

PRELIMINARY OFFICIAL STATEMENT DATED DECEMBER 10, 2025

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

In the opinion of Bond Counsel, under existing law, assuming continuing compliance by the District (defined herein) after the date of initial delivery of the Bonds described below (the “Bonds”) with certain covenants contained in the Bond Order (defined below) authorizing the Bonds and subject to the matters set forth under “TAX MATTERS” herein, interest on the Bonds for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions (1) will be excludable from the gross income of the owners thereof pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Bonds (the “Code”), and (2) will not be an item of tax preference for purposes of the alternative minimum tax; however, such interest may be taken into account in determining the “annual adjusted financial statement income” (as defined in section 56A of the Code) of “applicable corporations” (as defined in section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations. See “TAX MATTERS” herein.

THE BONDS WILL NOT BE DESIGNATED “QUALIFIED TAX-EXEMPT OBLIGATIONS” FOR FINANCIAL INSTITUTIONS

NEW ISSUE – BOOK-ENTRY-ONLY

Rating: NOT RATED

\$16,240,000

WALDEN POND FRESH WATER SUPPLY DISTRICT OF KAUFMAN COUNTY

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

UNLIMITED TAX ROAD BONDS, SERIES 2026

Dated: January 1, 2026

Due: September 1, as shown below

The \$16,240,000 Unlimited Tax Road Bonds, Series 2026 (the “Bonds”) are obligations solely of Walden Pond Fresh Water Supply District of Kaufman County (the “District”) and are not obligations of the State of Texas, Kaufman County, Texas, the City of Dallas, Texas, or any entity other than the District.

The Bonds, when issued, will constitute valid and legally binding obligations of the District and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. INVESTMENT IN THE BONDS IS SUBJECT TO SPECIAL RISK FACTORS DESCRIBED HEREIN INCLUDING A HIGH CONCENTRATION OF OWNERSHIP OF TAXABLE PROPERTY. See “RISK FACTORS.”

Principal of the Bonds is payable at maturity or earlier redemption at the principal payment office of the paying agent/registrar, initially, BOKF, NA, in Dallas, Texas (the “Paying Agent/Registrar”). Interest on the Bonds accrues from January 1, 2026 (the “Dated Date”) and will be payable on the basis of a 360-day year of twelve 30-day months. Interest on the Bonds is payable on each March 1 and September 1, commencing September 1, 2026, until maturity or prior redemption. The Bonds will be issued only in fully registered form in principal denominations of \$5,000 or integral multiples thereof. The Bonds mature and are subject to redemption prior to their maturity, as shown below.

The Bonds will be registered and delivered only in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds. Beneficial owners of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the nominees of such beneficial owners. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by the Paying Agent/Registrar directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds. See “BOOK-ENTRY-ONLY SYSTEM.”

MATURITY SCHEDULE

CUSIP Prefix: 931209^(c)

Maturity Amount	Maturity (September 1)	Interest Rate	Initial Yield ^(c)	CUSIP Suffix ^(a)	Maturity Amount	Maturity (September 1)	Interest Rate	Initial Yield ^(c)	CUSIP Suffix ^(a)
\$ 125,000	2028				\$ 275,000	2042	(b)		
140,000	2029				285,000	2043	(b)		
150,000	2030				300,000	2044	(b)		
160,000	2031				315,000	2045	(b)		
170,000	2032	(b)			325,000	2046	(b)		
180,000	2033	(b)			345,000	2047	(b)		
190,000	2034	(b)			360,000	2048	(b)		
200,000	2035	(b)			375,000	2049	(b)		
210,000	2036	(b)			395,000	2050	(b)		
220,000	2037	(b)			1,540,000	2051	(b)		
230,000	2038	(b)			1,620,000	2052	(b)		
240,000	2039	(b)			1,705,000	2053	(b)		
250,000	2040	(b)			1,795,000	2054	(b)		
265,000	2041	(b)			1,890,000	2055	(b)		
					1,985,000	2056	(b)		

- (a) CUSIP numbers have been assigned to the Bonds by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Initial Purchaser shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.
- (b) Bonds maturing on and after September 1, 2032, are subject to redemption at the option of the District prior to their maturity dates in whole or from time to time in part, on September 1, 2031, or on any date thereafter at a price of par plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. See “THE BONDS—Redemption Provisions.”
- (c) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Initial Purchaser. Initial reoffering yields represent the initial offering price, which may be changed for subsequent purchasers. The initial yield indicated above represents the lower of the yields resulting when priced to maturity or to the first optional redemption date. Accrued interest is to be added to the price.

The Bonds are offered by the winning bidder for the Bonds (the “Initial Purchaser”) subject to prior sale, when, as and if issued by the District and accepted by the Initial Purchaser, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Winstead PC, Dallas, Texas, Bond Counsel. Certain legal matters will be reviewed by McCall, Parkhurst & Horton L.L.P., Dallas, Texas, as Disclosure Counsel to the District. See “LEGAL MATTERS.” Delivery of the Bonds in book-entry form through the facilities of DTC is expected on or about January 15, 2026.

BIDS DUE: TUESDAY, DECEMBER 16, 2025, 9:00 A.M., CENTRAL TIME

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USE OF INFORMATION IN OFFICIAL STATEMENT

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

This document, when further supplemented by adding additional information specifying the interest rates and certain other information relating to the Bonds shall constitute a "final official statement" of the District with respect to the Bonds, as such term is defined in Rule 15c2-12.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the District. This Official Statement is not to be used in an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

All of the summaries of the statutes, resolutions, orders, contracts, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Winstead PC, 2728 N. Harwood Street, Suite 500, Dallas, Texas, 75201.

This Official Statement contains, in part, estimates, assumptions and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions or matters of opinion, or as to the likelihood that they will be realized. Any information and expressions of opinion herein contained are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described herein since the date hereof. However, the District has agreed to keep this Official Statement current by amendment or sticker to reflect material changes in the affairs of the District and, to the extent that information actually comes to its attention, the other matters described in this Official Statement until delivery of the Bonds to the Initial Purchaser (as herein defined) and thereafter only as specified in "PREPARATION OF OFFICIAL STATEMENT—Updating the Official Statement."

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for any purpose.

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by _____ (the "Initial Purchaser") paying the interest rates shown on the cover page hereof, at a price of _____% of the principal amount thereof plus accrued interest to the date of delivery which resulted in a net effective interest rate of _____%, as calculated pursuant to Chapter 1204, Texas Government Code, as amended.

Prices and Marketability

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

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

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

Securities Laws

No registration statement relating to the offer and sale of the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein and the Bonds have not been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any other jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdiction.

Municipal Bond Rating and Bond Insurance

The District did not make an application for a bond rating. The District has applied for municipal bond guaranty insurance on the Bonds. The purchase of such insurance, including payment of all associated costs, including the premium charged by the insurer and fees charged by any rating company, will be at the option and expense of the Initial Purchaser.

(Continues on following page)

OFFICIAL STATEMENT SUMMARY

The following is a brief summary of certain information contained herein which is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. The summary should not be detached and should be used in conjunction with more complete information contained herein. A full review should be made of the entire Official Statement and of the documents summarized or described therein.

THE DISTRICT

Description...

In an order dated November 7, 2018, the Commissioners Court of Kaufman County (the “County”), pursuant to a petition signed by the landowners within the District at the time, granted the creation of Walden Pond Water Control and Improvement District of Kaufman County (“WC&ID”) pursuant to Article XVI, Section 59 of the Texas Constitution and Texas Water Code, Chapters 49 and 51. The WC&ID was created by the County to conserve, transport, and distribute fresh water from any sources for domestic and commercial purposes inside and/or outside of the boundaries of the WC&ID, which may, subject to compliance with requirements of Section 51.121, Texas Water Code, as amended, purchase, construct, acquire, own, operate, repair, improve, and extend sanitary sewer systems to control wastes. At the time of creation, the WC&ID contained 428.771 acres. On March 5, 2019, the WC&ID, 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 4, 2019, the qualified electors of the WC&ID granted to the WC&ID the rights, authority, privileges and functions of a road district under Article III, Section 52(b) 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 December 9, 2019, the Texas Commission on Environmental Quality (“TCEQ”) approved the WC&ID’s request to change its name from Walden Pond Water Control and Improvement District of Kaufman County to Walden Pond Fresh Water Supply District of Kaufman County (the “District”). On February 23, 2021, the District annexed an additional 93.15 acres bringing the District area to 521.921 acres. In an order dated January 27, 2022, the TCEQ granted additional powers to the District to provide drainage services in accordance with Texas Water Code Sections 51.331-51.332 and 30 Texas Administrative Code Section 293.15. The District currently operates under Chapters 49, 51 and 53 of the Texas Water Code, as amended.

Location...

The District encompasses approximately 521.921 acres and is located north of U.S. Highway 80, east of Ridge Crest Road and split by Farm to Market 548 in Kaufman County. The District is approximately 25 miles east of the central downtown business district of the City of Dallas, Texas. The District is located wholly within the extraterritorial jurisdiction of the City of Dallas. The District is located within the Forney Independent School District.

The Developers...

MM Walden Pond, LLC, a Texas limited liability company, MM Walden Pond West, LLC, a Texas limited liability company, and MM Forney 92, LLC, a Texas limited liability company (together, “Developers”) are the primary developers of land within the District. The Developers are managed in the Centurion American Development Group family, whose founder and owner is Mehrdad Moayedi. Centurion American Development Group is in the business of acquiring and improving land for the development of residential housing communities. The Developers currently own most of the land within the District held for future development of approximately 1,334 single-family residential lots. See “THE DEVELOPERS.”

Status of Development...

A portion of the District is currently developed as Walden Pond East Phase 1 (507 single-family residential lots), Walden Pond West Phase 1 (211 single-family residential lots) and Walden Pond South (400 single-family residential lots). All lots within Walden Pond East Phase 1, Walden Pond West Phase 1 and Walden Pond South have been delivered. Walden Pond West Phase 2 (385 single-family residential lots) has commenced grading/excavation.

