

**BROOKFIELD WATER CONTROL AND
IMPROVEMENT DISTRICT OF DENTON COUNTY**

DENTON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JULY 31, 2025

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McCall Gibson Swedlund Barfoot Ellis PLLC

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Brookfield Water Control
and Improvement District of Denton County
Denton County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Brookfield Water Control and Improvement District of Denton County (the "District"), as of and for the year ended July 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of July 31, 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.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and 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.

Board of Directors
Brookfield Water Control and
Improvement District of Denton County

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 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

November 7, 2025

**BROOKFIELD WATER CONTROL AND
IMPROVEMENT DISTRICT OF DENTON COUNTY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JULY 31, 2025**

Management’s discussion and analysis of Brookfield Water Control and Improvement District of Denton County (the “District”) financial performance provides an overview of the District’s financial activities for the year ended July 31, 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 the District’s assets, liabilities and, if applicable, deferred inflows and outflows of resources, 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 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, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

**BROOKFIELD WATER CONTROL AND
IMPROVEMENT DISTRICT OF DENTON COUNTY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JULY 31, 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 \$6,868,831 as of July 31, 2025. The following is a comparative analysis of government-wide changes in net position:

**BROOKFIELD WATER CONTROL AND
IMPROVEMENT DISTRICT OF DENTON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JULY 31, 2025**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2025	2024	Change Positive (Negative)
Current and Other Assets	\$ 6,512,999	\$ 6,198,653	\$ 314,346
Capital Assets (Net of Accumulated Depreciation)	32,422,239	33,264,408	(842,169)
Total Assets	\$ 38,935,238	\$ 39,463,061	\$ (527,823)
Due to Developer	\$ 13,125,396	\$ 13,125,396	\$
Bonds Payable	32,093,737	32,247,362	153,625
Other Liabilities	584,936	782,463	197,527
Total Liabilities	\$ 45,804,069	\$ 46,155,221	\$ 351,152
Net Position:			
Net Investment in Capital Assets	\$ (8,946,636)	\$ (8,424,889)	\$ (521,747)
Restricted	1,865,009	1,548,171	316,838
Unrestricted	212,796	184,558	28,238
Total Net Position	\$ (6,868,831)	\$ (6,692,160)	\$ (176,671)

The following table provides a summary of the District's operations for the years ended July 31, 2025, and July 31, 2024:

	Summary of Changes in the Statement of Activities		
	2025	2024	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 2,194,079	\$ 1,492,030	\$ 702,049
Other Revenues	271,649	143,073	128,576
Total Revenues	\$ 2,465,728	\$ 1,635,103	\$ 830,625
Expenses for Services	2,642,399	5,930,979	3,288,580
Change in Net Position	\$ (176,671)	\$ (4,295,876)	\$ 4,119,205
Net Position, Beginning	(6,692,160)	(2,396,284)	(4,295,876)
Net Position, Ending	\$ (6,868,831)	\$ (6,692,160)	\$ (176,671)

**BROOKFIELD WATER CONTROL AND
IMPROVEMENT DISTRICT OF DENTON COUNTY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JULY 31, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT’S GOVERNMENTAL FUNDS

The District’s combined fund balances as of July 31, 2025 were \$6,481,314, an increase of \$398,632 from the prior year.

The District’s General Fund fund balance increased by \$28,143, primarily due to property tax revenues exceeding operating costs.

The Debt Service Fund fund balance increased by \$203,692, primarily due to the structure of the District’s long term debt.

The Capital Projects Fund fund balance increased by \$166,797.

CAPITAL ASSETS

Capital assets as of July 31, 2025, total \$32,422,239 and include paving and drainage/detention infrastructure which the District will be responsible for maintaining. Additionally, the District entered into an agreement (see Note 10) with the City of Fort Worth (the “City”) whereby water facilities and wastewater facilities constructed within the District have been conveyed to the City for operation and maintenance for the benefit of District residents. In accordance with Governmental Accounting Standards Board Statement No. 94, the District is entitled to significant residual interest in the facilities conveyed and, therefore, records these facilities as capital assets on the books of the District. Additional information on the District’s capital assets can be found in Note 6 of this report.

Capital Assets At Year-End, Net of Accumulated Depreciation

	2025	2024	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 206,675	\$ 206,675	\$
Capital Assets, Net of Accumulated Depreciation:			
Water System	11,529,188	11,813,653	(284,465)
Wastewater System	9,547,296	9,782,351	(235,055)
Paving	7,043,526	7,267,791	(224,265)
Drainage/Detention Facilities	4,095,554	4,193,938	(98,384)
Total Net Capital Assets	<u>\$ 32,422,239</u>	<u>\$ 33,264,408</u>	<u>\$ (842,169)</u>

**BROOKFIELD WATER CONTROL AND
IMPROVEMENT DISTRICT OF DENTON COUNTY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JULY 31, 2025**

LONG-TERM DEBT

As of July 31, 2025, the District had total bond debt of \$31,905,000. The changes in the bond debt position of the District during the current fiscal year is summarized as follows:

Bond Debt Payable, August 1, 2024	\$ 32,050,000
Less: Bond Principal Paid	<u>145,000</u>
Bond Debt Payable, July 31, 2025	<u><u>\$ 31,905,000</u></u>

The Series 2022 Road and Series 2023 Road Bonds do not carry an underlying rating, but carry an insured rating of “AA” from S&P by virtue of bond insurance issued by Build America Mutual. The Series 2024 Bonds carry an underlying rating of “Baa3” from Moody’s and an insured rating of “AA” from S&P by virtue of bond insurance issued by Assured Guaranty.

