WALDEN POND FRESH WATER SUPPLY DISTRICT OF KAUFMAN COUNTY

KAUFMAN COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JUNE 30, 2026

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

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McCall Gibson Swedlund Barfoot Ellis PLLC

Certified Public Accountants

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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, 2026, 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, 2026, 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 budgetary comparison information. 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
Walden Pond Fresh Water Supply District of Kaufman 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, 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

September 15, 2026

WALDEN POND FRESH WATER SUPPLY DISTRICT OF KAUFMAN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2026

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, 2026. Please read it in conjunction with the District's financial statements.

OVERVIEW OF THE 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.

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. Budgetary comparison schedule and notes to the budgetary comparison schedule are included as RSI for the General Fund.

FINANCIAL SUMMARY AND DETAILED ANALYSES

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 $7,786,754 as of June 30, 2026. A portion of the District's net position reflects its net investment in capital assets which include land as well as the water, wastewater, drainage and recreational facilities less any debt used to acquire those assets that is still outstanding.

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, 2026, and June 30, 2025:

	Summary of Changes in the Statement of Net Position		
	2026	2025	Change Positive (Negative)
Current and Other Assets	$ 4,692,737	$ 2,044,633	$ 2,648,104
Capital Assets (Net of Accumulated Depreciation)	43,764,078	44,726,597	(962,519)
Total Assets	$ 48,456,815	$ 46,771,230	$ 1,685,585
Due to Developer	$ 22,695,879	$ 34,299,477	$ 11,603,598
Bonds Payable	32,627,339	16,415,104	(16,212,235)
Other Liabilities	920,351	561,969	(358,382)
Total Liabilities	$ 56,243,569	$ 51,276,550	$ (4,967,019)
Net Position:			
Net Investment in Capital Assets	$ (9,623,971)	$ (5,171,058)	$ (4,452,913)
Restricted	1,516,546	707,950	808,596
Unrestricted	320,671	(42,212)	362,883
Total Net Position	$ (7,786,754)	$ (4,505,320)	$ (3,281,434)

The following table provides a summary of the District's operations for the years ending June 30, 2026, and June 30, 2025. The District's net position decreased by $3,281,434. Revenues, of which over 64% is made up of property tax revenues, increased by $1,238,287 compared to the prior fiscal year. This 159% increase is largely due to the increase in the 2025 property values. The total property tax valuation increased from $66,749,233 in the prior year, to 173,388,636 in the current year, which is a 159% increase. Expenditures this fiscal year were $1,792,285 more than the prior fiscal year, an increase of 43%, which is principally attributable to the growth of the District, bond interest expense and developer reimbursement.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Activities		
	2026	2025	Change Positive (Negative)
Revenues:			
Property Taxes	$ 1,725,642	$ 667,493	$ 1,058,149
Charges for Services	840,961	664,190	176,771
Other Revenues	145,049	141,682	3,367
Total Revenues	$ 2,711,652	$ 1,473,365	$ 1,238,287
Expenses:			
Service Operations	$ 2,634,480	$ 1,518,707	$ (1,115,773)
Depreciation	981,668	985,415	3,747
Debt Service	2,376,938	1,696,679	(680,259)
Total Expenses	$ 5,993,086	$ 4,200,801	$ (1,792,285)
Change in Net Position	$ (3,281,434)	$ (2,727,436)	$ (553,998)
Net Position, Beginning of Year	(4,505,320)	(1,777,884)	(2,727,436)
Net Position, End of Year	$ (7,786,754)	$ (4,505,320)	$ (3,281,434)

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of June 30, 2026, were $4,346,143, an increase of $2,494,835 from the prior year. The increase is largely due to an increase in property revenues, as well as capitalized interest and unspent funds received from the Series 2026 road bonds. Of the General Fund fund balance, $10,132 is considered nonspendable, which leaves $636,273 unassigned fund balance available for use by the District for day-to-day operations.

The General Fund fund balance increased by $360,619, primarily due to property tax revenues and service revenues exceeding operating expenditures.

The Debt Service Fund fund balance increased by $1,015,973, primarily due to the structure of the District's long-term debt as well as the receipt of capitalized interest from the Series 2026 road bonds.

The Capital Projects Fund fund balance increased by $1,118,243, primarily due to unspent proceeds from the Series 2026 Road bonds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted an appropriated budget for the General Fund and did not amend the budget during the fiscal year. For additional information, see the budget to actual comparison and related notes presented as RSI.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

CAPITAL ASSETS

The District's investment in capital assets as of June 30, 2026, amounts to $43,764,078 (net of accumulated depreciation). Capital asset activity included additions for Walden Pond West, Phase I.