At this time, amenities consisting of open green space, pocket parks, hike and bike trails, have been completed in Walden Pond East Phase 1, Walden Pond West Phase 1 and Walden Pond South. The Walden Pond East amenity center and the Walden Pond West swimming pool are expected to be constructed along Walden Pond East Phase 2 and Walden Pond West Phase 2.

No land within the District will be dedicated by the Developers to the Forney Independent School District.

See “THE DISTRICT—Land Use” and “—Status of Development.”

Homebuilders...

Lennar, Brightland Homes, Pacesetter Homes, Mattamy Homes, UnionMain Homes, RockWell Homes and DRB Homes are currently active homebuilders within the District. As of August 28, 2025, Lennar, Brightland Homes, Pacesetter Homes, Mattamy Homes, UnionMain Homes, RockWell Homes and DRB Homes (the “Homebuilders”) had completed 580 homes (including 11 models) and had 24 homes under construction within the District. Existing homes and homes under construction within the District are currently being offered from \$268,990 (1,302 sq. ft.) to \$457,990 (3,276 sq. ft.), according to the Homebuilders.

As of August 28, 2025, the Homebuilders owned 446 lots within Walden Pond East Phase 1, Walden Pond West Phase 1 and Walden Pond South of which 24 had homes under construction. 220 finished but vacant lots currently owned by the Developers are under contract with the Homebuilders. Additionally, 1,334 future lots to be developed are currently under contract with the Homebuilders.

The contracts for sale of lots between the Developers and homebuilders require that earnest money be deposited with a title company, typically 19% of the total lot price of the completed lots, and establish certain required purchases on a fixed schedule. The Developers’ sole remedies for homebuilders not purchasing lots in accordance with the contracts is cancellation of the contract and retention of earnest money.

(Continues on following page)

THE BONDS

<i>Description...</i>	\$16,240,000 Unlimited Tax Road Bonds, Series 2025 (the “Bonds”) are being issued as fully registered bonds pursuant to an order (the “Bond Order”) authorizing the issuance of the Bonds to be adopted at the date of the sale of the Bonds by the District’s Board of Supervisors (the “Board”). The Bonds are scheduled to mature on the dates and in the principal amounts and pay interest at the rates shown on the cover page hereof. The Bonds will be issued in book-entry form only in principal denominations of \$5,000 or integral multiples of \$5,000. Interest on the Bonds accrues from January 1, 2026 and is payable on September 1, 2026, and on each March 1 and September 1 thereafter until the earlier of maturity or redemption. See “THE BONDS” and “BOOK-ENTRY-ONLY SYSTEM.”
<i>Redemption...</i>	Bonds maturing on and after September 1, 2032 are subject to redemption in whole or from time to time in part, at the option of the District, prior to their maturity dates on September 1, 2031, and on any date thereafter at a price of par plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. See “THE BONDS—Redemption Provisions.”
<i>Use of Proceeds...</i>	Proceeds from the sale of the Bonds will be used to reimburse the Developers for the construction of road improvements. Bond proceeds will also be used to fund capitalized interest for 12 months at the net effective interest rate, and to pay certain costs related to the issuance of the Bonds. See “THE BONDS” and “ESTIMATED USE AND DISTRIBUTION OF BOND PROCEEDS.”
<i>Authority for Issuance...</i>	The Bonds are issued pursuant to the Bond Order to be adopted on December 16, 2025 by the Board, the Texas Constitution and the general laws of the State of Texas, and an election held within the boundaries of the District. See "THE BONDS—Authority for Issuance." At an election held within the District on May 2, 2020, voters authorized a total of \$138,805,000 of unlimited tax bonds, consisting of \$33,772,000 for road purposes (the “Road Bonds”) and \$105,033,000 for water, sewer, and drainage purposes (the “Utility Bonds”). After the issuance of the Bonds, the District will have \$1,182,000 in Road Bonds and \$105,033,000 in Utility Bonds authorized but unissued. Voters in the District have also authorized \$42,215,000 in bonds for the purpose of refunding Road Bonds (the “Road Refunding Bonds”) and \$131,291,250 in bonds for the purpose of refunding Utility Bonds (the “Utility Refunding Bonds”). See "THE BONDS—Issuance of Additional Debt."
<i>Source of Payment...</i>	Principal of and interest on the Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. The Bonds are obligations of the District and are not obligations of the City of Dallas, Texas, Kaufman County, Texas, the State of Texas or any entity other than the District. See “THE BONDS—Source and Security for Payment.”
<i>Outstanding Bonds...</i>	The District has \$16,325,000 unlimited tax road bonds outstanding (the “Outstanding Bonds”). The Bonds are the District’s fourth series of unlimited tax road bonds. The District has not issued unlimited tax utility bonds.
<i>Payment Record...</i>	The District has never defaulted in the payment of debt service on its bonds.
<i>Not Qualified Tax-Exempt Obligations...</i>	The District will not designate the Bonds as “qualified tax-exempt obligations.” See “TAX MATTERS.”
<i>Municipal Bond Rating</i>	The District has not applied for a municipal bond rating.
<i>Municipal Bond Insurance</i>	The District has applied for municipal bond insurance on the Bonds. The payment of all associated costs, including the premium charged by the insurer and any fees charged by any rating company, will be at the option and expense of the Initial Purchaser.
<i>Bond Counsel...</i>	Winstead PC, Dallas, Texas. See “MANAGEMENT OF THE DISTRICT,” “LEGAL MATTERS” and “TAX MATTERS.”
<i>General Counsel...</i>	Winstead PC, Dallas, Texas. See “MANAGEMENT OF THE DISTRICT.”

<i>Disclosure Counsel...</i>	McCall, Parkhurst & Horton, L.L.P., Dallas, Texas. See “MANAGEMENT OF THE DISTRICT.”
<i>Municipal Advisor...</i>	Hilltop Securities Inc., Dallas, Texas. See “MANAGEMENT OF THE DISTRICT” and “PREPARATION OF OFFICIAL STATEMENT – Financial Advisor.”
<i>Engineer...</i>	Barraza Consulting Group, LLC, Richardson, Texas. See “MANAGEMENT OF THE DISTRICT.”
<i>Paying Agent/Registrar...</i>	BOKF, NA, Dallas, Texas. See “THE BONDS—Method of Payment of Principal and Interest.”

RISK FACTORS

THE PURCHASE AND OWNERSHIP OF THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS AND ALL PROSPECTIVE PURCHASERS ARE URGED TO EXAMINE CAREFULLY THIS ENTIRE OFFICIAL STATEMENT WITH RESPECT TO THE INVESTMENT SECURITY OF THE BONDS, INCLUDING PARTICULARLY THE SECTION CAPTIONED “RISK FACTORS.”

(Continues on following page)

SELECTED FINANCIAL INFORMATION (UNAUDITED)

2025 Certified Net Taxable Assessed Valuation	\$ 173,388,636 ⁽¹⁾
Estimated Taxable Assessed Valuation as of August 28, 2025	\$ 230,948,530 ⁽²⁾
Direct Debt:	
Outstanding Bonds	\$ 16,325,000
The Bonds	16,240,000
Total Direct Debt	<u>\$ 32,565,000</u>
Estimated Overlapping Debt	\$ 20,132,741 ⁽³⁾
Total Direct Debt and Estimated Overlapping Debt	\$ 52,697,741
Ratio of Direct Debt to:	
2025 Certified Net Taxable Assessed Valuation	18.78%
Ratio of Direct Debt and Estimated Overlapping Debt to:	
2025 Certified Net Taxable Assessed Valuation	30.39%
Ratio of Direct Debt to:	
Estimated Taxable Assessed Valuation as of August 28, 2025	14.10%
Ratio of Direct Debt and Estimated Overlapping Debt to:	
Estimated Taxable Assessed Valuation as of August 28, 2025	25.71%
<i>Estimated</i> Average Annual Debt Service Requirement (2026-2056)	\$ 2,064,773 ⁽⁴⁾
<i>Estimated</i> Maximum Annual Debt Service Requirement (2036)	\$ 2,094,244 ⁽⁴⁾
Tax Rate Required to Pay <i>Estimated</i> Average Annual Debt Service (2026-2056) at a 98% Collection Rate	
Based upon the 2025 Certified Net Taxable Assessed Valuation	\$ 1.2151 ⁽⁴⁾
Based upon the Estimated Taxable Assessed Valuation as of August 28, 2025	\$ 0.9123 ⁽⁴⁾
Tax Rate Required to Pay <i>Estimated</i> Maximum Annual Debt Service (2036) at a 98% Collection Rate	
Based upon the 2025 Certified Net Taxable Assessed Valuation	\$ 1.2325 ⁽⁴⁾
Based upon the Estimated Taxable Assessed Valuation as of August 28, 2025	\$ 0.9253 ⁽⁴⁾
2025 District Tax Rate (per \$100 Assessed Valuation)	⁽⁵⁾
Road Debt Service	\$ 0.6361
Utility Debt Service	-
Maintenance and Operations	0.3639
Total Tax Rate	<u>\$ 1.0000</u>
General Fund Balance as of 11/20/2025	\$ 141,556 ⁽⁶⁾
Capital Projects Fund Balance as of 11/20/2025	\$ 490,994
Road Debt Service Fund Balance as of 11/20/2025	\$ 577,333 ⁽⁷⁾
Utility Debt Service Fund Balance as of 11/20/2025	\$ -
Status of Estimated Home Construction as of August 28, 2025 ⁽⁸⁾	
Single Family Homes Completed (including 11 models)	580
Single Family Homes Under Construction (no models under construction)	24
Total	<u>604</u>
Status of Lot Production and Ownership as of August 28, 2025 ⁽⁸⁾	
Developed Lots Owned by Developers	220
Developed Lots Owned by Homebuilders	446
Developed Lots Owned by Homeowners	452
Lots Under Construction Owned by Developers	0
Total	<u>1,118</u>

(1) As provided by the Kaufman Central Appraisal District. Includes \$6,592,886 values under protest as of certification.