As of July 31, 2025, the District recorded an amount due to Developer of \$13,125,396 which consists of costs associated with water, wastewater, drainage and road facilities and operating advances.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current fiscal year. Actual revenues were \$20,372 more than budgeted revenues and actual expenditures were \$3,996 less than budgeted expenditures. This resulted in a positive budget variance of \$24,368. See the budget to actual comparison for more information.

CONTACTING THE DISTRICT’S 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 Brookfield Water Control and Improvement District of Denton County, c/o Winstead PC, 2728 N. Harwood Street, Suite 500, Dallas, Texas 75201.

**BROOKFIELD WATER CONTROL AND
IMPROVEMENT DISTRICT OF DENTON COUNTY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JULY 31, 2025**

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 3,383	\$ 900
Investments	442,279	2,416,081
Receivables:		
Property Taxes	414	5,633
Due from Other Funds		1,693
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 446,076	\$ 2,424,307
LIABILITIES		
Accounts Payable	\$ 25,638	\$
Accrued Interest Payable		
Due to Developers		
Due to Other Funds	1,693	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	\$ 27,331	\$ -0-
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 414	\$ 5,633
FUND BALANCES		
Restricted for Authorized Construction	\$	\$
Restricted for Debt Service		2,418,674
Assigned for 2026 Budget Deficit	6,326	
Unassigned	412,005	
TOTAL FUND BALANCES	\$ 418,331	\$ 2,418,674
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 446,076	\$ 2,424,307
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 45	\$ 4,328	\$	\$ 4,328
3,644,264	6,502,624		6,502,624
	6,047		6,047
	1,693	(1,693)	
		32,422,239	32,422,239
<u>\$ 3,644,309</u>	<u>\$ 6,514,692</u>	<u>\$ 32,420,546</u>	<u>\$ 38,935,238</u>
\$	\$ 25,638	\$	\$ 25,638
		559,298	559,298
		13,125,396	13,125,396
	1,693	(1,693)	
		450,000	450,000
		31,643,737	31,643,737
<u>\$ -0-</u>	<u>\$ 27,331</u>	<u>\$ 45,776,738</u>	<u>\$ 45,804,069</u>
<u>\$ -0-</u>	<u>\$ 6,047</u>	<u>\$ (6,047)</u>	<u>\$ -0-</u>
\$ 3,644,309	\$ 3,644,309	\$ (3,644,309)	\$
	2,418,674	(2,418,674)	
	6,326	(6,326)	
	412,005	(412,005)	
<u>\$ 3,644,309</u>	<u>\$ 6,481,314</u>	<u>\$ (6,481,314)</u>	<u>\$ -0-</u>
<u>\$ 3,644,309</u>	<u>\$ 6,514,692</u>		
		\$ (8,946,636)	\$ (8,946,636)
		1,865,009	1,865,009
		212,796	212,796
		<u>\$ (6,868,831)</u>	<u>\$ (6,868,831)</u>

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

**BROOKFIELD WATER CONTROL AND
IMPROVEMENT DISTRICT OF DENTON COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JULY 31, 2025**

Total Fund Balances - Governmental Funds	\$	6,481,314
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		32,422,239
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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.		6,047
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year-end consist of:

Due to Developer	(13,125,396)	
Accrued Interest Payable	(559,298)	
Bonds Payable	<u>(32,093,737)</u>	<u>(45,778,431)</u>

Total Net Position - Governmental Activities	\$	<u>(6,868,831)</u>
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The accompanying notes to the financial statements are an integral part of this report.

**BROOKFIELD WATER CONTROL AND
IMPROVEMENT DISTRICT OF DENTON COUNTY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JULY 31, 2025**

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 147,345	\$ 2,041,986
Investment and Miscellaneous Revenues	20,506	84,346
TOTAL REVENUES	\$ 167,851	\$ 2,126,332
 EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 89,240	\$
Contracted Services	21,187	16,177
Utilities	5,307	
Repairs and Maintenance	5,549	
Depreciation		
Other	18,425	24
Debt Service:		
Bond Principal		145,000
Bond Interest		1,761,439
TOTAL EXPENDITURES/EXPENSES	\$ 139,708	\$ 1,922,640
NET CHANGE IN FUND BALANCES	\$ 28,143	\$ 203,692
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - AUGUST 1, 2024	390,188	2,214,982
FUND BALANCES/NET POSITION - JULY 31, 2025	\$ 418,331	\$ 2,418,674

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$	\$ 2,189,331	\$ 4,748	\$ 2,194,079
<u>166,797</u>	<u>271,649</u>	<u> </u>	<u>271,649</u>
<u>\$ 166,797</u>	<u>\$ 2,460,980</u>	<u>\$ 4,748</u>	<u>\$ 2,465,728</u>
\$	\$ 89,240	\$	\$ 89,240
	37,364		37,364
	5,307		5,307
	5,549		5,549
		842,169	842,169
	18,449		18,449
	145,000	(145,000)	
<u> </u>	<u>1,761,439</u>	<u>(117,118)</u>	<u>1,644,321</u>
<u>\$ -0-</u>	<u>\$ 2,062,348</u>	<u>\$ 580,051</u>	<u>\$ 2,642,399</u>
\$ 166,797	\$ 398,632	\$ (398,632)	\$
		(176,671)	(176,671)
<u>3,477,512</u>	<u>6,082,682</u>	<u>(12,774,842)</u>	<u>(6,692,160)</u>
<u>\$ 3,644,309</u>	<u>\$ 6,481,314</u>	<u>\$ (13,350,145)</u>	<u>\$ (6,868,831)</u>

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

**BROOKFIELD WATER CONTROL AND
IMPROVEMENT DISTRICT OF DENTON COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JULY 31, 2025**