	Capital Assets At Year-End, Net of Accumulated Depreciation		
	2026	2025	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 2,325,356	$ 2,325,356	$
Capital Assets, Net of Accumulated Depreciation:			
Roadways and Streets	13,408,591	13,707,479	(298,888)
Water System	7,376,719	7,551,200	(174,481)
Wastewater System	11,478,265	11,750,427	(272,162)
Drainage System	9,175,147	9,392,135	(216,988)
Total Net Capital Assets	$ 43,764,078	$ 44,726,597	$ (962,519)

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

LONG-TERM DEBT ACTIVITY

At the end of the current fiscal year, the District had total bond debt payable of $32,565,000. The change in bonds payable during the current fiscal year is summarized in the following table:

Bond Debt Payable, July 1, 2025	$ 16,350,000
Add: Bond Sale - Series 2026	16,240,000
Bond Debt Payable, June 30, 2026	$ 32,565,000

LONG-TERM DEBT ACTIVITY (Continued)

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. The District's Series 2026 Road Bonds carry an insured rating of "AA" by virtue of bond insurance issued by Assured Guaranty. Credit enhanced ratings provided through bond insurance policies are subject to change based on changes to the ratings of the insurers.

As of June 30, 2026, the District recorded an amount due to Developers of $22,365,306, which consists of developer advances toward operating costs, as well as completed projects funded by Developers.

CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

The adopted budget for fiscal year 2027 projects an increase in the General Fund fund balance of $143,893. Compared to the fiscal year 2026 results, revenues are expected to decrease by approximately $200,000 and expenditures are expected to increase by approximately $16,646 primarily due to increased police services costs.

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, 2026

	General Fund	Debt Service Fund
ASSETS		
Cash	$ 169,365	$ 1,493
Investments	508,181	2,109,032
Receivables:		
Property Taxes	4,839	8,004
Service Accounts	168,426	
Other	8,986	
Due from Other Funds		14,764
Prepaid Costs	10,132	
Due from Other Governmental Unit	107,460	
Land and Improvements		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	$ 977,389	$ 2,133,293
LIABILITIES		
Accounts Payable	$ 244,263	$
Accrued Interest Payable		
Due to Developers		
Due to Other Funds	22,541	
Security Deposits	59,341	
Accrued Interest at Time of Sale		30,147
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	$ 326,145	$ 30,147
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$ 4,839	$ 8,004
FUND BALANCES		
Nonspendable -		
Prepaid Costs	$ 10,132	$
Restricted for Authorized Construction		
Restricted for Debt Service		2,095,142
Unassigned	636,273	
TOTAL FUND BALANCES	$ 646,405	$ 2,095,142
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 977,389	$ 2,133,293
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
$ 1,110	$ 171,968	$	$ 171,968
1,595,709	4,212,922		4,212,922
	12,843		12,843
	168,426		168,426
	8,986		8,986
7,777	22,541	(22,541)	
	10,132		10,132
	107,460		107,460
		2,325,356	2,325,356
		41,438,722	41,438,722
$ 1,604,596	$ 4,715,278	$ 43,741,537	$ 48,456,815
$	$ 244,263		$ 244,263
		616,747	616,747
		22,695,879	22,695,879
	22,541	(22,541)	
	59,341		59,341
	30,147	(30,147)	
		70,000	70,000
		32,557,339	32,557,339
$ - 0 -	$ 356,292	$ 55,887,277	$ 56,243,569
$ - 0 -	$ 12,843	$ (12,843)	$ - 0 -
$	$ 10,132	$ (10,132)	$
1,604,596	1,604,596	(1,604,596)	
	2,095,142	(2,095,142)	
	636,273	(636,273)	
$ 1,604,596	$ 4,346,143	$ (4,346,143)	$ - 0 -
$ 1,604,596	$ 4,715,278		
		$ (9,623,971)	$ (9,623,971)
		1,516,546	1,516,546
		320,671	320,671
		$ (7,786,754)	$ (7,786,754)

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, 2026

Total Fund Balances - Governmental Funds		$ 4,346,143
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.		41,438,722
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.		(22,695,879)
Deferred inflows of resources related to property tax revenues for the 2025 and prior tax levies became part of recognized revenue in the governmental activities of the District.		12,843
Accrued interest on long-term liabilities is not payable with current financial resources and, therefore, is not reported in the funds.		(586,600)
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	$ (70,000)	
Bonds Payable, Due After One Year	(32,557,339)	(32,627,339)
Total Net Position- Governmental Activities		$ (7,786,754)