(2) As provided by the Kaufman Central Appraisal District for informational purposes only. This amount is an estimate of the taxable value of all taxable property located within the District as of August 28, 2025, and includes an estimate of additional taxable value resulting from the construction of taxable improvements from January 1, 2025 through August 28, 2025. No taxes will be levied on this amount.

(3) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED) - Estimated Overlapping Debt and Taxes."

(4) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED) - Estimated Debt Service Requirements."

(5) See "TAX DATA." Taxes deposited to the Road Debt Service Fund cannot be used to pay debt service on other District obligations that are not the Bonds, the Outstanding Bonds or future road bonds.

(6) See "RISK FACTORS - Operating Funds."

(7) Funds in the Road Bond Debt Service Fund are pledged only to pay the debt service on the Bonds, the Outstanding Bonds and any additional road bonds. Neither Texas law nor the Bond Order require the District to maintain any minimum balance in the Road Bond Debt Service Fund. Upon delivery of the Bonds, the District will deposit the accrued interest from the Dated Date to the Delivery Date in Road Bond Debt Service Fund, and 12 months of capitalized interest at the Bonds' net effective interest rate.

(8) As reported by the Developers.

PRELIMINARY OFFICIAL STATEMENT

\$16,240,000

WALDEN POND FRESH WATER SUPPLY DISTRICT OF KAUFMAN COUNTY

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

UNLIMITED TAX ROAD BONDS

SERIES 2026

This Preliminary Official Statement provides certain information in connection with the issuance by Walden Pond Fresh Water Supply District of Kaufman County (the “District”) of its \$16,240,000 Unlimited Tax Road Bonds, Series 2026 (the “Bonds”).

The Bonds are issued pursuant to the Texas Constitution, the general laws of the State of Texas including Chapters 49, 51 and 53 of the Texas Water Code, as amended, an order authorizing the issuance of the Bonds (the “Bond Order”), to be adopted on the date of the sale of the Bonds by the Board of Supervisors of the District (the “Board”), and an election held within the District on May 2, 2020.

This Preliminary Official Statement includes descriptions, among others, of the Bonds and the Bond Order, and certain other information about the District, the Developers, and development activity in the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents may be obtained from Winstead PC, General Counsel, 2728 N. Harwood Street, Suite 500, Dallas, Texas, 75201.

RISK FACTORS

General

The Bonds are obligations solely of the District and are not obligations of the City of Dallas, Texas, Kaufman County, Texas, the State of Texas, or any entity other than the District. Payment of the principal of and interest on the Bonds depends upon the ability of the District to collect taxes levied on taxable property within the District in an amount sufficient to service the District’s bonded debt or in the event of foreclosure, on the value of the taxable property in the District and the taxes levied by the District and other taxing authorities upon the property within the District. See “THE BONDS—Source and Security for Payment.” The collection by the District of delinquent taxes owed to it and the enforcement by Registered Owners of the District’s obligation to collect sufficient taxes may be a costly and lengthy process. Furthermore, the District cannot and does not make any representations that continued development of taxable property within the District will accumulate or maintain taxable values sufficient to justify continued payment of taxes by property owners or that there will be a market for the property or that owners of the property will have the ability to pay taxes. See “Registered Owners’ Remedies” below.

Economic Factors and Interest Rates

A substantial percentage of the current certified taxable value of the District results from the market value of finished but vacant lots which are available for the construction of primary residences. The market value of such developed lots is related to general economic conditions affecting the demand for single family residential homes. Demand for lots of this type and the construction of residential dwellings thereon can be significantly affected by factors such as interest rates, credit availability, construction costs, energy availability and the prosperity and demographic characteristics of the urban center toward which the marketing of lots is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact such values.

Credit Markets and Liquidity in the Financial Markets

Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates at which developers are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 25 miles from the central downtown business district of the City of Dallas, Texas, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Dallas metropolitan and regional economies and the national financial and credit markets. A downturn in the economic conditions of the City of Dallas,

Texas and the nation could adversely affect development and home-building plans in the District and restrain the growth of or reduce the value of the District's property tax base.

Competition

The demand for and construction of single-family homes in the District, which is 25 miles from downtown Dallas, Texas, could be affected by competition from other residential developments including other residential developments located in the vicinity of the District. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in the area of the District and in more established neighborhoods closer to downtown Dallas, Texas. Such homes could represent additional competition for new homes proposed to be sold within the District.

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

Development and Home Construction in the District

As of August 28, 2025, there were 1,118 developed lots within the District. Walden Pond West Phase 2 has commenced grading/excavation on 385 single-family residential lots. There are currently 507 lots within the District's Walden Pond East Phase 1, 211 lots within the District's Walden Pond West Phase 1 and 400 lots within the District's Walden Pond South. 898 lots within the District had been sold to the Homebuilders; 294 of such lots remained vacant as of August 28, 2025. The Developers had 220 finished but vacant lots under contract with the Homebuilders. The contracts for sale of lots between the Developers and homebuilders require that earnest money be deposited with a title company, typically 19% of the total lot price of the completed lots, and establish certain required purchases on a fixed schedule. The Developers' sole remedies for homebuilders not purchasing lots in accordance with the contracts is cancellation of the contract and retention of earnest money. As of August 28, 2025, the Homebuilders had completed 580 homes (including 11 models) and had 24 homes under construction within the District. Failure of homebuilders to construct taxable improvements on developed lots could result in increases in the rate of taxation by the District during the term of the Bonds to pay debt service on the Bonds and the contractual obligations of the District. Future increases in value will result primarily from the construction of homes by builders. See "THE DEVELOPERS—Homebuilders."

Dependence on Significant Taxpayers

The Developers and Homebuilders are currently significant taxpayers within the District. Based on the 2025 tax rolls, the Developers and Homebuilders are responsible for approximately 26.94% of the District's 2025 property taxes. The Developers are responsible for approximately 9.73% of the District's 2025 property taxes and the Homebuilders are responsible for approximately 17.21% of the District's 2025 property taxes. See "TAX DATA – Principal Taxpayers." The Developers and the Homebuilders are expected to own a smaller portion of the District's taxable assessed value in future years. While neither the Developers, the Homebuilders, nor any taxpayer within the District is obligated to make the debt service payments contemplated hereunder, the ability of any significant taxpayer, such as the Developers and the Homebuilders, to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations. If, for any reason, one or more significant taxpayers do not pay taxes due or do not pay in a timely manner, the District may need to levy additional taxes or use other funds available for debt service purposes. However, the District has not covenanted in the Bond Order, nor is it required by Texas law, to maintain any particular balance in its Road Bond Debt Service Fund (defined herein) or any other funds to allow for any such delinquencies. Failure to recover or borrow funds in a timely fashion could result in an excessive District tax rate, hindering growth and leading to further defaults in the payment of taxes. Therefore, failure by one or more significant taxpayers to pay their taxes on a timely basis in amounts in excess of the District's available funds could have a material adverse effect upon the District's ability to pay debt service on the Bonds on a current basis. In addition, for so long as the District's tax base continues to be concentrated in a relatively small number of taxpayers, the willingness and ability of such taxpayers to pay maintenance taxes and to make future operating advances may affect the flow of funds into the District's General Fund.

Undeveloped Acreage and Vacant Developed Lots

As of August 28, 2025, there were approximately 252 acres of land that remain to be developed within the District, including approximately 94 acres currently under construction for Walden Pond West Phase 2. Walden Pond East Phase 1, Walden Pond West Phase 1 and Walden Pond South contain 270 acres of the developable acreage and include 1,118 developed single-family residential lots. The District makes no representation as to when or if development of currently undeveloped but developable acreage will occur. As of August 28, 2025, approximately 514 developed lots within the District remained available for home construction. Failure of the Developers and/or builders to construct taxable improvements on developed lots could

result in substantial increases in the rate of taxation by the District during the term of the Bonds to pay debt service on the Bonds and any other tax supported debt of the District issued in the future. Future increases in value will result primarily from the construction of homes by builders. The District makes no representation that the lot sales and building program will be successful. As of August 28, 2025 there were no lots under construction within the District outside of Walden Pond East Phase 1, Walden Pond West Phase 1 and Walden Pond South. See “THE DISTRICT—Land Use.”

Increase in Costs of Building Materials

As a result of supply issues, shipping constraints, and ongoing trade disputes (including tariffs), there have been recent substantial increases in the cost of lumber and other building materials, causing many homebuilders and general contractors to experience budget overruns. Further, the unpredictable nature of current trade policy (including the threatened imposition of tariffs) may impact the ability of the Developers or Homebuilders in the District to estimate costs. Additionally, immigration policies may affect the State’s workforce, and any labor shortages that could occur may impact the rate of construction within the District. Uncertainty surrounding availability and cost of materials may result in decreased levels of construction activity, and may restrict the growth of property values in the District. The District makes no representations regarding the probability of development or homebuilding continuing in a timely manner or the effects that current or future economic or governmental circumstances may have on any plans of the Developers or Homebuilders.

Overlapping Debt and Taxes

The District cannot predict and has no control over future debt and tax plans of the overlapping jurisdictions. See “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED) – Estimated Overlapping Debt and Taxes.” There can be no assurances that the composite of the tax rates imposed by all jurisdictions on property in the District will be competitive with the composite of the tax rates imposed on competing projects in the Kaufman County area. To the extent that such composite tax rates are not competitive with competing developments, the growth of property tax values in the District and the investment quality or security of the Bonds could be adversely affected.