Net Change in Fund Balances - Governmental Funds	\$	398,632
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>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.</p>		4,748
<p>Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and the depreciation expense is recorded in the Statement of Activities.</p>		(842,169)
<p>Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.</p>		145,000
<p>Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.</p>		<u>117,118</u>
Change in Net Position - Governmental Activities	\$	<u>(176,671)</u>

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

**BROOKFIELD WATER CONTROL AND
IMPROVEMENT DISTRICT OF DENTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2025**

NOTE 1. CREATION OF DISTRICT

In an order dated April 19, 2007, the Texas Commission on Environmental Quality (the “Commission”), pursuant to a Petition of Boa Sorte Limited Partnership, Rio Claro, Inc., JTLD Investments LLLP, and Mt. Baldy Limited Partnership, granted the creation of South Denton Water Control and Improvement District No. 1 (“WCID No. 1”) pursuant to Article XVI, Section 59 of the Texas Constitution and Chapters 49 and 51, Texas Water Code. The WCID No. 1 was created by the Commission to provide water supply and distribution facilities, wastewater collection and treatment facilities, and drainage improvements within the district’s area which covers 231.59 acres. On October 2, 2015, WCID No. 1, after due notice and hearing, converted to a fresh water supply district operating under Chapter 53, Texas Water Code. At an election held on May 7, 2016, the qualified electors of the WCID No. 1 granted to WCID No. 1 the rights, authority, privileges and functions of a road district under Article III, Section 52(b)(3) of the Texas Constitution; and the powers to purchase, construct, acquire, own and operate, repair, improve and extend sanitary sewer systems in accordance with the Texas Constitution and laws of the State of Texas, including particularly (but by no way of limitation) Section 53.121(b) of the Texas Water Code, as amended. In an order dated October 20, 2016, the Commission approved WCID’s No. 1 request to change its name from South Denton Water Control and Improvement District No. 1 to Brookfield Fresh Water Supply District No. 1 (“FWSD No. 1”). On August 2, 2019, FWSD No. 1, after due notice and hearing, converted back to a water control and improvement district operating under Chapter 51, Texas Water Code, retaining its road powers. In an order dated August 4, 2020, the Commission approved the addition of drainage powers under Sections 51.331 through 51.332 of the Texas Water Code to the FWSD No. 1. In an order dated June 15, 2021, the Commission approved FWSD No.1’s request to change its name from Brookfield Fresh Water Supply District No. 1 to Brookfield Water Control and Improvement District of Denton County (the “District”). The District currently operates under Chapters 49, 51 and 53 of the Texas Water Code, as amended.

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 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 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.

**BROOKFIELD WATER CONTROL AND
IMPROVEMENT DISTRICT OF DENTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2025**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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, and intangible assets net of accumulated depreciation and amortization 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 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 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's 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.

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.

**BROOKFIELD WATER CONTROL AND
IMPROVEMENT DISTRICT OF DENTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2025**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (Continued)

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 to obtain net total revenues and expenses 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 a Statement of Revenues, Expenditures and Changes in Fund Balances.

Governmental Funds

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

General Fund - To account for property tax revenues, operating costs and general expenditures.

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

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

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

**BROOKFIELD WATER CONTROL AND
IMPROVEMENT DISTRICT OF DENTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2025**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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. As of July 31, 2025, the General Fund owes the Debt Service Fund \$1,693 for the over-transfer of maintenance tax collections.

Capital Assets

Capital assets include roads and drainage/detention infrastructure which are reported in the government-wide Statement of Net Position at historical cost or estimated historical cost if actual historical cost is not available. Additionally, the District entered into an agreement (see Note 10) with the City of Fort Worth (the “City”) whereby water facilities and wastewater facilities constructed within the District have been conveyed to the City for operation and maintenance for the benefit of District residents. In accordance with Governmental Accounting Standards Board Statement No. 94, the District is entitled to significant residual interest in the facilities conveyed and, therefore, records these facilities as capital assets on the books of the District. Repairs and maintenance are recorded as expenditures 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 if they have an original cost greater than \$5,000 and a useful life over 2 years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation over 45 years.

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 original 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 original and amended budget amounts, if amended, compared to the actual amounts of revenues and expenditures for the current year.

Pensions

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

**BROOKFIELD WATER CONTROL AND
IMPROVEMENT DISTRICT OF DENTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2025**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The District does not have any nonspendable fund balances.

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

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

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances and has assigned \$6,326 of its General Fund fund balance for a budgeted deficit for the fiscal year ending July 31, 2026.

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.

**BROOKFIELD WATER CONTROL AND
IMPROVEMENT DISTRICT OF DENTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2025**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

The following is a summary of transactions regarding bonds payable for the year ended July 31, 2025:

	August 1, 2024	Additions	Retirements	July 31, 2025
Bonds Payable	\$ 32,050,000	\$	\$ 145,000	\$ 31,905,000
Unamortized Discounts	(825,974)		(33,690)	(792,284)
Unamortized Premiums	1,023,336		42,315	981,021
Bonds Payable, Net	<u>\$ 32,247,362</u>	<u>\$ -0-</u>	<u>\$ 153,625</u>	<u>\$ 32,093,737</u>
			Amount Due Within One Year	\$ 450,000
			Amount Due After One Year	<u>31,643,737</u>
			Bonds Payable, Net	<u>\$ 32,093,737</u>

**BROOKFIELD WATER CONTROL AND
IMPROVEMENT DISTRICT OF DENTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2025**

NOTE 3. LONG-TERM DEBT (Continued)