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, 2026

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	$ 625,697	$ 1,091,385
Basic Service Charge	326,556	
Water Service	177,372	
Wastewater Service	275,992	
Penalty and Interest	19,384	
Tap Connection and Inspection Fees	41,657	
Investment Revenues	13,330	48,050
Miscellaneous Revenues	40,217	6,750
TOTAL REVENUES	$ 1,520,205	$ 1,146,185
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	$ 119,883	$
Contracted Services	476,697	17,690
Purchased Water and Wastewater Service	240,919	
Utilities	29,388	
Repairs and Maintenance	228,144	
Depreciation		
Other	64,555	3,501
Developer Interest		
Capital Outlay		
Debt Service:		
Bond Issuance Costs		
Bond Principal		25,000
Bond Interest		869,377
TOTAL EXPENDITURES/EXPENSES	$ 1,159,586	$ 915,568
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES/EXPENSES	$ 360,619	$ 230,617
OTHER FINANCING SOURCES		
Bond Discounts	$	$
Bond Premium		
Long-Term Debt Issued		785,356
TOTAL OTHER FINANCING SOURCES	$ - 0 -	$ 785,356
NET CHANGE IN FUND BALANCES	$ 360,619	$ 1,015,973
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JULY 1, 2025	285,786	1,079,169
FUND BALANCES/NET POSITION - JUNE 30, 2026	$ 646,405	$ 2,095,142

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$ 1,717,082	$ 8,560	$ 1,725,642
	326,556		326,556
	177,372		177,372
	275,992		275,992
	19,384		19,384
	41,657		41,657
36,702	98,082		98,082
	46,967		46,967
$ 36,702	$ 2,703,092	$ 8,560	$ 2,711,652
$	$ 119,883	$	$ 119,883
	494,387		494,387
	240,919		240,919
	29,388		29,388
	228,144		228,144
		981,668	981,668
	68,056		68,056
1,453,703	1,453,703		1,453,703
11,622,747	11,622,747	(11,622,747)	
1,296,476	1,296,476		1,296,476
	25,000	(25,000)	
	869,377	211,085	1,080,462
$ 14,372,926	$ 16,448,080	$ (10,454,994)	$ 5,993,086
$ (14,336,224)	$ (13,744,988)	$ 10,463,554	$ (3,281,434)
$ (173,151)	$ (173,151)	$ 173,151	$
172,974	172,974	(172,974)	
15,454,644	16,240,000	(16,240,000)	
$ 15,454,467	$ 16,239,823	$ (16,239,823)	$ - 0 -
$ 1,118,243	$ 2,494,835	$ (2,494,835)	$
		(3,281,434)	(3,281,434)
486,353	1,851,308	(6,356,628)	(4,505,320)
$ 1,604,596	$ 4,346,143	$ (12,132,897)	$ (7,786,754)

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, 2026

Net Change in Fund Balances - Governmental Funds	$	2,494,835
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.		8,560
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.		(981,668)
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.		11,622,747
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.		2,765
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Assets, bond principal payments are reported as decreases in long-term liabilities.		25,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Assets, interest is accrued on the long-term debt through fiscal year-end.		(213,673)
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Assets.		(16,240,000)
Change in Net Position - Governmental Activities	$	(3,281,434)

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, 2026

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.

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.

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 with 60 days after year-end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

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.

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 General Fund recorded payables to the Debt Service Fund in the amount of $14,764 for maintenance tax collections. The General Fund owes the Capital Projects fund $7,777 for expenses related to the Series 2026 road bonds.

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:

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

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 Budgetary comparison schedule 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.

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.

New Accounting Pronouncements

GASB Statement No. 103 was issued in April 2024 and became effective for the District in fiscal year 2026. The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing an entity's accountability. For the District, GASB Statement No. 103 impacted Management's Discussion and Analysis and the budgetary comparison information for the General Fund but did not have an impact on the District's basic financial statements.

NOTE 3. LONG-TERM DEBT

	Series 2022 Road	Series 2024 Road
Amount Outstanding – June 30, 2026	$ 1,225,000	$ 2,450,000
Interest Rates	6.00% - 6.25%	4.00% - 6.00%
Maturity Dates - Serially Beginning/Ending	September 1, 2026/2047	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, 2026	$ 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.

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2026 Road
Amount Outstanding – June 30, 2026	$ 16,240,000
Interest Rates	4.00% - 7.00%
Maturity Dates - Serially Beginning/Ending	September 1, 2028/2056
Interest Payment Dates	September 1/ March 1
Callable Dates	September 1, 2031*

* 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 2026 Road term bonds due September 1, 2053 and 2056 are subject to mandatory redemption beginning September 1, 2051 and 2054, respectively.

The District has the following unused bond authorizations as of year-end: $105,033,000 Utility Bonds, $131,291,250 Utility Refunding Bonds, $1,182,000 Road Bonds and $42,215,000 Road Refunding Bonds.