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of District property owners to pay their taxes. After issuance of the Bonds, the estimated average annual debt service requirement is \$2,064,773 (2026 through 2056) and the estimated maximum annual debt service requirement is \$2,094,244 2036. The 2025 certified net taxable assessed valuation of the District is \$173,388,636 and the estimated taxable assessed valuation as of August 28, 2025 is \$230,948,530 (as reported by the Kaufman Central Appraisal District). Assuming no increase or decrease from the 2025 certified net assessed valuation and no use of funds other than tax collections, a tax rate of \$1.2151 per \$100 assessed valuation at a 98% collection rate would be necessary to pay the estimated average annual debt service requirement and a tax rate of \$1.2325 per \$100 assessed valuation at a 98% collection rate would be necessary to pay the estimated maximum annual debt service requirement. Similarly, assuming no increase or decrease from the estimated taxable assessed valuation as of August 28, 2025 and no use of funds other than tax collections, a tax rate of \$0.9123 per \$100 assessed valuation at a 98% collection rate would be necessary to pay the estimated average annual debt service requirement and a tax rate of \$0.9253 per \$100 assessed valuation at a 98% collection rate would be necessary to pay the estimated maximum annual debt service requirement. See "DEBT AND FINANCIAL INFORMATION – Pro Forma Debt Service Requirements." Although calculations have been made regarding average and maximum tax rates necessary to pay the debt service on the Bonds based upon the 2025 certified net taxable assessed valuation and the estimated taxable assessed valuation as of August 28, 2025, the District can make no representations regarding the future level of assessed valuation within the District. Increases in the tax rate may be required in the event significant taxpayers do not timely pay their District taxes. Any increase in taxable values depends on the continuing construction and sale of homes and other taxable improvements within the District. See "TAXING PROCEDURES" and "TAX DATA-Tax Adequacy for Debt Service."

Landowners/Developer/Homebuilders Under No Obligation to the District

There are no commitments from or obligations of the Developers or homebuilders within the District to proceed at any particular rate or according to any specified plan with the development of land or the construction of homes in the District, and there is no restriction on any landowner’s right to sell its land. Failure to construct taxable improvements on developed lots and tracts and failure of landowners to develop their land would restrict the rate of growth of taxable value in the District. Further, while no Developer or landowner within the District is obligated to make the debt service payments contemplated hereunder, the District is also dependent upon the Developers and the other landowners for the timely payment of ad valorem taxes, and the District cannot predict what the future financial condition of the Developers will be or what effect, if any, such condition may have on their ability to pay taxes. See “THE DEVELOPERS” for more information regarding the Developers and the developer financing.

Operating Funds

The District's sources of operating revenue are: maintenance and operations tax revenue and water and wastewater revenues from its residents. The District adopted a 2025 maintenance and operations tax rate of \$0.3639 per \$100 of taxable assessed valuation on September 11, 2025. The District's general fund balance as of November 20, 2025 was \$141,556. The District anticipates the 2025 maintenance and operations tax rate of \$0.3639 per \$100 of taxable assessed valuation, current budgeted water and wastewater revenues from its residents, and other operating revenue, will be sufficient to offset budgeted operating and maintenance expenses. The District is no longer reliant on advances from the Developers. However, future maintenance of a positive general fund balance may depend upon (1) cash subsidies from the Developers and (2) continued development and increased amounts of maintenance and operations tax revenue. If funds from these sources are not forthcoming, the District would have to increase its maintenance and operations tax rate. The District's maintenance and operations tax rate is limited to \$1.00 per \$100 as approved by the District's voters on May 4, 2019.

Tax Collections Limitations and Foreclosure Remedies

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other local taxing authorities on the property against which taxes are levied, and such lien may be enforced by judicial foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time-consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer, or (c) market conditions affecting the marketability of taxable property within the District and limiting the proceeds from a foreclosure sale of such property. Moreover, the proceeds of any sale of property within the District available to pay debt service on the Bonds may be limited by the existence of other tax liens on the property (see "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED) — Estimated Overlapping Debt and Taxes"), by the current aggregate tax rate being levied against the property, and by other factors (including the taxpayers' right to redeem property within two years of foreclosure for residential and agricultural use property and six months for other property). Finally, any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes assessed against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid.

Registered Owners' Remedies and Bankruptcy Limitations

The Bond Order does not specify events of default with respect to the Bonds. If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due or the District defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the registered owners may seek a writ of mandamus to compel the District or District officials to carry out the legally imposed duties with respect to the Bonds if there is no other available remedy at law to compel performance of the Bonds or the Bond Order and the District's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, so it rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Bond Order does not provide for the appointment of a trustee to represent the interest of the Registered Owners upon any failure of the District to perform in accordance with the terms of the Bond Order, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. Statutory language authorizing local governments such as the District to sue or be sued does not waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislature, default by the District in its covenants in the Bond Order may not be reduced to a judgment for money damages. Even if a judgment against the District could be obtained, it could not be enforced by direct levy and execution against the District's property. Further, the registered owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds.

Furthermore, the District is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy code ("Chapter 9"). Under Texas law, the District must obtain the approval of the TCEQ prior to filing bankruptcy. Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Registered Owners of an entity which has sought protection under Chapter 9. Therefore, should the District avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or

state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bonds are qualified with respect to the customary rights of debtors relative to their creditors. The District may not be forced into bankruptcy involuntarily.

Future Debt

The District has the right to issue obligations other than the Bonds, including tax anticipation notes, bond anticipation notes, unlimited tax utility bonds and unlimited tax road bonds, and to borrow for any valid corporate purpose. Pursuant to an election held on May 2, 2020, the District electors authorized a total of \$105,033,000 principal amount of unlimited tax bonds for water, sewer and drainage facilities, and \$33,772,000 principal amount of unlimited tax bonds for roads. The District is also authorized to issue unlimited tax refunding bonds in an amount equal to \$131,291,250 for the purpose of refunding Utility Bonds and \$42,215,000 for the purpose of refunding Road Bonds, including the Bonds. The Board is further empowered to borrow money for any lawful purpose and to issue bond anticipation and tax anticipation notes. After issuance of the Bonds, the District will have \$1,182,000 unlimited tax bonds for road facilities authorized but unissued and \$105,033,000 of unlimited tax bonds for water, wastewater and storm drainage facilities authorized but unissued. The District Engineer believes that such remaining authorization of unlimited tax bonds for water, wastewater, storm drainage, and roads purposes will be sufficient to finance improvements for the remainder of the District. See “THE BONDS—Issuance of Additional Debt.” In addition, voters may authorize the issuance of additional bonds secured by ad valorem taxes. See “THE BONDS—Authority for Issuance.” The issuance of additional obligations may increase the District’s tax rate and adversely affect the security for, and the investment quality and value of, the Bonds.

Pursuant to developer financing agreements, prior to the issuance of the Bonds, the District owes the Developers approximately \$31,907,000 plus interest for engineering and construction of water, wastewater and storm drainage facilities and roads and related improvements. After the issuance of the Bonds the remaining balance owed to the Developers by the District will be approximately \$19,412,000. The District expects to issue additional bonds to reimburse the Developers and to finance water, wastewater, storm drainage facilities, and roads to serve the remaining undeveloped acres within the District when feasible from time-to-time in order to fully develop the District.

The District may issue additional unlimited tax debt with in the next 12 months if the taxable assessed valuation increases to allow for the issuance of additional unlimited tax debt.

The District may also issue additional bonds to finance a water irrigation system, as well as to pay for certain drainage and erosion control projects. The Bond Order imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District’s voters or the amount ultimately issued by the District. Except with respect to the issuance of bonds for road purposes, the District does not employ any formula with regard to assessed valuations or tax collections or otherwise to limit the amount of bonds which may be issued. The total amount of bonds and other obligations of the District issued for road purposes may not exceed one-fourth of the assessed valuation of the real property in the District. The issuance of additional bonds for the purpose of financing water, wastewater and drainage facilities is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. See “THE BONDS—Authority for Issuance” and “—Issuance of Additional Debt.”

The District also is authorized by law to engage in fire-fighting activities, including the issuance of bonds payable from taxes for such purpose. Before the District could issue such bonds, the following actions would be required: (1) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (2) consent from the City of Dallas; (3) approval of master plan and bonds by the TCEQ; and (4) approval of bonds by the Attorney General of Texas. The Board has not considered seeking authorization to engage in fire-fighting activities at this time, but may do so in the future. If additional debt obligations for fire-fighting purposes are issued in the future by the District, such issuance may adversely affect the investment security of the Bonds.

The District does not have the statutory authority to issue bonds supported by ad valorem taxes for the development of parks and recreational facilities.

Environmental Regulations

Wastewater treatment, water supply, storm sewer facilities and construction activities within the District are subject to complex environmental laws and regulations at the federal, state and local levels that may require or prohibit certain activities that affect the environment, such as:

- Requiring permits for construction and operation of water wells, wastewater treatment and other facilities;

- Restricting the manner in which wastes are treated and released into the air, water and soils;
- Restricting or regulating the use of wetlands or other properties; or
- Requiring remedial action to prevent or mitigate pollution.

Sanctions against a municipal utility district or other type of special purpose district for failure to comply with environmental laws and regulations may include a variety of civil and criminal enforcement measures, including assessment of monetary penalties, imposition of remedial requirements and issuance of injunctions to ensure future compliance. Environmental laws and compliance with environmental laws and regulations can increase the cost of planning, designing, constructing and operating water production and wastewater treatment facilities. Environmental laws can also inhibit growth and development within the District. Further, changes in regulations occur frequently, and any changes that result in more stringent and costly requirements could materially impact the District.

Air Quality Issues. Air quality control measures required by the United States Environmental Protection Agency (the “EPA”) and the Texas Commission on Environmental Quality (the “TCEQ”) may impact new industrial, commercial and residential development in the Dallas-Fort Worth area. Under the Clean Air Act (“CAA”) Amendments of 1990, a ten-county Dallas-Fort Worth area (“2008 DFW Area”) – Collin, Dallas, Denton, Ellis, Johnson, Kaufman, Parker, Rockwall, Tarrant, and Wise Counties – has been designated a “severe” nonattainment area under the eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 (the “2008 Ozone Standard”), with an attainment deadline of July 20, 2027. If the EPA ultimately determines that the 2008 DFW Area has failed to meet the attainment deadline based on the relevant data, the area is subject to reclassification to a nonattainment classification that provides for more stringent controls on emissions from the industrial sector. In addition, the EPA may impose a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects if it finds that an area fails to demonstrate progress in reducing ozone levels.