	<u>Series 2022 Road</u>	<u>Series 2023 Road</u>	<u>Series 2024</u>
Amount Outstanding – July 31, 2025	\$ 6,205,000	\$ 9,200,000	\$ 16,500,000
Interest Rates	4.00%-6.75%	4.00%-5.00%	4.00%-7.00%
Maturity Dates	September 1, 2025/2047	September 1, 2025/2048	September 1, 2025/2049
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2028*	September 1, 2028*	September 1, 2030*

* The Bonds are subject to redemption at the option of the District prior to their maturity in whole or from time to time in part, on the call date or any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. Series 2022 Road term bonds due September 1, 2043, and September 1, 2047 are subject to mandatory redemption by lot or other customary method at a price of par plus accrued interest on beginning September 1, 2040 and September 1, 2044, respectively. Series 2023 Road term bonds due September 1, 2048 are subject to mandatory redemption by lot or other customer method at a price of par plus accrued interest beginning September 1, 2045. Series 2024 term bonds due September 1, 2045, September 1, 2047, and September 1, 2049 are subject to mandatory redemption by lot or other customary method at a price of par plus accrued interest beginning September 1, 2044, September 1, 2046, and September 1, 2048, respectively.

As of July 31, 2025, the District had authorized but unissued bonds in the amount of \$64,455,000 for the purposes of acquiring or construction of water, sewer and drainage facilities, \$75,500,000 for road facilities, \$101,193,750 for the purpose of refunding water, sewer and drainage facilities bonds and \$113,812,500 for the purpose of refunding road bonds.

**BROOKFIELD WATER CONTROL AND
IMPROVEMENT DISTRICT OF DENTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2025**

NOTE 3. LONG-TERM DEBT (Continued)

As of July 31, 2025, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ 450,000	\$ 1,596,219	\$ 2,046,219
2027	615,000	1,449,344	2,064,344
2028	740,000	1,338,857	2,078,857
2029	825,000	1,255,732	2,080,732
2030	890,000	1,194,975	2,084,975
2031-2035	5,085,000	5,318,076	10,403,076
2036-2040	6,365,000	4,146,713	10,511,713
2041-2045	7,995,000	2,657,741	10,652,741
2046-2050	8,940,000	843,000	9,783,000
	<u>\$ 31,905,000</u>	<u>\$ 19,800,657</u>	<u>\$ 51,705,657</u>

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 July 31, 2025, the District levied an ad valorem debt service tax rate of \$0.8175 per \$100 of assessed valuation, which resulted in a tax levy of \$2,050,844 on the adjusted taxable valuation of \$250,867,713 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 bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

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.

**BROOKFIELD WATER CONTROL AND
IMPROVEMENT DISTRICT OF DENTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 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, within the meaning of section 148 (f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on each 5th-year anniversary of each issue.

The bond orders state that the District is required to provide continuing disclosure of certain general financial information and operating data with respect to the District to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (“EMMA”) system. 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

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 \$4,328 and the bank balance was \$4,478. The District was not exposed to custodial credit risk.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position as of July 31, 2025, as listed below:

	Cash
GENERAL FUND	\$ 3,383
DEBT SERVICE FUND	900
CAPITAL PROJECTS FUND	45
TOTAL DEPOSITS	\$ 4,328

**BROOKFIELD WATER CONTROL AND
IMPROVEMENT DISTRICT OF DENTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 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.

**BROOKFIELD WATER CONTROL AND
IMPROVEMENT DISTRICT OF DENTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2025**

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of July 31, 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	\$ 442,279	\$ 442,279
<u>DEBT SERVICE FUND</u>		
LOGIC	2,416,081	2,416,081
<u>CAPITAL PROJECTS FUND</u>		
LOGIC	<u>3,644,264</u>	<u>3,644,264</u>
TOTAL INVESTMENTS	<u>\$ 6,502,624</u>	<u>\$ 6,502,624</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. As of July 31, 2025, the District's investments 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 investments in LOGIC to have maturities of less than one year due to the fact that the share positions can usually be redeemed each day at the discretion of the District unless there have been significant changes in values.

Restrictions

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

**BROOKFIELD WATER CONTROL AND
IMPROVEMENT DISTRICT OF DENTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2025**

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended July 31, 2025, is as follows:

	August 1, 2024	Increases	Decreases	July 31, 2025
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 206,675	\$ - 0 -	\$ - 0 -	\$ 206,675
Capital Assets Subject to Depreciation				
Water System	\$ 12,800,907	\$	\$	\$ 12,800,907
Wastewater System	10,577,472			10,577,472
Paving	7,849,259			7,849,259
Drainage/Detention	4,427,265			4,427,265
Total Capital Assets Subject to Depreciation	\$ 35,654,903	\$ - 0 -	\$ - 0 -	\$ 35,654,903
Accumulated Depreciation				
Water System	\$ 987,254	\$ 284,465	\$	\$ 1,271,719
Wastewater System	795,121	235,055		1,030,176
Paving	581,468	224,265		805,733
Drainage/Detention	233,327	98,384		331,711
Total Accumulated Depreciation	\$ 2,597,170	\$ 842,169	\$ -0-	\$ 3,439,339
Total Depreciable Capital Assets, Net of Accumulated Depreciation	\$ 33,057,733	\$ (842,169)	\$ - 0 -	\$ 32,215,564
Total Capital Assets, Net of Accumulated Depreciation	\$ 33,264,408	\$ (842,169)	\$ - 0 -	\$ 32,422,239

NOTE 7. MAINTENANCE TAX

On November 6, 2007, the voters of the District approved the levy and collection of a maintenance tax unlimited as to rate or amount per \$100 of assessed valuation of taxable property within the District. During the year ended July 31, 2025, the District levied an ad valorem maintenance tax rate of \$0.06 per \$100 of assessed valuation, which resulted in a tax levy of \$150,521 on the adjusted taxable valuation of \$250,867,713 for the 2024 tax year.