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

	July 1, 2025	Additions	Retirements	June 30, 2026
Bonds Payable	$ 16,350,000	$ 16,240,000	$ 25,000	$ 32,565,000
Unamortized Discounts	(9,559)	(173,151)	(2,930)	(179,780)
Unamortized Premiums	74,663	172,974	5,518	242,119
Bonds Payable, Net	$ 16,415,104	$ 16,239,823	$ 27,588	$ 32,627,339

Amount Due Within One Year	$ 70,000
Amount Due After One Year	32,557,339
Bonds Payable, Net	$ 32,627,339

NOTE 3. LONG-TERM DEBT (Continued)

As of June 30, 2026, the debt service requirements on the bonds outstanding were as follows

Fiscal Year	Principal	Interest	Total
2027	$ 70,000	$ 1,633,000	$ 1,703,000
2028	385,000	1,492,225	1,877,225
2029	530,000	1,467,626	1,997,626
2030	560,000	1,437,225	1,997,225
2031	590,000	1,405,050	1,995,050
2032-2036	3,430,000	6,495,994	9,925,994
2037-2041	4,315,000	5,631,419	9,946,419
2042-2046	5,395,000	4,588,908	9,983,908
2047-2051	6,755,000	3,257,980	10,012,980
2052-2056	8,550,000	1,528,310	10,078,310
2057	1,985,000	47,143	2,032,143
	$ 32,565,000	$ 28,984,880	$ 61,549,880

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, 2026, the District levied an ad valorem debt service tax rate of $0.6361 per $100 of assessed valuation, which resulted in a tax levy of $1,097,681 on the adjusted taxable valuation of $173,388,636 for the 2025 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.

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.

The Series 2026 Road bond requires bond proceeds of $785,356 to be deposited into the Debt Service Fund and restricted for payment of bond interest. As of June 30, 2026, the entire $785,356 remains restricted for payment of bond interest.

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 $171,968 and the bank balance was $168,639. 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, 2026, as listed below:

	Cash
GENERAL FUND	$ 169,365
DEBT SERVICE FUND	1,493
CAPITAL PROJECTS FUND	1,110
TOTAL DEPOSITS	$ 171,968

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.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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.

As of June 30, 2026, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
GENERAL FUND		
LOGIC	$ 508,181	$ 508,181
DEBT SERVICE FUND		
LOGIC	2,109,032	2,109,032
CAPITAL PROJECTS FUND		
LOGIC	1,595,709	1,595,709
TOTAL INVESTMENTS	$4,212,922	$4,212,922

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. As of June 30, 2026, 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.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

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.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2026:

	July 1, 2025	Increases	Decreases	June 30, 2026
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 2,325,356	$ -0-	$ -0-	$ 2,325,356
Capital Assets at Historical Cost Subject to Depreciation				
Paving	$ 14,271,804	$ 19,149	$	$ 14,290,953
Water System	7,851,643			7,851,643
Wastewater System	12,247,272			12,247,272
Drainage System	9,764,467			9,764,467
Total Capital Assets at Historical Cost Subject to Depreciation	$ 44,135,186	$ 19,149	$ -0-	$ 44,154,335
Less Accumulated Depreciation				
Paving	$ 564,325	$ 318,037	$	$ 882,362
Water System	300,443	174,481		474,924
Wastewater System	496,845	272,162		769,007
Drainage System	372,332	216,988		589,320
Total Accumulated Depreciation	$ 1,733,945	$ 981,668	$ -0-	$ 2,715,613
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 42,401,241	$ (962,519)	$ -0-	$ 41,438,722
Total Capital Assets, Net of Accumulated Depreciation	$ 44,726,597	$ 14,097,677	$ 15,060,196	$ 43,764,078

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 $0.3639 per $100 of assessed valuation, which resulted in a tax levy of $627,961 on the adjusted taxable valuation of $173,388,636 for the 2025 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.

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.

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

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.

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.

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

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.

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

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

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, 2026, the Developer has advanced $330,573 to the District. There were no advances received during the current fiscal year.

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

Due to Developers, beginning of year	$	34,299,477
Current year reimbursements		11,603,598
Due to Developers, end of year	$	22,695,879

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 January 15, 2026, the District closed on the sale of $16,240,000 of Unlimited Tax Road Bonds, Series 2026. 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 Walden Pond South. Additional proceeds were used to fund capitalized interest, developer interest and issuance costs of the bonds.

WALDEN POND FRESH WATER SUPPLY DISTRICT OF KAUFMAN COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2026

WALDEN POND FRESH WATER SUPPLY DISTRICT OF KAUFMAN COUNTY
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

	Budgeted Amounts Original	Actual Amounts Budgetary Basis	Variance with Final Budget- Over (Under) Actual Amounts
BUDGETARY REVENUES			
Property Taxes	$ 762,703	$ 625,697	$ (137,006)
Basic Service Charge	318,926	326,556	7,630
Water Service	227,042	177,372	(49,670)
Wastewater Service	270,995	275,992	4,997
Penalty and Interest	13,200	19,384	6,184
Tap Connection and Inspection Fees	56,233	41,657	(14,576)
Transfer and Service Initiation Fees	4,200		(4,200)
Regulatory Assessment Fee	24,902		(24,902)
Investment Revenues	1,800	13,330	11,530
Miscellaneous Revenues	10,200	40,217	30,017
TOTAL BUDGETARY REVENUES	$ 1,690,201	$ 1,520,205	$ (169,996)
BUDGETARY EXPENDITURES			
Service Operations:			
Professional Fees	$ 196,000	$ 119,883	$ 76,117
Contracted Services	419,401	476,697	(57,296)
Purchased Water and Wastewater Service	234,653	240,919	(6,266)
Utilities	13,200	29,388	(16,188)
Repairs and Maintenance	160,143	228,144	(68,001)
Other	100,032	64,555	35,477
TOTAL BUDGETARY EXPENDITURES	$ 1,123,429	$ 1,159,586	$ (36,157)
NET CHANGE IN FUND BALANCE	$ 566,772	$ 360,619	$ (206,153)
BUDGETARY FUND BALANCE - JULY 1, 2025	285,786	285,786	
BUDGETARY FUND BALANCE - JUNE 30, 2026	$ 852,558	$ 646,405	$ (206,153)

WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY
NOTES TO THE BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

The unappropriated budget is adopted annually 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 modified accrual basis of accounting which is consistent with generally accepted accounting principles. The original General Fund budget for the current year was adopted on July 24, 2025 and was not amended.

For the fiscal year ended June 30, 2026, actual revenues were $169,996 less than budget primarily due to property taxes and water service fees coming in lower than anticipated. This is largely due to the maintenance tax levy being lower than projected at the time the budget was prepared. The District expected the water service fees to increase relative to the increase in connections, however, water revenues stayed consistent to prior year's water revenue. In addition, expenditures were higher than budgeted by $36,157, primarily due to contracted services and repairs and maintenance costs being higher than anticipated. Contracted services expenses were higher than expected, due to an increase in the garbage collection rate, which went from $16.14 in the prior year to $16.78 in the current year. Repairs and maintenance expenses were higher than expected due to the nature of the business and there were unforeseen water line breaks. Overall, the District finished the year $206,153 behind budget.

WALDEN POND FRESH WATER SUPPLY DISTRICT OF KAUFMAN COUNTY

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

JUNE 30, 2026

WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY
SERVICES AND RATES
FOR THE YEAR ENDED JUNE 30, 2026

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

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

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order approved January 15, 2026.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use**	Usage Levels
WATER:	$44.35*		N	$ 5.80	0001 to 5,000
				$ 6.80	5,001 to 10,000
				$ 7.80	10,001 and up
WASTEWATER:	$36.75		Y		

SURCHARGE:
Commission Regulatory Assessments 0.5% of actual water and sewer bill

District employs winter averaging for wastewater usage? X Yes ____ No

Total monthly charges per 10,000 gallons usage: Water and Wastewater: $144.10 Surcharge: $0.50 Total $144.60

* 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, 2026

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered			x 1.0	
≤¾"	406	403	x 1.0	403
1"	1	1	x 2.5	3
1½"			x 5.0	5
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	407	404		406
Total Wastewater Connections	406	403	x 1.0	403

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

Water Accountability Ratio: 167%
(Gallons billed and sold/Gallons pumped and purchased)

Gallons billed to customers:	26,758,000	
Gallons purchased:	16,016,126	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, 2026

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

Does the District have Debt Service standby fees? Yes ___ No X

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes X No _____

County or Counties in which District is located:

Kaufman County, Texas

Is the District located within a city?

Entirely _____ Partly _____ Not at all X

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

Entirely X Partly _____ Not at all _____

ETJ's in which District is located:

City of Dallas, Texas

Are Board Members appointed by an office outside the District?

Yes _____ No X

See accompanying independent auditor's report.

WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2026

PROFESSIONAL FEES:		
Auditing	$	16,250
Engineering		27,329
Legal		76,304
TOTAL PROFESSIONAL FEES	$	119,883
PURCHASED SERVICES FOR RESALE -		
Purchased Water and Wastewater Service	$	240,919
CONTRACTED SERVICES:		
Bookkeeping	$	28,190
Operations and Billing		92,120
Security		257,884
Solid Waste Disposal		98,503
TOTAL CONTRACTED SERVICES	$	476,697
UTILITIES -		
Electricity	$	29,388
REPAIRS AND MAINTENANCE	$	228,144
ADMINISTRATIVE EXPENDITURES:		
Director Fees	$	8,550
Insurance		3,302
Legal Notices		2,500
Payroll Taxes		654
Travel and Meetings		2,050
Other		11,310
TOTAL ADMINISTRATIVE EXPENDITURES	$	28,366
TAP CONNECTIONS	$	5,283
OTHER EXPENDITURES:		
Inspection Fees	$	28,572
Regulatory Assessment		2,334
TOTAL OTHER EXPENDITURES	$	30,906
TOTAL EXPENDITURES	$	1,159,586

See accompanying independent auditor's report.

WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY
INVESTMENTS
JUNE 30, 2026

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
GENERAL FUND					
LOGIC	XXXX1003	Varies	Daily	$ 508,181	$ - 0 -
DEBT SERVICE FUND					
LOGIC	XXXX1002	Varies	Daily	$ 2,109,032	$ - 0 -
CAPITAL PROJECTS FUND					
LOGIC	XXXX1001	Varies	Daily	$ 1,595,709	$ - 0 -
TOTAL - ALL FUNDS				$ 4,212,922	$ - 0 -

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, 2026

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE - JULY 1, 2025	$ 2,575		$ 1,708	
Adjustments to Beginning Balance		$ 2,575		$ 1,708
Original 2025 Tax Levy	$ 611,267		$ 1,068,500	
Adjustment to 2025 Tax Levy	16,694	627,961	29,181	1,097,681
TOTAL TO BE ACCOUNTED FOR		$ 630,536		$ 1,099,389
TAX COLLECTIONS:				
Prior Years	$ 2,155		$ 1,430	
Current Year	623,542	625,697	1,089,955	1,091,385
TAXES RECEIVABLE - JUNE 30, 2026		$ 4,839		$ 8,004
TAXES RECEIVABLE BY YEAR:				
2025		$ 4,419		$ 7,726
2024		420		278
TOTAL		$ 4,839		$ 8,004

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, 2026

	2025	2024	2023	2020
PROPERTY VALUATIONS:				
Land	$ 79,665,494	$ 47,159,342	$ 22,460,157	$ 16,420,210
Improvements	99,686,856	25,668,329		640,408
Personal Property	238,824	96,157		
Exemptions	(6,202,538)	(6,174,595)	(6,939,387)	(9,451,639)
TOTAL PROPERTY VALUATIONS	$ 173,388,636	$ 66,749,233	$ 15,520,770	$ 7,608,979
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.6361	$ 0.3988	$ 0.6375	$ 0.00
Maintenance	0.3639	0.6012	0.3625	1.00
TOTAL TAX RATES PER $100 VALUATION	$ 1.0000	$ 1.0000	$ 1.0000	$ 1.00
ADJUSTED TAX LEVY*	$ 1,725,642	$ 667,492	$ 155,208	$ 95,202
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	99.30 %	99.90 %	100.00 %	100.00 %

* 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, 2026

	SERIES-2022 ROAD		
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
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			
2052			
2053			
2054			
2055			
2056			
2057			
	$ 1,225,000	$ 1,017,051	$ 2,242,051

See accompanying independent auditor's report.

WALDEN POND FRESH WATER SUPPLY DISTRICT OF KAUFMAN COUNTY

LONG-TERM DEBT SERVICE REQUIREMENTS

JUNE 30, 2026

	SERIES-2024 ROAD		
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
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			
2052			
2053			
2054			
2055			
2056			
2057			
	$ 2,450,000	$ 1,891,278	$ 4,341,278

See accompanying independent auditor's report.

WALDEN POND FRESH WATER SUPPLY DISTRICT OF KAUFMAN COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2026

	SERIES-2024A ROAD BONDS		
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
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			
2052			
2053			
2054			
2055			
2056			
2057			
	$ 7,550,000	$ 4,427,372	$ 11,977,372

See accompanying independent auditor's report.

WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2026

	SERIES-2025 ROAD BONDS		
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
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
2052			
2053			
2054			
2055			
2056			
2057			
	$ 5,100,000	$ 3,369,654	$ 8,469,654

See accompanying independent auditor's report.

WALDEN POND FRESH WATER SUPPLY DISTRICT OF KAUFMAN COUNTY

LONG-TERM DEBT SERVICE REQUIREMENTS

JUNE 30, 2026

	SERIES-2026 ROAD		
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$	$ 904,400	$ 904,400
2028		775,200	775,200
2029	125,000	770,825	895,825
2030	140,000	761,550	901,550
2031	150,000	751,400	901,400
2032	160,000	740,550	900,550
2033	170,000	729,000	899,000
2034	180,000	716,750	896,750
2035	190,000	705,819	895,819
2036	200,000	697,188	897,188
2037	210,000	688,988	898,988
2038	220,000	680,388	900,388
2039	230,000	671,388	901,388
2040	240,000	661,838	901,838
2041	250,000	651,575	901,575
2042	265,000	640,631	905,631
2043	275,000	628,984	903,984
2044	285,000	616,734	901,734
2045	300,000	603,750	903,750
2046	315,000	589,913	904,913
2047	325,000	575,512	900,512
2048	345,000	560,438	905,438
2049	360,000	544,351	904,351
2050	375,000	527,353	902,353
2051	395,000	509,547	904,547
2052	1,540,000	463,837	2,003,837
2053	1,620,000	388,787	2,008,787
2054	1,705,000	309,819	2,014,819
2055	1,795,000	226,693	2,021,693
2056	1,890,000	139,174	2,029,174
2057	1,985,000	47,143	2,032,143
	$ 16,240,000	$ 18,279,525	$ 34,519,525

See accompanying independent auditor's report.