Further, a nine-county Dallas-Fort Worth area (“2015 DFW Area”) – Collin, Dallas, Denton, Ellis, Johnson, Kaufman, Parker, Tarrant, and Wise Counties has been designated a “moderate” nonattainment area under the eight-hour ozone standard of 75 ppb promulgated by the EPA in 2015 (the “2015 Ozone Standard”), with an attainment deadline of August 3, 2024.

In order to demonstrate progress toward attainment of the EPA’s ozone standards, the TCEQ has established a state implementation plan (“SIP”) for the 2008 and 2015 DFW Areas setting emission control requirements, some of which regulate the inspection and use of automobiles. These types of measures could impact how people travel, what distances people are willing to travel, where people choose to live and work, and what jobs are available in the area. These SIP requirements can negatively impact business due to the additional permitting/regulatory constraints that accompany this designation and because of the community stigma associated with a nonattainment designation. It is possible that additional controls will be necessary to allow the 2008 and 2015 DFW Areas to reach attainment with the ozone standards by the EPA’s attainment deadlines. These additional controls could have a negative impact on the area’s economic growth and development.

Water Supply & Discharge Issues. Water supply and discharge regulations that special purpose districts, including the District, may be required to comply with involve: (1) groundwater well permitting and surface water appropriation; (2) public water supply systems; (3) wastewater discharges from treatment facilities; (4) storm water discharges; and (5) wetlands dredge and fill activities. Each of these is addressed below:

Certain governmental entities regulate groundwater usage in the DFW Area. A municipal utility district or other type of special purpose district that (i) is located within the boundaries of such an entity that regulates groundwater usage, and (ii) relies on local groundwater as a source of water supply, may be subject to requirements and restrictions on the drilling of water wells and/or the production of groundwater that could affect both the engineering and economic feasibility of district water supply projects.

Pursuant to the federal Safe Drinking Water Act (“SDWA”) and the EPA’s National Primary Drinking Water Regulations (“NPDWRs”), which are implemented by the TCEQ’s Water Supply Division, a municipal utility district’s provision of water for human consumption is subject to extensive regulation as a public water system. Municipal utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency’s rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future. Further, the EPA has established a NPDWR for six (6) Per- and Polyfluoroalkyl Substances (“PFAS”), which requires public water systems to perform certain monitoring and remediation measures. Public water systems may be subject to additional PFAS regulation in the future, which could increase the cost of constructing, operating, and maintaining water production and distribution facilities.

Texas Pollutant Discharge Elimination System (“TPDES”) permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit

(TXR150000) (“CGP”), with an effective date of March 5, 2023, which is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain non-stormwater discharges into surface water in the state. The CGP has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act (“CWA”) and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district’s ability to obtain and maintain compliance with TPDES permits.

Operations of utility districts, including the District, are also potentially subject to requirements and restrictions under the CWA regarding the use and alteration of wetland areas that are within the “waters of the United States.” The District must obtain a permit from the United States Army Corps of Engineers (“USACE”) if operations of the District require that wetlands be filled, dredged, or otherwise altered.

In 2023, the Supreme Court of the United States issued its decision in *Sackett v. EPA*, which clarified the definition of “waters of the United States” and significantly restricted the reach of federal jurisdiction under the CWA. Under the *Sackett* decision, “waters of the United States” includes only geographical features that are described in ordinary parlance as “streams, oceans, rivers, and lakes” and to adjacent wetlands that are indistinguishable from such bodies of water due to a continuous surface connection. Subsequently, the EPA and USACE issued a final rule amending the definition of “waters of the United States” under the CWA to conform with the Supreme Court’s decision.

While the *Sackett* decision and subsequent regulatory action removed a great deal of uncertainty regarding the ultimate scope of “waters of the United States” and the extent of EPA and USACE jurisdiction, operations of municipal utility districts, including the District, could potentially be subject to additional restrictions and requirements, including additional permitting requirements, in the future.

Future and Proposed Legislation

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

Marketability of the Bonds

The District has no understanding with the initial purchaser of the Bonds (the “Initial Purchaser”) regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked price of the Bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional issuers as such bonds are more generally bought, sold or traded in the secondary market.

Extreme Weather Events

The District could be impacted by a natural disaster such as wide-spread fires, earthquakes, or weather events such as hurricanes, tornados, tropical storms, freeze, or other severe weather events that could produce high winds, heavy rains, hail, and flooding. In the event that a natural disaster should damage or destroy improvements and personal property in the District, the assessed value of such taxable properties could be substantially reduced, resulting in a decrease in the taxable assessed value of the District or an increase in the District’s tax rates.

There can be no assurance that a casualty will be covered by insurance (certain casualties, including flood, are usually excepted unless specific insurance is purchased), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild, repair, or replace any taxable properties in the District that were damaged. Even if insurance proceeds are available and damaged properties are rebuilt, there could be a lengthy period in which assessed values in the District would be adversely affected. There can be no assurance the District will not sustain damage from such natural disasters.

Continuing Compliance with Certain Covenants

Failure of the District to comply with certain covenants contained in the Bond Order on a continuing basis prior to the maturity of the Bonds could result in interest on the Bonds becoming taxable retroactive to the date of original issuance. See “LEGAL MATTERS” and “TAX MATTERS.”

Approval of the Bonds

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

THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Order. The Bond Order will authorize the issuance and sale of the Bonds and prescribe the terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the District.

Description

The Bonds will be dated and accrue interest from January 1, 2026, with interest payable on September 1, 2026, and on each March 1 and September 1 thereafter (each an “Interest Payment Date”) until maturity or prior redemption. Interest will be payable on the basis of a 360-day year of twelve 30-day months. The Bonds mature on September 1 in each of the years and in the amounts, and pay interest at the rates, shown on the cover page hereof. The Bonds will be initially registered and delivered only to The Depository Trust Company, New York, New York (“DTC”), in its nominee name of Cede & Co., pursuant to the book-entry system described herein. See “BOOK-ENTRY-ONLY SYSTEM.”

Authority for Issuance

At an election held within the District on May 2, 2020, voters of the District authorized the issuance of \$33,772,000 principal amount of unlimited tax bonds for purposes of providing roadways, and the Bonds are issued pursuant to such authorization.

The Bonds are issued pursuant to Article III, Section 52 of the Texas Constitution, the general laws of the State of Texas including Chapters 49, 51 and 53 of the Texas Water Code, as amended, an order authorizing the issuance of the Bonds (the “Bond Order”), to be adopted on the date of the sale of the Bonds by the Board of Supervisors of the District (the “Board”), and an election held within the District on May 2, 2020.

Before the Bonds can be issued, the Attorney General of Texas must pass upon the legality of certain related matters. The Attorney General of Texas does not guarantee or pass upon the safety of the Bonds as an investment or upon the adequacy of the information contained in this Preliminary Official Statement.

Source and Security for Payment

The Bonds and any additional unlimited tax road bonds issued in the future, will be payable from and secured by a pledge of the proceeds of an annual road ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property located within the District. The District may also levy a separate annual utility ad valorem tax, without legal limitation as to rate or amount, upon all taxable property located within the District for the payment of unlimited tax utility bonds. Taxes collected and deposited to the Road Bond Debt Service Fund cannot be used to pay debt service on unlimited tax utility bonds. Likewise, taxes collected and deposited to the utility bond debt service fund cannot be used to pay debt service on the Bonds, the Outstanding Bonds, or any future road bonds. See “TAXING PROCEDURES.” The Bonds involve certain elements of risk, and all prospective purchasers are urged to examine carefully this Official Statement with respect to the investment security of the Bonds. See “RISK FACTORS.” The Bonds are obligations of the District and are not obligations of the City of Dallas, Texas, Kaufman County, Texas, the State of Texas or any entity other than the District.

Outstanding Bonds

The Bonds are the District’s fourth series of unlimited tax road bonds. The District currently has \$16,325,000 unlimited tax road bonds outstanding. The District has not issued unlimited tax utility bonds.

Funds

The Bond Order creates a Series 2026 Road Capital Projects Fund (the “Construction Fund”) and confirms the Road Debt Service Fund (the “Road Bond Debt Service Fund”). Accrued interest on the Bonds and 12 months of capitalized interest

at the Bonds' net effective interest rate will be deposited from the proceeds from the sale of the Bonds into the Road Bond Debt Service Fund at closing. All remaining proceeds of the Bonds will be deposited in the Construction Fund or used to pay costs of issuance. The Road Bond Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the Bonds, the Outstanding Bonds and future road bonds is to be kept separate from all other funds of the District, and is to be used for payment of debt service on the Bonds, the Outstanding Bonds and future road bonds. Amounts on deposit in the Road Bond Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar (as herein defined), to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds, the Outstanding Bonds and future road bonds. The District currently does not have a separate utility bond debt service fund for the payment of debt service on unlimited tax utility bonds.

Redemption Provisions

The District reserves the right, at its option, to redeem the Bonds maturing on and after September 1, 2032, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of \$5,000, on September 1, 2031, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

If fewer than all of the Bonds are to be redeemed, the particular maturity or maturities and the amounts thereof to be redeemed shall be determined by the District, provided that if fewer than all the Bonds within a particular maturity are redeemed at any time, the particular Bonds within each such maturity to be redeemed shall be selected by the Paying Agent/Registrar from the Bonds which have not previously been called for redemption, by lot or other customary method of random selection. However, if during any period in which ownership of the Bonds is determined only by a book entry at a securities depository, if fewer than all of the Bonds of the same maturity are to be redeemed, the particular Bonds shall be selected in accordance with arrangements between the District and the securities depository. See "BOOK-ENTRY-ONLY SYSTEM."