NOTE 8. RISK MANAGEMENT

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

**BROOKFIELD WATER CONTROL AND
IMPROVEMENT DISTRICT OF DENTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2025**

NOTE 9. UNREIMBURSED COSTS

The District has entered into financing agreements with the Developer which calls for the Developer to fund operating advances as well as costs associated with the construction of roads, water, wastewater, and drainage infrastructure. The District has an obligation to reimburse the Developer for these costs from future bond issues or other lawfully available funds. The following table summarizes the current activity related to unreimbursed costs

Due to Developers, August 1, 2024	\$	13,125,396
Add: Current Year Additions		-0-
Less: Current Year Reimbursements		-0-
Due to Developers, July 31, 2025	<u>\$</u>	<u>13,125,396</u>

NOTE 10. AGREEMENT WATER AND WASTEWATER SERVICES

Water Supply

The District lies within the service area of certificate of convenience and necessity number 11157 held by the City of Fort Worth (“City”). The City is the provider of retail water service to the users withing the District.

The District entered into a Water Infrastructure Agreement with the City stating the City shall provide potable water services to the District. The District will construct the internal water supply facilities necessary to service customers within the District’s boundaries. Upon completion of such systems, the systems will be conveyed to the City. In consideration of the District’ construction and conveying such systems, the City shall assume all operation and maintenance responsibilities for the water system

Wastewater Treatment

The area within the District lies wholly within the sewer certificate of convenience and necessity number 21059 held by the City. The City is the provider of retail wastewater service to the users within the District.

The District entered into a Sewer Infrastructure Agreement with the City stating the City shall provide wastewater treatment services to the District. The District will construct, or have constructed, a wastewater collection system necessary to service customers within the District’s boundaries. Upon completion of such systems, the system will be conveyed to the City. In consideration of the District’s constructing and conveying such systems, the City shall assume all operation and maintenance responsibilities for the wastewater systems.

**BROOKFIELD WATER CONTROL AND
IMPROVEMENT DISTRICT OF DENTON COUNTY**

REQUIRED SUPPLEMENTARY INFORMATION

JULY 31, 2025

**BROOKFIELD WATER CONTROL AND
IMPROVEMENT DISTRICT OF DENTON COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JULY 31, 2025**

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 137,879	\$ 147,345	\$ 9,466
Investment and Miscellaneous Revenues	<u>9,600</u>	<u>20,506</u>	<u>10,906</u>
TOTAL REVENUES	<u>\$ 147,479</u>	<u>\$ 167,851</u>	<u>\$ 20,372</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 90,450	\$ 89,240	\$ 1,210
Contracted Services	21,204	21,187	17
Utilities	5,550	5,307	243
Repairs and Maintenance		5,549	(5,549)
Other	<u>26,500</u>	<u>18,425</u>	<u>8,075</u>
TOTAL EXPENDITURES	<u>\$ 143,704</u>	<u>\$ 139,708</u>	<u>\$ 3,996</u>
NET CHANGE IN FUND BALANCE	\$ 3,775	\$ 28,143	\$ 24,368
FUND BALANCE - AUGUST 1, 2024	<u>390,188</u>	<u>390,188</u>	<u>_____</u>
FUND BALANCE - JULY 31, 2025	<u>\$ 393,963</u>	<u>\$ 418,331</u>	<u>\$ 24,368</u>

See accompanying independent auditor's report.

**BROOKFIELD WATER CONTROL AND
IMPROVEMENT DISTRICT OF DENTON COUNTY
SUPPLEMENTARY INFORMATION – REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**

JULY 31, 2025

**BROOKFIELD WATER CONTROL AND
IMPROVEMENT DISTRICT OF DENTON COUNTY
SERVICES AND RATES
FOR THE YEAR ENDED JULY 31, 2025**

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes X No

County in which District is located:

Denton County, Texas

Is the District located within a city?

Entirely Partly Not at all X

Is the District located within a City's extra territorial jurisdiction (ETJ):

Entirely X Partly Not at all

ETJ in which District is located:

City of Fort Worth, Texas.

Are Board Members appointed by an office outside the District?

Yes No X

See accompanying independent auditor's report.

**BROOKFIELD WATER CONTROL AND
IMPROVEMENT DISTRICT OF DENTON COUNTY
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JULY 31, 2025**

PROFESSIONAL FEES:	
Auditing	\$ 15,250
Engineering	13,370
Legal	<u>60,620</u>
TOTAL PROFESSIONAL FEES	<u>\$ 89,240</u>
CONTRACTED SERVICES:	
Bookkeeping	<u>\$ 21,187</u>
UTILITIES	<u>\$ 5,307</u>
REPAIRS AND MAINTENANCE	<u>\$ 5,549</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees, Including Payroll Taxes	\$ 11,182
Insurance	3,295
Office Supplies and Postage	177
Travel and Meetings	1,521
Other	<u>2,250</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 18,425</u>
TOTAL EXPENDITURES	<u><u>\$ 139,708</u></u>

See accompanying independent auditor's report.

**BROOKFIELD WATER CONTROL AND
IMPROVEMENT DISTRICT OF DENTON COUNTY
INVESTMENTS
JULY 31, 2025**

<u>Funds</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	XXXX6001	Varies	Daily	\$ 442,279	\$ -0-
<u>DEBT SERVICE FUND</u>					
LOGIC	XXXX6003	Varies	Daily	\$ 2,416,081	\$ -0-
<u>CAPITAL PROJECTS FUND</u>					
LOGIC	XXXX6002	Varies	Daily	\$ 3,644,264	\$ -0-
TOTAL - ALL FUNDS				<u>\$ 6,502,624</u>	<u>\$ -0-</u>

See accompanying independent auditor's report.

