's report.

**WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2025**

PROFESSIONAL FEES:	
Auditing	\$ 14,750
Engineering	6,676
Legal	202,832
TOTAL PROFESSIONAL FEES	<u>\$ 224,258</u>
PURCHASED SERVICES FOR RESALE -	
Purchased Water and Wastewater Service	<u>\$ 185,772</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 33,145
Operations and Billing	53,410
Security	179,315
Solid Waste Disposal	69,711
TOTAL CONTRACTED SERVICES	<u>\$ 335,581</u>
UTILITIES -	
Electricity	<u>\$ 17,321</u>
REPAIRS AND MAINTENANCE	<u>\$ 181,246</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 7,050
Insurance	3,157
Legal Notices	2,300
Payroll Taxes	481
Travel and Meetings	1,603
Other	590
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 15,181</u>
TAP CONNECTIONS	<u>\$ 29,062</u>
OTHER EXPENDITURES:	
Laboratory Fees	\$ 115
Inspection Fees	67,138
Regulatory Assessment	2,248
TOTAL OTHER EXPENDITURES	<u>\$ 69,501</u>
TOTAL EXPENDITURES	<u><u>\$ 1,057,922</u></u>

See accompanying independent auditor's report.

**WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY
INVESTMENTS
JUNE 30, 2025**

<u>Fund</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u> LOGIC	XXXX1003	Varies	Daily	\$ 126,804	\$ - 0 -
<u>DEBT SERVICE FUND</u> LOGIC	XXXX1002	Varies	Daily	\$ 1,115,274	\$ - 0 -
<u>CAPITAL PROJECTS FUND</u> LOGIC	XXXX1001	Varies	Daily	\$ 486,000	\$ - 0 -
TOTAL - ALL FUNDS				<u>\$ 1,728,078</u>	<u>\$ - 0 -</u>

See accompanying independent auditor's report.

**WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2025**

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE - JULY 1, 2024	\$	-0-	\$	-0-
Adjustments to Beginning Balance		\$ -0-		\$ -0-
Original 2024 Tax Levy	\$	401,296	\$	266,196
Adjustment to 2024 Tax Levy		401,296		266,196
TOTAL TO BE ACCOUNTED FOR		\$ 401,296		\$ 266,196
TAX COLLECTIONS:				
Prior Years	\$		\$	
Current Year		398,721		264,488
TAXES RECEIVABLE - JUNE 30, 2025		\$ 2,575		\$ 1,708

See accompanying independent auditor's report.

**WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2025**

	2024	2023	2022
PROPERTY VALUATIONS:			
Land	\$ 47,159,342	\$ 22,460,157	\$ 16,420,210
Improvements	25,668,329		640,408
Personal Property	96,157		
Exemptions	<u>(6,174,595)</u>	<u>(6,939,387)</u>	<u>(9,451,639)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 66,749,233</u>	<u>\$ 15,520,770</u>	<u>\$ 7,608,979</u>
TAX RATES PER \$100 VALUATION:			
Debt Service	\$ 0.3988	\$ 0.6375	\$ 0.00
Maintenance	<u>0.6012</u>	<u>0.3625</u>	<u>1.00</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 1.0000</u>	<u>\$ 1.00</u>	<u>\$ 1.00</u>
ADJUSTED TAX LEVY*	<u>\$ 667,492</u>	<u>\$ 155,208</u>	<u>\$ 95,202</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>99.36 %</u>	<u>100.00 %</u>	<u>100.00 %</u>

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

Maintenance Tax – Maximum tax rate of \$1.00 per \$100 assessed valuation approved by voters on May 4, 2019.

See accompanying independent auditor's report.

**WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025**

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

Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2026	\$ 25,000	\$ 76,725	\$ 101,725
2027	30,000	75,075	105,075
2028	30,000	73,275	103,275
2029	30,000	71,475	101,475
2030	35,000	69,525	104,525
2031	35,000	67,425	102,425
2032	35,000	65,325	100,325
2033	40,000	63,075	103,075
2034	40,000	60,625	100,625
2035	45,000	57,969	102,969
2036	50,000	55,000	105,000
2037	50,000	51,875	101,875
2038	55,000	48,593	103,593
2039	55,000	45,157	100,157
2040	60,000	41,563	101,563
2041	65,000	37,656	102,656
2042	70,000	33,438	103,438
2043	70,000	29,062	99,062
2044	75,000	24,532	99,532
2045	80,000	19,688	99,688
2046	85,000	14,531	99,531
2047	90,000	9,062	99,062
2048	100,000	3,125	103,125
2049			
2050			
2051			
	<u>\$ 1,250,000</u>	<u>\$ 1,093,776</u>	<u>\$ 2,343,776</u>

See accompanying independent auditor's report.

**WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025**

SERIES - 2024 ROAD

Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2026	\$	\$ 120,600	\$ 120,600
2027	40,000	119,800	159,800
2028	45,000	118,100	163,100
2029	50,000	116,200	166,200
2030	50,000	114,200	164,200
2031	55,000	112,100	167,100
2032	60,000	109,200	169,200
2033	60,000	105,600	165,600
2034	65,000	101,850	166,850
2035	70,000	97,800	167,800
2036	70,000	94,125	164,125
2037	75,000	90,863	165,863
2038	80,000	87,376	167,376
2039	90,000	83,551	173,551
2040	95,000	79,388	174,388
2041	100,000	74,750	174,750
2042	105,000	69,625	174,625
2043	115,000	64,125	179,125
2044	120,000	58,250	178,250
2045	130,000	52,000	182,000
2046	135,000	45,375	180,375
2047	145,000	38,375	183,375
2048	150,000	31,000	181,000
2049	265,000	20,625	285,625
2050	280,000	7,000	287,000
2051			
	<u>\$ 2,450,000</u>	<u>\$ 2,011,878</u>	<u>\$ 4,461,878</u>

See accompanying independent auditor's report.

**WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025**

SERIES - 2024 A ROAD BONDS

Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2026	\$	\$ 429,666	\$ 429,666
2027		303,294	303,294
2028	185,000	299,594	484,594
2029	195,000	291,994	486,994
2030	200,000	284,094	484,094
2031	210,000	275,894	485,894
2032	220,000	267,294	487,294
2033	235,000	258,194	493,194
2034	250,000	248,494	498,494
2035	255,000	238,394	493,394
2036	275,000	227,794	502,794
2037	290,000	216,494	506,494
2038	300,000	204,694	504,694
2039	315,000	192,394	507,394
2040	325,000	179,594	504,594
2041	340,000	166,294	506,294
2042	360,000	152,294	512,294
2043	380,000	137,494	517,494
2044	395,000	121,994	516,994
2045	415,000	105,794	520,794
2046	435,000	88,794	523,794
2047	455,000	70,992	525,992
2048	480,000	52,292	532,292
2049	505,000	32,277	537,277
2050	530,000	10,931	540,931
2051			
	<u>\$ 7,550,000</u>	<u>\$ 4,857,038</u>	<u>\$ 12,407,038</u>

See accompanying independent auditor's report.

**WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025**

SERIES - 2025 ROAD BONDS

Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2026	\$	\$ 268,836	\$ 268,836
2027		230,431	230,431
2028	125,000	226,056	351,056
2029	130,000	217,132	347,132
2030	135,000	207,856	342,856
2031	140,000	198,231	338,231
2032	145,000	188,257	333,257
2033	145,000	178,741	323,741
2034	150,000	170,550	320,550
2035	160,000	162,800	322,800
2036	160,000	155,600	315,600
2037	165,000	149,100	314,100
2038	170,000	142,400	312,400
2039	170,000	135,600	305,600
2040	180,000	128,600	308,600
2041	185,000	121,300	306,300
2042	185,000	113,900	298,900
2043	190,000	106,400	296,400
2044	200,000	98,600	298,600
2045	200,000	90,600	290,600
2046	210,000	82,400	292,400
2047	215,000	73,900	288,900
2048	215,000	65,300	280,300
2049	220,000	56,600	276,600
2050	225,000	47,700	272,700
2051	1,080,000	21,600	1,101,600
	<u>\$ 5,100,000</u>	<u>\$ 3,638,490</u>	<u>\$ 8,738,490</u>

See accompanying independent auditor's report.

**WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025**

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending June 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2026	\$ 25,000	\$ 895,827	\$ 920,827
2027	70,000	728,600	798,600
2028	385,000	717,025	1,102,025
2029	405,000	696,801	1,101,801
2030	420,000	675,675	1,095,675
2031	440,000	653,650	1,093,650
2032	460,000	630,076	1,090,076
2033	480,000	605,610	1,085,610
2034	505,000	581,519	1,086,519
2035	530,000	556,963	1,086,963
2036	555,000	532,519	1,087,519
2037	580,000	508,332	1,088,332
2038	605,000	483,063	1,088,063
2039	630,000	456,702	1,086,702
2040	660,000	429,145	1,089,145
2041	690,000	400,000	1,090,000
2042	720,000	369,257	1,089,257
2043	755,000	337,081	1,092,081
2044	790,000	303,376	1,093,376
2045	825,000	268,082	1,093,082
2046	865,000	231,100	1,096,100
2047	905,000	192,329	1,097,329
2048	945,000	151,717	1,096,717
2049	990,000	109,502	1,099,502
2050	1,035,000	65,631	1,100,631
2051	1,080,000	21,600	1,101,600
	<u>\$ 16,350,000</u>	<u>\$ 11,601,182</u>	<u>\$ 27,951,182</u>

See accompanying independent auditor's report.

**WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED JUNE 30, 2025**

Description	Original Bonds Issued	Bonds Outstanding July 1, 2024
Walden Pond Fresh Water Supply District Unlimited Tax Road Bonds - Series 2022	\$ 1,250,000	\$ 1,250,000
Walden Pond Fresh Water Supply District Unlimited Tax Road Bonds - Series 2024	2,450,000	2,450,000
Walden Pond Fresh Water Supply District Unlimited Tax Road Bonds - Series 2024A	7,550,000	
Walden Pond Fresh Water Supply District Unlimited Tax Road Bonds - Series 2025	5,100,000	
TOTAL	\$ 16,350,000	\$ 3,700,000
 Bond Authority:	 <u>Utility Tax Bonds</u>	 <u>Utility Refunding Bonds</u>
Amount Authorized by Voters	\$ 105,033,000	\$ 131,291,250
Amount Issued		
Remaining to be Issued	\$ 105,033,000	\$ 131,291,250
 Debt Service Fund cash, investments and cash with paying agent balances as of June 30, 2025:		\$ 1,117,803
 Average annual debt service payment (principal and interest) for remaining term of all debt:		\$ 1,075,045

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

See accompanying independent auditor's report.

Current Year Transactions

<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding June 30, 2025</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$ - 0 -	\$ - 0 -	\$ 77,475	\$ 1,250,000	BOKF, NA Dallas, Texas
		135,675	2,450,000	BOKF, NA Dallas, Texas
7,550,000			7,550,000	BOKF, NA Dallas, Texas
<u>5,100,000</u>			<u>5,100,000</u>	BOKF, NA Dallas, Texas
<u>\$ 12,650,000</u>	<u>\$ - 0 -</u>	<u>\$ 213,150</u>	<u>\$ 16,350,000</u>	
<u>Road Bonds*</u>	<u>Road Refunding Bonds</u>			
\$ 33,772,000	\$ 42,215,000			
<u>16,350,000</u>				
<u>\$ 17,422,000</u>	<u>\$ 42,215,000</u>			

See accompanying independent auditor's report.

**WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND – FOUR YEARS**

	Amounts		
	2025	2024	2023
REVENUES			
Property Taxes	\$ 398,722	\$ 75,362	\$ 76,090
Basic Service Charge	227,141	147,506	1,400
Water Service	149,360	55,852	10
Wastewater Service	180,081	45,940	7
Penalty and Interest	16,726	3,742	15
Tap Connection and Inspection Fees	90,882	246,298	
Patrol Revenues	39,224	36,466	
Investment Revenues	4,419	655	367
Miscellaneous Revenues	45,105	21,917	3,851
TOTAL REVENUES	\$ 1,151,660	\$ 633,738	\$ 81,740
EXPENDITURES			
Professional Fees	\$ 224,258	\$ 14,250	\$ 10,000
Contracted Services	335,581	116,631	27,118
Purchased Water and Wastewater Service	185,772	100,695	11,616
Utilities	17,321	14,778	
Repairs and Maintenance	181,246	154,506	7,679
Other	113,744	246,429	23,446
Capital Outlay			
TOTAL EXPENDITURES	\$ 1,057,922	\$ 647,289	\$ 79,859
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ 93,738	\$ (13,551)	\$ 1,881
OTHER FINANCING SOURCES			
Developer Advances	\$ - 0 -	\$ 59,230	\$ 82,259
NET CHANGE IN FUND BALANCE	\$ 93,738	\$ 45,679	\$ 84,140
BEGINNING FUND BALANCE (DEFICIT)	192,048	146,369	62,229
ENDING FUND BALANCE	\$ 285,786	\$ 192,048	\$ 146,369

See accompanying independent auditor's report.

Percentage of Total Revenues				
2022	2025	2024	2023	2022
\$	34.6 %	11.8 %	93.2 %	%
	19.7	23.3	1.7	
	13.0	8.8		
	15.6	7.2		
	1.5	0.6		
	7.9	38.9		
	3.4	5.8		
1	0.4	0.1	0.4	100.0
	3.9	3.5	4.7	
<u>\$ 1</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 46,412	19.6 %	2.2 %	12.2 %	4,641,200.0 %
11,305	29.1	18.4	33.2	1,130,500.0
11,617	16.1	15.9	14.2	1,161,700.0
	1.5	2.3		
	15.7	24.4	9.4	
10,941	9.9	38.9	28.7	1,094,100.0
11,541				1,154,100.0
<u>\$ 91,816</u>	<u>91.9 %</u>	<u>102.1 %</u>	<u>97.7 %</u>	<u>9,181,600.0 %</u>
\$ (91,815)	8.1 %	(2.1) %	2.3 %	(9,181,500.0) %
<u>\$ 158,488</u>				
\$ 66,673				
(4,444)				
<u>\$ 62,229</u>				

See accompanying independent auditor's report.

**WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND – FOUR YEARS**

	Amounts		
	2025	2024	2023
REVENUES			
Property Taxes	\$ 264,488	\$ 98,945	\$
Interest on Investments	<u>34,340</u>	<u>9,686</u>	<u>1,173</u>
TOTAL REVENUES	<u>\$ 298,828</u>	<u>\$ 108,631</u>	<u>\$ 1,173</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 6,998	\$ 1,398	\$
Debt Service Interest and Fees	<u>213,550</u>	<u>95,983</u>	<u></u>
TOTAL EXPENDITURES	<u>\$ 220,548</u>	<u>\$ 97,381</u>	<u>\$ - 0 -</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 78,280</u>	<u>\$ 11,250</u>	<u>\$ 1,173</u>
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	<u>\$ 696,588</u>	<u>\$ 188,578</u>	<u>\$ 103,300</u>
NET CHANGE IN FUND BALANCE	\$ 774,868	\$ 199,828	\$ 104,473
BEGINNING FUND BALANCE	<u>304,301</u>	<u>104,473</u>	<u></u>
ENDING FUND BALANCE	<u>\$ 1,079,169</u>	<u>\$ 304,301</u>	<u>\$ 104,473</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>379</u>	<u>316</u>	<u>33</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>378</u>	<u>315</u>	<u>33</u>

See accompanying independent auditor's report.

Percentage of Total Revenues				
2022	2025	2024	2023	2022
\$	88.5 %	91.1 %	%	%
<u>11.5</u>	<u>8.9</u>	<u>100.0</u>		
\$ - 0 -	100.0 %	100.0 %	100.0 %	N/A %
\$	2.3 %	1.3 %	%	%
<u>71.5</u>	<u>88.4</u>			
\$ - 0 -	73.8 %	89.7 %	0.0 %	N/A %
\$ - 0 -	26.2 %	10.3 %	100.0 %	N/A %
<u>\$ - 0 -</u>				
\$ - 0 -				
<u>\$ - 0 -</u>				
<u>N/A</u>				
<u>N/A</u>				

See accompanying independent auditor's report.

**WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2025**

District Mailing Address - Walden Pond Fresh Water Supply District of Kaufman County
2728 N. Harwood Street, Suite 500
Dallas, TX 75201

District Telephone Number - (214) 745-5400

Board Members	Term of Office (Elected or Appointed)	Fees of office for the year ended June 30, 2025	Expense reimbursements for the year ended June 30, 2025	Title
Linda Patman	05/22 05/26 (Elected)	\$ 1,500	\$ 134	President
Blake Beecroft	05/24 05/28 (Elected)	\$ 1,050	\$ 406	Vice President
Yvette Hodges	05/23 05/26 (Appointed)	\$ 1,650	\$ 376	Secretary
Sharon Kline	05/24 05/28 (Elected)	\$ 1,350	\$ 107	Assistant Secretary
Clinton Wheeler	05/23 05/26 (Appointed)	\$ 1,500	\$ 580	Assistant Secretary

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

Submission date of most recent District Registration Form: January 16, 2025

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

**WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2025**

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended June 30, 2025</u>	<u>Title</u>
Winstead PC	12/04/18	\$ 202,832 \$ 330,900	General Counsel Bond Counsel
McCall Gibson Swedlund Barfoot Ellis PLLC	09/22/22	\$ 14,750 \$ 29,000	Auditor Bond Related
Dye & Toverly, LLC	12/04/18	\$ 33,145	Bookkeeper
Barraza Consulting Group, LLC	12/04/18	\$ 6,676 \$ 68,695	Engineer Bond Related
Inframark Water and Infrastructure Services	05/19/22	\$ 319,166	Operator
Kerry Toverly	12/04/18	\$ -0-	Investment Officer
Hilltop Securities, Inc.	01/22/19	\$ 304,568	Financial Advisor
Linebarger Goggin Blair & Sampson, LLP		\$ -0-	Delinquent Tax Attorney
Kaufman County Tax Office	05/19/22	\$ 1,112	Tax Assessor/ Collector

See accompanying independent auditor's report.