Notice of any redemption identifying the Bonds to be redeemed in whole or in part shall be given by the Paying Agent/Registrar at least thirty (30) days prior to the date fixed for redemption by sending written notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the register. By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed, plus accrued interest to the date fixed for redemption. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Bond or portions thereof so redeemed shall no longer be regarded as outstanding except for purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Registered Owners to collect interest which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

Method of Payment of Principal and Interest

The Board has appointed BOKF, NA, having a designated payment office in Dallas, Texas, as the initial paying agent/registrar for the Bonds (the "Paying Agent/Registrar,"). The principal of and interest on the Bonds shall be paid to DTC, which will make distribution of the amounts so paid to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM." Interest calculations are based upon a thirty (30) day month and a three hundred sixty (360) day year. The record date for payment of the interest on any regularly scheduled interest payment date is defined as the 15th day of the month (whether or not a business day) preceding such payment date.

Registration and Transfer

Section 149(a) of the Internal Revenue Code of 1986, as amended, requires that all tax-exempt obligations (with certain exceptions that do not include the Bonds) be in registered form in order for the interest payable on such obligations to be excludable from a Registered Owners' income for federal income tax purposes. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. pursuant to the Book-Entry-Only System described herein. One fully-registered bond will be issued for each maturity of the Bonds and will be deposited with DTC. See "BOOK-ENTRY-ONLY SYSTEM." So long as any Bonds remain outstanding, the District will maintain at least one Paying Agent/Registrar in the State of Texas for the purpose of maintaining the bond register on behalf of the District.

Replacement of Paying Agent/Registrar

Provision is made in the Bond Order for replacement of the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, the new paying agent/registrar shall be required to accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any paying agent/registrar selected by the District shall be either a duly qualified and competent bank or trust company organized under the laws of the State of Texas.

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

(b) A district’s bonds, notes, and other obligations are eligible and lawful security for all deposits of public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic, to the extent of the market value of the bonds, notes, and other obligations when accompanied by any unmatured interest coupons attached to them.”

The Public Funds Collateral Act (Chapter 2257, Texas Government Code) authorizes bonds of the District (including the Bonds) to be eligible as collateral for public funds.

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

Issuance of Additional Debt

The District expects to issue additional bonds to finance road, and water, wastewater and storm drainage facilities as soon as feasible and from time-to-time in order to fully reimburse the Developers for advances made by the Developers to construct roads, and water, wastewater, and storm drainage facilities. The District’s voters have authorized the issuance of a total of \$105,033,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, wastewater and storm drainage facilities, and \$33,772,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing roads and could authorize additional amounts. The District is also authorized to issue unlimited tax refunding bonds in an amount equal to \$131,291,250 for the purpose of refunding Utility Bonds and \$42,215,000 for the purpose of refunding Road Bonds, including the Bonds. The Board is further empowered to borrow money for any lawful purpose and to issue bond anticipation and tax anticipation notes. After issuance of the Bonds, the District will have \$1,182,000 unlimited tax bonds authorized but unissued for road facilities and \$105,033,000 of unlimited tax bonds authorized but unissued for water, wastewater and storm drainage purposes. See “RISK FACTORS—Future Debt.”

The District may issue additional unlimited tax debt within the next 12 months if the taxable assessed valuation increases to allow for the issuance of additional unlimited tax debt.

The Bond Order imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District’s voters or the amount ultimately issued by the District. The District does not employ any formula with respect to the issuance of additional bonds, but currently must comply with formulas promulgated by the Attorney General of the State of Texas (the "Attorney General") with regard to bonds issued for road purposes, and the Texas Commission on Environmental Quality (“TCEQ”), with regard to bonds issued for water, sanitary sewer and drainage purposes, pertaining to assessed valuation and tax rates of the District that may limit the amount of bonds which may be issued in the future. The total amount of bonds and other obligations of the District issued for road purposes, together with the District’s proportionate amount of overlapping road debt, may not exceed one-fourth of the assessed valuation of the real property in the District. All bonds issued by the District must be approved by the Attorney General of the State of Texas. With certain limited exceptions, any bonds issued to acquire or construct water, sanitary sewer, and drainage facilities must additionally be approved by the TCEQ.

The District also is authorized by law to engage in fire-fighting activities, including the issuance of bonds payable from taxes for such purpose. Before the District could issue such bonds, the following actions would be required: (1) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (2) consent from the City of Dallas in whose extraterritorial jurisdiction the District is partially located; (3) approval of master plan and bonds by the TCEQ; and (4) approval of bonds by the Attorney General of Texas. The Board has not considered seeking authorization to engage in fire-fighting activities at this time but may do so in the future. If additional debt obligations for fire-fighting purposes are issued in the future by the District, such issuance may adversely affect the investment security of the Bonds.

The District does not have the statutory authority to issue bonds supported by ad valorem taxes for the development of parks and recreational facilities.

Remedies in Event of Default

Texas law and the Bond Order provide that in the event the District defaults in the payment of the principal of or interest on any of the Bonds when due, fails to make payments required by the Bond Order or defaults in the observance or performance of any of the covenants, conditions, or obligations set forth in the Bond Order, any registered owner (“Registered Owner(s)”) shall be entitled at any time to seek a writ of mandamus from a court of competent jurisdiction compelling and requiring the Board to observe and perform any covenant, obligation or condition prescribed by the Bond Order. Such right is in addition to other rights the Registered Owners may be provided by the laws of the State of Texas.

If the District defaults in the payment of principal, interest, or the redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Order, or defaults in the observance or performance of any other covenants, obligations or conditions prescribed in the Bond Order, a Registered Owner could petition for a writ of mandamus issued by a court of competent jurisdiction compelling and requiring the District and the District’s officials to observe and perform the covenants, obligations or conditions prescribed in the Bond Order. Such remedy might need to be enforced on a periodic basis. Except for a mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. The enforcement of a claim for payment on the Bonds would be subject to the applicable provisions of the federal bankruptcy laws, any other similar laws affecting the rights of creditors of political subdivisions, and general principles of equity. Further, certain traditional legal remedies also may not be available. See “RISK FACTORS—Registered Owners’ Remedies and Bankruptcy Limitations.”

Defeasance

The Bond Order provides for the defeasance of the Bonds when the payment of the principal of the Bonds, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agent, in trust (1) money sufficient to make such payment or (2) Defeasance Securities, maturing as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the Paying Agent/Registrar for the Bonds. The Bond Order provides that “Defeasance Securities” means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The District has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the District moneys in excess of the amount required for such defeasance.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid and thereafter the District will have no further responsibility with respect to amounts available to paying agent (or other financial institution permitted by applicable law) for the payment of such defeased bonds. Provided, however, the District has reserved the option, to be exercised at the time of the defeasance of the Bonds, to call for redemption, at an earlier date, those Bonds which have been defeased to their maturity date, if the District: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements, and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

Annexation

The District is wholly located within the extraterritorial jurisdiction of the City of Dallas, Texas (the “City”). Under Texas law, a municipality may annex and dissolve a special district, such as the District, located within its extraterritorial jurisdiction without consent of the district subject to compliance by the municipality with various requirements of Chapter 43 of the Texas Local Government Code (“Chapter 43”). Under Chapter 43, (a) a municipality may annex a district with a population of less than 200 residents only if: (i) the municipality obtains consent to annex the district through a petition signed by more than 50% of the registered voters of the district, and (ii) if the registered voters in the area to be annexed do not own more than 50% of the land in the area, a petition has been signed by more than 50% of the landowners consenting to the annexation; and (b) a municipality may annex a district with a population of 200 residents or more only if: (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the

registered voters in the area to be annexed do not own more than 50% of the land in the area, a petition has been signed by more than 50% of the landowners consenting to the annexation. Notwithstanding the foregoing, a municipality may annex an area if each owner of land in the area requests the annexation. The District has an estimated population of 1,582 (based on 3.5 persons per occupied home), thus triggering the process discussed in clause (b) above. The above-described election and petition process does not apply, however, during the term of a strategic partnership agreement between a municipality and a district specifying the procedures for annexation of all or a portion of the district. The City and the District are not currently parties to a strategic partnership agreement.

If the District is annexed, the City must assume the assets, functions, and obligations of the District (including the Bonds) and the pledge of taxes will terminate. No representation is made concerning the likelihood of annexation and dissolution or the ability of the City to make debt service payments on the Bonds should dissolution occur.

Consolidation

The District has the legal authority, upon a favorable election in each district, to consolidate with one or more other districts and, thereafter, to become one district and be governed as one district. However, debts created prior to consolidation, such as the Bonds, remain debts of the original districts, payable from taxes levied on land in the original districts as if they had not consolidated or from contributions from the consolidated district on terms stated in the consolidation agreement. No representation is made concerning whether the District will consolidate with any other district, and the District currently has no plans to do so.

BOND INSURANCE

The District has applied for municipal bond insurance on the Bonds. The payment of all associated costs, including the premium charged by the insurer and any fees charged by any rating company will be at the option and expense of the Initial Purchaser. The purchasers of the Bonds should be aware of the following.

Bond Insurance Risks

The District has applied for a bond insurance policy to guarantee the scheduled payment of principal and interest on the Bonds. If an insurance policy is purchased, the following are risk factors pertaining to bond insurance.

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bond shall have a claim under the applicable Bond Insurance Policy (the “Policy”) for such payments. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the District which is recovered by the District from the Bond owner as a voidable preference under applicable bankruptcy law is covered by the Policy, however, such payments will be made by the insurer at such time and in such amounts as would have been due absent such prepayment by the District unless the bond insurer chooses to pay such amounts at an earlier date.

Under no circumstances does default of payment of principal and interest obligate acceleration of the obligations of the bond insurer without their consent, so long as the bond insurer performs its obligations under the applicable Policy. In the event the bond insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the moneys raised pursuant to the applicable bond documents. In the event the bond insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

In the event bond insurance is purchased, the long-term rating on the Bonds will be dependent in part on the financial strength of the bond insurer and its claims paying ability. The bond insurer’s financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the bond insurer and of the Bonds insured by the bond insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See “SALE AND DISTRIBUTION OF THE BONDS – Municipal Bond Insurance.”