**BROOKFIELD WATER CONTROL AND
IMPROVEMENT DISTRICT OF DENTON COUNTY
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JULY 31, 2025**

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE - AUGUST 1, 2024	\$	319	\$	980
Adjustments to Beginning Balance		<u>(3,081)</u>	(2,762)	<u>(4,205)</u> \$ (3,225)
Original 2024 Tax Levy	\$	146,302	\$	1,993,360
Adjustment to 2024 Tax Levy		<u>4,219</u>	<u>150,521</u>	<u>57,484</u> <u>2,050,844</u>
TOTAL TO BE ACCOUNTED FOR			\$ 147,759	\$ 2,047,619
TAX COLLECTIONS:				
Prior Years	\$	(2,762)	\$	(3,225)
Current Year		<u>150,107</u>	<u>147,345</u>	<u>2,045,211</u> <u>2,041,986</u>
TAXES RECEIVABLE - JULY 31, 2025			<u>\$ 414</u>	<u>\$ 5,633</u>
TAXES RECEIVABLE BY YEAR:				
2024			<u>\$ 414</u>	<u>\$ 5,633</u>

See accompanying independent auditor's report.

**BROOKFIELD WATER CONTROL AND
IMPROVEMENT DISTRICT OF DENTON COUNTY
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JULY 31, 2025**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
PROPERTY VALUATIONS:				
Land	\$ 52,928,332	\$ 46,192,638	\$ 33,492,558	\$ 8,736,158
Improvements	216,815,653	131,451,287	39,381,258	32,427
Personal Property	218,958	91,902		
Exemptions	<u>(19,095,230)</u>	<u>(8,055,685)</u>	<u>(526,482)</u>	<u>(173,954)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 250,867,713</u>	<u>\$ 169,680,142</u>	<u>\$ 72,347,334</u>	<u>\$ 8,594,631</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.8175	\$ 0.6620	\$ 0.6170	\$ 0.0000
Maintenance	<u>0.0600</u>	<u>0.2155</u>	<u>0.2605</u>	<u>0.8775</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.8775</u>	<u>\$ 0.8775</u>	<u>\$ 0.8775</u>	<u>\$ 0.8775</u>
ADJUSTED TAX LEVY*	<u>\$ 2,201,365</u>	<u>\$ 1,490,716</u>	<u>\$ 634,918</u>	<u>\$ 75,503</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>99.73 %</u>	<u>100.00 %</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 – An unlimited rate or amount per \$100 of assessed valuation approved by voters on November 6, 2007.

See accompanying independent auditor's report.

**BROOKFIELD WATER CONTROL AND
IMPROVEMENT DISTRICT OF DENTON COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2025**

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

Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2026	\$ 150,000	\$ 259,575	\$ 409,575
2027	160,000	249,500	409,500
2028	165,000	238,938	403,938
2029	175,000	227,888	402,888
2030	180,000	218,600	398,600
2031	190,000	211,200	401,200
2032	200,000	203,400	403,400
2033	210,000	195,200	405,200
2034	220,000	186,600	406,600
2035	230,000	177,600	407,600
2036	245,000	168,100	413,100
2037	255,000	158,100	413,100
2038	270,000	147,600	417,600
2039	285,000	136,500	421,500
2040	295,000	124,900	419,900
2041	310,000	112,800	422,800
2042	325,000	100,100	425,100
2043	345,000	86,700	431,700
2044	360,000	72,600	432,600
2045	380,000	57,800	437,800
2046	400,000	42,200	442,200
2047	415,000	25,900	440,900
2048	440,000	8,800	448,800
2049			
2050			
	<u>\$ 6,205,000</u>	<u>\$ 3,410,601</u>	<u>\$ 9,615,601</u>

See accompanying independent auditor's report.

**BROOKFIELD WATER CONTROL AND
IMPROVEMENT DISTRICT OF DENTON COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2025**

S E R I E S - 2 0 2 3 R O A D

Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2026	\$ 195,000	\$ 625,644	\$ 820,644
2027	205,000	501,269	706,269
2028	220,000	422,519	642,519
2029	235,000	377,394	612,394
2030	255,000	354,669	609,669
2031	265,000	344,269	609,269
2032	275,000	333,297	608,297
2033	285,000	321,747	606,747
2034	300,000	309,494	609,494
2035	315,000	296,425	611,425
2036	325,000	282,622	607,622
2037	345,000	267,966	612,966
2038	355,000	252,431	607,431
2039	370,000	236,119	606,119
2040	390,000	218,775	608,775
2041	410,000	200,275	610,275
2042	430,000	180,850	610,850
2043	445,000	160,616	605,616
2044	465,000	139,281	604,281
2045	485,000	116,719	601,719
2046	505,000	95,100	600,100
2047	535,000	74,300	609,300
2048	550,000	52,600	602,600
2049	1,040,000	20,800	1,060,800
2050			
	<u>\$ 9,200,000</u>	<u>\$ 6,185,181</u>	<u>\$ 15,385,181</u>

See accompanying independent auditor's report.