WALDEN POND FRESH WATER SUPPLY DISTRICT OF KAUFMAN COUNTY

LONG-TERM DEBT SERVICE REQUIREMENTS

JUNE 30, 2026

Due During Fiscal Years Ending June 30	ANNUAL REQUIREMENTS FOR ALL SERIES		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2027	$ 70,000	$ 1,633,000	$ 1,703,000
2028	385,000	1,492,225	1,877,225
2029	530,000	1,467,626	1,997,626
2030	560,000	1,437,225	1,997,225
2031	590,000	1,405,050	1,995,050
2032	620,000	1,370,626	1,990,626
2033	650,000	1,334,610	1,984,610
2034	685,000	1,298,269	1,983,269
2035	720,000	1,262,782	1,982,782
2036	755,000	1,229,707	1,984,707
2037	790,000	1,197,320	1,987,320
2038	825,000	1,163,451	1,988,451
2039	860,000	1,128,090	1,988,090
2040	900,000	1,090,983	1,990,983
2041	940,000	1,051,575	1,991,575
2042	985,000	1,009,888	1,994,888
2043	1,030,000	966,065	1,996,065
2044	1,075,000	920,110	1,995,110
2045	1,125,000	871,832	1,996,832
2046	1,180,000	821,013	2,001,013
2047	1,230,000	767,841	1,997,841
2048	1,290,000	712,155	2,002,155
2049	1,350,000	653,853	2,003,853
2050	1,410,000	592,984	2,002,984
2051	1,475,000	531,147	2,006,147
2052	1,540,000	463,837	2,003,837
2053	1,620,000	388,787	2,008,787
2054	1,705,000	309,819	2,014,819
2055	1,795,000	226,693	2,021,693
2056	1,890,000	139,174	2,029,174
2057	1,985,000	47,143	2,032,143
	$ 32,565,000	$ 28,984,880	$ 61,549,880

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, 2026

Description	Original Bonds Issued	Bonds Outstanding July 1, 2025
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	7,550,000
Walden Pond Fresh Water Supply District Unlimited Tax Road Bonds - Series 2025	5,100,000	5,100,000
Walden Pond Fresh Water Supply District Unlimited Tax Road Bonds - Series 2026	16,240,000	
TOTAL	$ 32,590,000	$ 16,350,000

Bond Authority:	Utility Tax Bonds	Utility Refunding Bonds
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, 2026:	$ 2,110,525
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 1,985,480

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

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements		Bonds Outstanding	
Bonds Sold	Principal	Interest	June 30, 2026	Paying Agent
				BOKF, NA
$	$ 25,000	$ 76,725	$ 1,225,000	Dallas, Texas
				BOKF, NA
		120,600	2,450,000	Dallas, Texas
				BOKF, NA
		429,666	7,550,000	Dallas, Texas
				BOKF, NA
		242,386	5,100,000	Dallas, Texas
				BOKF, NA
16,240,000			16,240,000	Dallas, Texas
$ 16,240,000	$ 25,000	$ 869,377	$ 32,565,000	

Road Bonds*	Road Refunding Bonds
$ 33,772,000	$ 42,215,000
32,590,000	
$ 1,182,000	$ 42,215,000

See accompanying independent auditor's report.

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

	Amounts		
	2026	2025	2024
REVENUES			
Property Taxes	$ 625,697	$ 398,722	$ 75,362
Basic Service Charge	326,556	227,141	147,506
Water Service	177,372	149,360	55,852
Wastewater Service	275,992	180,081	45,940
Penalty and Interest	19,384	16,726	3,742
Tap Connection and Inspection Fees	41,657	90,882	246,298
Patrol Revenues		39,224	36,466
Investment Revenues	13,330	4,419	655
Miscellaneous Revenues	40,217	45,105	21,917
TOTAL REVENUES	$ 1,520,205	$ 1,151,660	$ 633,738
EXPENDITURES			
Professional Fees	$ 119,883	$ 224,258	$ 14,250
Contracted Services	476,697	335,581	116,631
Purchased Water and Wastewater Service	240,919	185,772	100,695
Utilities	29,388	17,321	14,778
Repairs and Maintenance	228,144	181,246	154,506
Other	64,555	113,744	246,429
Capital Outlay			
TOTAL EXPENDITURES	$ 1,159,586	$ 1,057,922	$ 647,289
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$ 360,619	$ 93,738	$ (13,551)
OTHER FINANCING SOURCES			
Developer Advances	$ - 0 -	$ - 0 -	$ 59,230
NET CHANGE IN FUND BALANCE	$ 360,619	$ 93,738	$ 45,679
BEGINNING FUND BALANCE (DEFICIT)	285,786	192,048	146,369
ENDING FUND BALANCE	$ 646,405	$ 285,786	$ 192,048