The obligations of the bond insurer are general obligations of the bond insurer and in an event of default by the bond insurer the remedies may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies. Neither the District nor the Financial Advisor have made an independent investigation into the claims paying ability of any potential bond insurer and no assurance or representation regarding the financial strength or projected financial strength of any potential bond insurer is given.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of and interest on the Bonds are to be paid to and credited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this

Official Statement. The District and the Financial Advisor (defined herein) believe the source of such information to be reliable, but neither of the District nor the Financial Advisor take any responsibility for the accuracy or completeness thereof.

The District cannot and does not give any assurances that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to Direct Participants (defined herein), (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating of "AA+" from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

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

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

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

ESTIMATED USE AND DISTRIBUTION OF BOND PROCEEDS

Proceeds from the sale of the Bonds will be used to pay the construction costs associated with the items shown below. Additionally, a portion of the proceeds from the sale of the Bonds will be used to pay certain non-construction costs associated with the issuance of the Bonds, capitalized interest, and accrued interest due to the Developers. Non-construction costs are based upon either contract amounts or estimates of various costs by the Engineer and the Municipal Advisor (each hereinafter defined). The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and completion of agreed-upon procedures by the District's auditor. Any surplus funds may be expended for any lawful purpose for which surplus construction funds may be used. No TCEQ approval is required for road bonds, such as the Bonds.

I. CONSTRUCTION COSTS

Developer Contribution Items	District's Share
1. Walden Pond East Phase 1 - Utilities	\$ 2,900,285
2. Walden Pond West Phase 1 - Grading	1,140,622
3. Walden Pond West Phase 1 - Utilities	1,949,068
4. Walden Pond West Phase 1 - Paving	3,037,943
5. Walden Pond South - Utilities	2,119,989
6. Engineering Soft Costs	1,347,560 ⁽¹⁾
Subtotal Developer Contribution Items	\$ 12,495,467

II. NON-CONSTRUCTION COSTS

1. Professional Fees	\$ 759,300
2. Developer Interest	1,581,824 ⁽²⁾
3. Capitalized Interest	852,600
4. Bond Discount	487,200
5. Bond Issuance Expenses	54,109
6. Attorney General Fee	9,500
Total Non-Construction Costs	\$ 3,744,533

TOTAL BOND ISSUE REQUIREMENT	\$ 16,240,000
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(1) Due to bond amount limitations, only a portion is included in this bond.

(2) Estimated developer interest. To be recalculated by District auditor following the bond sale.

In the instance that approved estimated amounts exceed the actual costs, the difference comprises a surplus which may be expended for roads or improvements in aid thereof. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

THE DISTRICT

General

In an order dated November 7, 2018, the Commissioners Court of Kaufman County (the “County”), pursuant to a petition signed by the landowners within the District at the time, granted the creation of Walden Pond Water Control and Improvement District of Kaufman County (“WC&ID”) pursuant to Article XVI, Section 59 of the Texas Constitution and Texas Water Code, Chapters 49 and 51. The WC&ID was created by the County to conserve, transport, and distribute fresh water from any sources for domestic and commercial purposes inside and/or outside of the boundaries of the WC&ID, which may, subject to compliance with requirements of Section 51.121, Texas Water Code, as amended, purchase, construct, acquire, own, operate, repair, improve, and extend sanitary sewer systems to control wastes. At the time of creation, the WC&ID contained 428.771 acres. On March 5, 2019, the WC&ID, 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 4, 2019, the qualified electors of the WC&ID granted to the WC&ID the rights, authority, privileges and functions of a road district under Article III, Section 52(b) 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 December 9, 2019, the Texas Commission on Environmental Quality (“TCEQ”) approved the WC&ID’s request to change its name from “Walden Pond Water Control and Improvement District of Kaufman County” to “Walden Pond Fresh Water Supply District of Kaufman County” (the “District”). On February 23, 2021, the District annexed an additional 93.15 acres bringing the total District area to 521.921 acres. In an order dated January 27, 2022, the TCEQ granted additional powers to the District to provide drainage services in accordance with Texas Water Code Sections 51.331-51.332 and 30 Texas Administrative Code Section 293.15. The District currently operates under Chapters 49, 51 and 53 of the Texas Water Code, as amended.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; the control and diversion of storm water and, the construction, operation and maintenance of macadamized, graveled or paved roads and improvements, including storm drainage, in aid of those roads. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District is not empowered to fund parks and recreational facilities with bonds funded by taxes, independently or with one or more conservation and reclamation districts. The District also is authorized by law to engage in fire-fighting activities, including the issuance of bonds payable from taxes for such purpose. Before the District could issue such bonds, the following actions would be required: (1) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (2) consent from the City of Dallas, in whose extraterritorial jurisdiction the District is partially located; (3) approval of master plan and bonds by the TCEQ; and (4) approval of bonds by the Attorney General of Texas. The Board has not considered seeking authorization to engage in fire-fighting activities at this time, but may do so in the future. If additional debt obligations for fire-fighting purposes are issued in the future by the District, such issuance may adversely affect the investment security of the Bonds.

The TCEQ exercises continuing supervisory jurisdiction over the District. Construction and operation of the District’s utility system is subject to the regulatory jurisdiction of additional governmental agencies. See “THE WATER, WASTEWATER AND DRAINAGE SYSTEM—Regulation.”

Location

The District encompasses approximately 521.921 acres and is located north of U.S. Highway 80, east of Ridge Crest Road and split by Farm to Market 548 in Kaufman County. The District is approximately 25 miles east of the central downtown business district of the City of Dallas, Texas. The District is located wholly within the extraterritorial jurisdiction of the City of Dallas. The District is located within the Forney Independent School District. See “RISK FACTORS—Estimated Overlapping Debt and Taxes” and “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt and Taxes.”

(Continues on following page)

Land Use

The following table has been provided by the Developers and Engineer, and represents the current approved land use within the District.

Phase	Acreage	Planned Single Family Lots	Lots Under Construction	Finished Lots	Vacant Lots	Homes Under Construction	Completed Homes
<i>Walden Pond:</i>							
East Phase 1	116.467	507	0	507	136	0	371
West Phase 1	60.818	211	0	211	52	7	152
South	93.150	400	0	400	326	17	57
Subtotal:	270.435	1,118	0	1,118	514	24	580
<i>Future Development:</i>							
Walden Pond West Phase 2	94.000	385	385	0	0	0	0
Future Phases	157.486	949	0	0	0	0	0
TOTALS	521.921	2,452	385	1,118	514	(1) 24	580
<i>Less:</i>							
<i>Open Space, District Facilities, Amenity Center(s)</i>							
<i>and Other Undevelopable Acreage</i>							
	(85.000)						
<i>Net Developable Acreage</i>	436.921						

(1) See "RISK FACTORS - Undeveloped Acreage and Vacant Developed Lots."

Status of Development

Single-Family Residential: A portion of the District is currently developed as Walden Pond East Phase 1 (507 single-family residential lots), Walden Pond West Phase 1 (211 single-family residential lots) and Walden Pond South (400 single-family residential lots). All lots within Walden Pond East Phase 1, Walden Pond West Phase 1 and Walden Pond South have been delivered. Walden Pond West Phase 2 (385 single-family residential lots) has commenced grading/excavation.

Lennar, Brightland Homes, Pacesetter Homes, Mattamy Homes, UnionMain Homes, RockWell Homes and DRB Homes are currently active homebuilders within the District. As of August 28, 2025, Lennar, Brightland Homes, Pacesetter Homes, Mattamy Homes, UnionMain Homes, RockWell Homes and DRB Homes (the "Homebuilders") had completed 580 homes (including 11 models) and had 24 homes under construction within the District. Existing homes and homes under construction within the District are currently being offered from \$223,174 (1,395 sq. ft.) to 449,000 (3,177 sq. ft.), according to the Homebuilders.

The Kaufman Central Appraisal District reported a \$277,957 average taxable value of a homestead within the District as of Tax Year 2025.

Recreation: At this time, amenities consisting of open green space, pocket parks, hike and bike trails, have been completed in Walden Pond East Phase 1, Walden Pond West Phase 1, and Walden Pond South. The Walden Pond East amenity center and the Walden Pond West swimming pool are expected to be constructed along Walden Pond East Phase 2 and Walden Pond West Phase 2.

Future Development

There are approximately 252 acres of land that remain to be developed within the District, including approximately 94 acres currently under construction for Walden Pond West Phase 2. The District makes no representation as to when or if development of currently undeveloped but developable acreage will occur. As of August 28, 2025 there were no lots under construction within the District outside of Walden Pond West Phase 2. See "THE DISTRICT—Land Use." The District's consulting engineer ("the Engineer") has stated that under current development plans, the remaining authorized but unissued

bonds should be sufficient to finance the construction of water, wastewater, storm drainage facilities, and roads to complete the District's water and wastewater and roads systems for full development of the District. See "THE ROAD SYSTEM," "THE WATER, WASTEWATER AND DRAINAGE SYSTEM" and "RISK FACTORS—Future Debt."

THE DEVELOPERS

Role of a Developer

In general, the activities of a landowner or developer in a district such as the District include designing the project, defining a marketing program and setting building schedules; securing necessary governmental approvals and permits for development; arranging for the construction of roads and the installation of utilities; and selling or leasing improved tracts or commercial reserves to other developers or third parties. A developer is under no obligation to a district to undertake development activities according to any particular plan or schedule. Furthermore, there is no restriction on a developer's right to sell any or all of the land which the developer owns within a district. In addition, the developer is ordinarily the major taxpayer within the district during the early stages of development. The relative success or failure of a developer to perform in the above-described capacities may affect the ability of a district to collect sufficient taxes to pay debt service and retire bonds.