**BROOKFIELD WATER CONTROL AND
IMPROVEMENT DISTRICT OF DENTON COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2025**

S E R I E S - 2 0 2 4

Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2026	\$ 105,000	\$ 711,000	\$ 816,000
2027	250,000	698,575	948,575
2028	355,000	677,400	1,032,400
2029	415,000	650,450	1,065,450
2030	455,000	621,706	1,076,706
2031	475,000	592,644	1,067,644
2032	495,000	567,900	1,062,900
2033	520,000	547,600	1,067,600
2034	540,000	526,400	1,066,400
2035	565,000	504,300	1,069,300
2036	590,000	481,200	1,071,200
2037	615,000	457,100	1,072,100
2038	645,000	431,900	1,076,900
2039	675,000	405,500	1,080,500
2040	705,000	377,900	1,082,900
2041	735,000	349,100	1,084,100
2042	770,000	319,000	1,089,000
2043	805,000	287,500	1,092,500
2044	845,000	254,500	1,099,500
2045	885,000	219,900	1,104,900
2046	925,000	183,700	1,108,700
2047	965,000	145,900	1,110,900
2048	1,010,000	106,400	1,116,400
2049	1,050,000	65,200	1,115,200
2050	1,105,000	22,100	1,127,100
	<u>\$ 16,500,000</u>	<u>\$ 10,204,875</u>	<u>\$ 26,704,875</u>

See accompanying independent auditor's report.

**BROOKFIELD WATER CONTROL AND
IMPROVEMENT DISTRICT OF DENTON COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2025**

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending July 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2026	\$ 450,000	\$ 1,596,219	\$ 2,046,219
2027	615,000	1,449,344	2,064,344
2028	740,000	1,338,857	2,078,857
2029	825,000	1,255,732	2,080,732
2030	890,000	1,194,975	2,084,975
2031	930,000	1,148,113	2,078,113
2032	970,000	1,104,597	2,074,597
2033	1,015,000	1,064,547	2,079,547
2034	1,060,000	1,022,494	2,082,494
2035	1,110,000	978,325	2,088,325
2036	1,160,000	931,922	2,091,922
2037	1,215,000	883,166	2,098,166
2038	1,270,000	831,931	2,101,931
2039	1,330,000	778,119	2,108,119
2040	1,390,000	721,575	2,111,575
2041	1,455,000	662,175	2,117,175
2042	1,525,000	599,950	2,124,950
2043	1,595,000	534,816	2,129,816
2044	1,670,000	466,381	2,136,381
2045	1,750,000	394,419	2,144,419
2046	1,830,000	321,000	2,151,000
2047	1,915,000	246,100	2,161,100
2048	2,000,000	167,800	2,167,800
2049	2,090,000	86,000	2,176,000
2050	1,105,000	22,100	1,127,100
	<u>\$ 31,905,000</u>	<u>\$ 19,800,657</u>	<u>\$ 51,705,657</u>

See accompanying independent auditor's report.

**BROOKFIELD WATER CONTROL AND
IMPROVEMENT DISTRICT OF DENTON COUNTY
CHANGE IN LONG-TERM DEBT BOND DEBT
JULY 31, 2025**

Description	Original Bonds Issued	Bonds Outstanding August 1, 2024
Brookfield Water Control and Improvement District of Denton County, Unlimited Tax Road Bonds - Series 2022	\$ 6,350,000	\$ 6,350,000
Brookfield Water Control and Improvement District of Denton County, Unlimited Tax Road Bonds - Series 2023	9,200,000	9,200,000
Brookfield Water Control and Improvement District of Denton County, Unlimited Tax Utility Bonds - Series 2024	<u>16,500,000</u>	<u>16,500,000</u>
TOTAL	<u><u>\$ 32,050,000</u></u>	<u><u>\$ 32,050,000</u></u>

Bond Authority:	Utility Bonds	Road Bonds	Utility Refunding Bonds
Amount Authorized by Voters	\$ 80,955,000	\$ 91,050,000	\$ 101,193,750
Amount Issued	<u>16,500,000</u>	<u>15,550,000</u>	<u> </u>
Remaining to be Issued	<u><u>\$ 64,455,000</u></u>	<u><u>\$ 75,500,000</u></u>	<u><u>\$ 101,193,750</u></u>

Debt Service Fund cash, investments and cash with paying agent balances as of
July 31, 2025: \$ 2,416,981

Average annual debt service payment (principal and interest) for remaining term
of all debt: \$ 2,068,226

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

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding July 31, 2025</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 145,000	\$ 269,344	\$ 6,205,000	UMB Bank, N.A. Dallas, TX
		906,459	9,200,000	UMB Bank, N.A. Dallas, TX
		585,636	16,500,000	UMB Bank, N.A. Dallas, TX
<u>\$ - 0 -</u>	<u>\$ 145,000</u>	<u>\$ 1,761,439</u>	<u>\$ 31,905,000</u>	

Road
Refunding Bonds

\$ 113,812,500

\$ 113,812,500

See accompanying independent auditor's report.

**BROOKFIELD WATER CONTROL AND
IMPROVEMENT DISTRICT OF DENTON COUNTY
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND – FOUR YEARS
JULY 31, 2025**

	Amounts		
	2025	2024	2023
REVENUES			
Property Taxes	\$ 147,345	\$ 367,213	\$ 188,232
Investment and Miscellaneous Revenues	<u>20,506</u>	<u>16,372</u>	<u>7,649</u>
TOTAL REVENUES	<u>\$ 167,851</u>	<u>\$ 383,585</u>	<u>\$ 195,881</u>
EXPENDITURES			
Professional Fees	\$ 89,240	\$ 85,024	\$ 76,047
Contracted Services	21,187	20,171	21,808
Utilities	5,307	5,896	4,099
Repairs and Maintenance	5,549	5,000	
Other	<u>18,425</u>	<u>22,988</u>	<u>14,664</u>
TOTAL EXPENDITURES	<u>\$ 139,708</u>	<u>\$ 139,079</u>	<u>\$ 116,618</u>
NET CHANGE IN FUND BALANCE	\$ 28,143	\$ 244,506	\$ 79,263
BEGINNING FUND BALANCE	<u>390,188</u>	<u>145,682</u>	<u>66,419</u>
ENDING FUND BALANCE	<u>\$ 418,331</u>	<u>\$ 390,188</u>	<u>\$ 145,682</u>

See accompanying independent auditor's report.