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2023	2022	2026	2025	2024	2023	2022
$ 76,090	$	41.1 %	34.6 %	11.8 %	93.2 %	%
1,400		21.5	19.7	23.3	1.7	
10		11.7	13.0	8.8		
7		18.2	15.6	7.2		
15		1.3	1.5	0.6		
		2.7	7.9	38.9		
			3.4	5.8		
367	1	0.9	0.4	0.1	0.4	100.0
3,851		2.6	3.9	3.5	4.7	
$ 81,740	$ 1	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 10,000	$ 46,412	7.9 %	19.6 %	2.2 %	12.2 %	4,641,200.0 %
27,118	11,305	31.4	29.1	18.4	33.2	1,130,500.0
11,616	11,617	15.8	16.1	15.9	14.2	1,161,700.0
		1.9	1.5	2.3		
7,679		15.0	15.7	24.4	9.4	
23,446	10,941	4.2	9.9	38.9	28.7	1,094,100.0
	11,541					1,154,100.0
$ 79,859	$ 91,816	76.2 %	91.9 %	102.1 %	97.7 %	9,181,600.0 %
$ 1,881	$ (91,815)	23.8 %	8.1 %	(2.1) %	2.3 %	(9,181,500.0) %
$ 82,259	$ 158,488					
$ 84,140	$ 66,673					
62,229	(4,444)					
$ 146,369	$ 62,229					

See accompanying independent auditor's report.

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

	Amounts		
	2026	2025	2024
REVENUES			
Property Taxes	$ 1,091,385	$ 264,488	$ 98,945
Interest on Investments	48,050	34,340	9,686
Miscellaneous Revenues	6,750		
TOTAL REVENUES	$ 1,146,185	$ 298,828	$ 108,631
EXPENDITURES			
Tax Collection Expenditures	$ 20,391	$ 6,998	$ 1,398
Debt Service Principal	25,000		
Debt Service Interest and Fees	870,177	213,550	95,983
TOTAL EXPENDITURES	$ 915,568	$ 220,548	$ 97,381
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 230,617	$ 78,280	$ 11,250
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	$ 785,356	$ 696,588	$ 188,578
NET CHANGE IN FUND BALANCE	$ 1,015,973	$ 774,868	$ 199,828
BEGINNING FUND BALANCE	1,079,169	304,301	104,473
ENDING FUND BALANCE	$ 2,095,142	$ 1,079,169	$ 304,301
TOTAL ACTIVE RETAIL WATER CONNECTIONS	404	379	316
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	403	378	315

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2023	2022	2026	2025	2023	2022	2022
$	$	95.2 %	88.5 %	91.1 %	%	
1,173		4.2	11.5	8.9	100.0	
		0.6				
$ 1,173	$ - 0 -	100.0 %	100.0 %	100.0 %	100.0 %	N/A
$	$	1.8 %	2.3 %	1.3 %	%	
		2.2				
		75.9	71.5	88.4		
$ - 0 -	$ - 0 -	77.7 %	73.8 %	89.7 %	0.0 %	N/A
$ 1,173	$ - 0 -	22.3 %	26.2 %	10.3 %	100.0 %	N/A
$ 103,300	$ - 0 -					
$ 104,473	$ - 0 -					
$ 104,473	$ - 0 -					
33	N/A					
33	N/A					

See accompanying independent auditor's report.

WALDEN POND FRESH WATER SUPPLY DISTRICT
OF KAUFMAN COUNTY
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2026

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, 2026	Expense reimbursements for the year ended June 30, 2026	Title
Linda Patman	05/26 05/30 (Elected)	$ 1,800	$ 167	President
Blake Beecroft	05/24 05/28 (Elected)	$ 1,650	$ 663	Vice President
Yvette Hodges	05/26 05/30 (Elected)	$ 1,800	$ 425	Secretary
Sharon Kline	05/24 05/28 (Elected)	$ 1,650	$ 136	Assistant Secretary
Clinton Wheeler	05/26 05/30 (Elected)	$ 1,650	$ 660	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, 2026

Consultants:	Date Hired	Fees for the year ended June 30, 2026	Title
Winstead PC	12/04/18	$ 76,304	General Counsel
		$ 416,500	Bond Counsel
McCall Gibson Swedlund Barfoot Ellis PLLC	09/22/22	$ 16,250	Auditor
		$ 20,750	Bond Related
Tovery Accounting Consultants, LLC	12/04/18	$ 28,190	Bookkeeper
Barraza Consulting Group, LLC	12/04/18	$ 27,707	Engineer
		$ 32,924	Bond Related
Inframark Water and Infrastructure Services	05/19/22	$ 344,507	Operator
Kerry Tovery	12/04/18	$ -0-	Investment Officer
Hilltop Securities, Inc.	01/22/19	$ 353,768	Financial Advisor
Linebarger Goggin Blair & Sampson, LLP		$ -0-	Delinquent Tax Attorney
Kaufman County Tax Office	05/19/22	$ 1,731	Tax Assessor/ Collector

See accompanying independent auditor's report.