Percentage of Total Revenues				
2022	2025	2024	2023	2022
\$ 75,350	87.8 %	95.7 %	96.1 %	99.8 %
<u>177</u>	<u>12.2</u>	<u>4.3</u>	<u>3.9</u>	<u>0.2</u>
\$ <u>75,527</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$	53.2 %	22.2 %	38.8 %	%
10,087	12.6	5.3	11.1	13.4
	3.2	1.5	2.1	
	3.3	1.3		
<u>11,684</u>	<u>11.0</u>	<u>6.0</u>	<u>7.5</u>	<u>15.5</u>
\$ <u>21,771</u>	<u>83.3 %</u>	<u>36.3 %</u>	<u>59.5 %</u>	<u>28.9 %</u>
\$ 53,756	<u>16.7 %</u>	<u>63.7 %</u>	<u>40.5 %</u>	<u>71.1 %</u>
<u>12,663</u>				
<u>\$ 66,419</u>				

See accompanying independent auditor's report.

**BROOKFIELD WATER CONTROL AND
IMPROVEMENT DISTRICT OF DENTON COUNTY
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND – FOUR YEARS
JULY 31, 2025**

	Amounts		
	2025	2024	2023
REVENUES			
Property Taxes	\$ 2,041,986	\$ 1,124,817	\$ 445,540
Investment and Miscellaneous Revenues	84,346	68,757	17,255
TOTAL REVENUES	<u>\$ 2,126,332</u>	<u>\$ 1,193,574</u>	<u>\$ 462,795</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 15,001	\$ 9,853	\$
Debt Service Principal	145,000		
Debt Service Interest and Fees	1,762,639	274,637	133,310
TOTAL EXPENDITURES	<u>\$ 1,922,640</u>	<u>\$ 284,490</u>	<u>\$ 133,310</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 203,692</u>	<u>\$ 909,084</u>	<u>\$ 329,485</u>
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	<u>\$ - 0 -</u>	<u>\$ 705,136</u>	<u>\$ 271,277</u>
NET CHANGE IN FUND BALANCE	\$ 203,692	\$ 1,614,220	\$ 600,762
BEGINNING FUND BALANCE	<u>2,214,982</u>	<u>600,762</u>	<u></u>
ENDING FUND BALANCE	<u>\$ 2,418,674</u>	<u>\$ 2,214,982</u>	<u>\$ 600,762</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

See accompanying independent auditor's report.

Percentage of Total Revenues				
2022	2025	2024	2023	2022
\$	96.0 % 4.0	94.2 % 5.8	96.3 % 3.7	%
\$ - 0 -	100.0 %	100.0 %	100.0 %	N/A %
\$	0.7 % 6.8 82.9	0.8 % 23.0	% 28.8	%
\$ - 0 -	90.4 %	23.8 %	28.8 %	N/A %
\$ - 0 -	9.6 %	76.2 %	71.2 %	N/A %
\$ - 0 -				
\$ - 0 -				
\$ - 0 -				
N/A				
N/A				

See accompanying independent auditor's report.

**BROOKFIELD WATER CONTROL AND
IMPROVEMENT DISTRICT OF DENTON COUNTY
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JULY 31, 2025**

District Mailing Address - Brookfield Water Control and Improvement District of Denton County
c/o Winstead PC
2728 N. Harwood Street, Suite 500
Dallas, TX 75201

District Telephone Number - (214) 745-5400

Board Members	Term of Office (Elected or <u>Appointed</u>)	Fees of Office for the year ended <u>July 31, 2025</u>	Expense Reimbursements for the year ended <u>July 31, 2025</u>	<u>Title</u>
Garrett O’Grady	05/2024 - 05/2028 (Elected)	\$ 2,431	\$ 39	President
Rachel Knight	05/2024 - 05/2028 (Elected)	\$ 2,652	\$ 589	Vice President
Stacy Lynch	05/2024 - 05/2028 (Elected)	\$ 1,326	\$ 196	Secretary
Stephanie Rich	11/2022 05/2026 (Appointed)	\$ 2,210	\$ 310	Assistant Secretary
Wayde Hyde	06/2023 05/2026 (Appointed)	\$ 1,768	\$ 387	Assistant Secretary

Note: 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 developer or with any of the District’s consultants.

Submission date of most recent District Registration Form: May 13, 2024

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

See accompanying independent auditor’s report.

**BROOKFIELD WATER CONTROL AND
IMPROVEMENT DISTRICT OF DENTON COUNTY
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JULY 31, 2025**

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended July 31, 2025</u>	<u>Title</u>
Winstead PC	10/02/15	\$ 59,970	General Counsel
McCall Gibson Swedlund Barfoot Ellis PLLC	06/03/22	\$ 15,250	Auditor
Dye & Toverly, LLC	06/12/07	\$ 21,187	Bookkeeper
Hilltop Securities, Inc.	08/07/20	\$ -0-	Financial Advisor
Pape-Dawson Engineers, Inc.	02/11/16	\$ 13,370	Engineer
Kerry Toverly		\$ -0-	Investment Officer
McCreary, Veselka, Bragg & Allen, PC	02/05/21	\$ -0-	Delinquent Tax Attorney
Denton County Tax Collector	08/13/21	\$ 821	Tax Assessor/ Collector

See accompanying independent auditor's report.