Prospective purchasers of the Bonds should note that the prior real estate experience of the Developers should not be construed as an indication that further development within the District will occur, or that construction of taxable improvements upon property within the District will occur, or that marketing or leasing of taxable improvements constructed upon property within the District will be successful. Circumstances surrounding development within the District may differ from circumstances surrounding development of other land in several respects, including the existence of different economic conditions, financial arrangements, homebuilders, geographic location, market conditions, and regulatory climate. Prospective purchasers are urged to inspect the District in order to acquaint themselves with the nature of the business activities of the Developers. See "RISK FACTORS—Landowners/Developer/Homebuilders Under No Obligation to the District."

The Developers

MM Walden Pond, LLC, a Texas limited liability company, MM Walden Pond West, LLP, a Texas limited liability company, and MM Forney 92, LLC, a Texas limited liability company (together, "Developers") are the primary developers of land within the District. The Developers are managed in the Centurion American Development Group family, whose founder and owner is Mehrdad Moayedi. Centurion American Development Group is in the business of acquiring and improving land for the development of residential housing communities. The Developers currently own most of the land within the District held for future development of approximately 2,452 single-family residential lots.

The Developers are minimally capitalized entities whose primary assets are its respective real estate project located in the District. Currently, the means by which the Developers expect to make timely payment of their taxes owed to the District are (i) proceeds borrowed from their construction and/or interim finance lenders, (ii) advances made to the Developers by its investor limited partners, or (iii) proceeds from the sale of developed lots to builders.

Land purchase and construction within Walden Pond East Phase 1 has been partially financed with loans provided by American National Bank and TREZ Capital to MM Walden Pond, LLC. As of November 15, 2025, the loan balances were \$0 and \$593,936, respectively. Land purchase and construction within Walden Pond West Phase 1 and Walden Pond South has been financed with loans provided by TREZ Capital to MM Walden Pond West, LLC and MM Forney 92, LLC, such loans have been refinanced and the outstanding amount as of November 15, 2025 was \$19,380,439.

The Developers have obtained financing for a portion of the development of the District through the Public Finance Authority of Wisconsin (the "PFA"). The PFA issued certain special revenue bonds \$14,215,000 Special Revenue Bonds, Series 2023A (the "PFA Bonds"), which are secured in part by the sale and assignment of the Developers' right to receive proceeds from the future sale of unlimited tax bonds issued by the District. According to the Developers, they are currently in compliance with all material representations and certifications made with respect to the PFA Bonds and have made the necessary certifications required by the Texas Attorney General ensuring the proceeds of the Bonds are being used for lawful purposes authorized under Texas law. See "RISK FACTORS – Approval of the Bonds."

The Developers are not responsible for, liable for, obligated to, and have not made any commitment for payment of the Bonds or other obligations of the District, and any description of their financing arrangements or financial condition described herein should not be construed as an implication to that effect. The Developers have no legal commitment to the District or owners of the Bonds to continue development of land within the District and may sell or otherwise dispose of their properties within the District, or any other assets, at any time.

Homebuilders

Lennar, Brightland Homes, Pacesetter Homes, Mattamy Homes, UnionMain Homes, RockWell Homes and DRB Homes are currently active homebuilders within the District. As of August 28, 2025, the Homebuilders had completed 580 homes (including 11 models) and had 24 homes under construction within the District. Existing homes and homes under construction within the District are currently being offered from \$223,174 (1,395 sq. ft.) to \$449,000 (3,177 sq. ft.), according to the Homebuilders.

As of August 28, 2025, the Homebuilders owned 446 lots within Walden Pond East Phase 1, Walden Pond West Phase 1 and Walden Pond South on which there were 128 finished homes and 24 homes under construction. 220 finished but vacant lots currently owned by the Developers are under contract with the Homebuilders.

The contracts for sale of lots between the Developers and homebuilders require that earnest money be deposited with a title company, typically 19% of the total lot price of the completed lots, and establish certain required purchases on a fixed schedule. The Developers' sole remedies for homebuilders not purchasing lots in accordance with the contracts is cancellation of the contract and retention of earnest money.

MANAGEMENT OF THE DISTRICT

Board of Supervisors

The District is governed by the Board, consisting of five (5) supervisors, which has control over and management supervision of all affairs of the District. Supervisors are elected to staggered four-year terms and elections are held in May in even numbered years only. All of the Board members own land within the District. The current members and officers of the Board along with their titles and terms, are listed as follows:

<u>Name</u>	<u>Position</u>	<u>Term Expiration</u>
Linda Patman	President	May 2026
Blake Beercroft	Vice President	May 2028
Yvette Hodges	Secretary	May 2026
Sharon Kline	Assistant Secretary	May 2026
Clinton Wheeler	Assistant Secretary	May 2028

District Consultants

The District does not have a general manager or other full-time employees, but contracts for certain necessary services as described below.

Bond & General Counsel: Winstead PC, Dallas, Texas serves as Bond Counsel and General Counsel to the District. The fees of Bond Counsel are contingent upon the sale and delivery of the Bonds.

Disclosure Counsel: McCall Parkhurst & Horton L.L.P., Dallas, Texas, has been engaged by the District to serve as "Disclosure Counsel" for the District. Fees for services rendered by Disclosure Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

Municipal Advisor: Hilltop Securities Inc., Dallas, Texas, serves as the District's Financial Advisor. The fee for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds.

Tax Assessor/Collector: The Kaufman Central Appraisal District (the "Appraisal District") has the responsibility of appraising all property within the District. See "TAXING PROCEDURES." The District has contracted with Kaufman County Tax-Assessor-Collector, to perform the tax collection function.

Engineer: The District’s consulting engineer is Barraza Consulting Group, LLC, Richardson, Texas.

Bookkeeper: The District has contracted with Dye & Toverly, LLC, Plano, Texas for bookkeeping services.

Auditor: The District engaged McCall Gibson Swedlund Barfoot Ellis PLLC, Certified Public Accountants, to prepare the District’s audited financial statements for the year ended June 30, 2025, attached hereto as Appendix A.

Utility System Operator: The District contracts with Inframark, LLC for maintenance and operation of the District’s Utility System.

THE WATER, WASTEWATER AND DRAINAGE SYSTEM

Regulation

Construction and operation of the District’s water, wastewater and storm drainage system (the “Utility System”) as it now exists or as it may be expanded from time to time is subject to regulatory jurisdiction of federal, state and local authorities. The TCEQ exercises continuing, supervisory authority over the District. Discharge of treated sewage into Texas waters is also subject to the regulatory authority of the TCEQ and the United States Environmental Protection Agency.

Water Supply

Walden Pond East obtains water service from Kaufman County Fresh Water Supply District No. 1-A (“KCFWSD No. 1-A”) pursuant to an Amended and Restated Interlocal Agreement for Water and Wastewater Treatment Services dated July 5, 2022 (the “East ILA”). Walden Pond West and Walden Pond South obtain retail water service from High Point Special Utility District (“High Point SUD”) by virtue of those portions of the District being located within High Point SUD’s certificated service area. The District has water capacity reserved to serve such portions through a Ground Water Storage Capacity Reservation and Pro Rata Share of Construction Expenses Escrow Agreement and an Elevated Water Storage Capacity Reservation and Pro Rata Share of Construction Expenses Escrow Agreement, each approved by the Board on August 4, 2022. As retail customers of High Point SUD, the residents within Walden Pond West and Walden Pond South are subject to the rates and fees set by High Point SUD.

Wastewater Treatment

The District obtains wastewater treatment service from KCFWSD No. 1-A pursuant to the East ILA and to an Amended and Restated Interlocal Agreement for Wastewater Treatment Services dated July 5, 2022, which covers the west and south portions of the District. KCFWSD No. 1-A has reserved wastewater capacity with the City of Forney for the disposal of its wastewater and the wastewater produced within the District pursuant to an Agreement Regarding Wastewater Treatment Service dated October 1, 2019 by and between the City of Forney and KCFWSD No. 1-A, as amended, which permits KCFWSD No. 1-A to provide service to the District.

Water Distribution, Wastewater Collection and Storm Drainage Facilities

The District will operate and maintain the water distribution, wastewater collection services and drainage facilities within the District’s boundaries. The District has contracted with Inframark, LLC for the maintenance and operation of the District’s water distribution, wastewater collection and drainage facilities.

Flood Protection

According to the District’s Engineer, none of the developable land is within the 100-year floodplain. The District contains certain areas within the 100-year floodplain and those areas are designated as drainage ways and easements. No lots are proposed within the 100-year floodplain.

THE ROAD SYSTEM

Construction of the District’s roads is subject to certain regulation by the County. All roads within the District are to be operated and maintained by the District, unless Kaufman County agrees to maintain such roads by formal action of the Kaufman County Commissioners Court. To date, no such action has occurred, and the Road System is currently expected to be operated and maintained by the District.

Roads within the District are constructed with reinforced concrete pavement with curbs on moisture conditioned and lime stabilized subgrade. The local interior streets within the project and are typically 50 feet right-of-way with feet wide (between curbs). The Road System also includes streetlights, landscape and hardscape. Franchise utilities (power, phone, gas and cable) are typically located adjacent to the roadway. Public utilities such as water, wastewater and storm drainage are typically located within street rights of way.

DISTRICT OPERATING STATEMENT

The Bonds are payable from an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property in the District. Although not pledged to the payment of the Bonds, net revenue from operations of the District’s utility system, if any, are available for any legal purpose, including, upon Board action, the payment of debt service on the Bonds. It is anticipated that no significant system revenues will be available for debt service on the Bonds in the foreseeable future. See Appendix A.

The District has engaged McCall Gibson Swedlund Barfoot Ellis PLLC, Certified Public Accountants, to perform certain agreed-upon procedures related to the use of proceeds from the Bonds to reimburse the Developers. Further, the District engaged McCall Gibson Swedlund Barfoot PLLC to prepare the audit for the fiscal year ending June 30, 2025, attached hereto as Appendix A.

FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

Assessed Value, Debt Ratios and Fund Balances

2025 Certified Estimate of Net Taxable Assessed Valuation	\$ 173,388,636 ⁽¹⁾
Estimated Taxable Assessed Valuation as of August 28, 2025	\$ 230,948,530 ⁽²⁾
Gross Direct Debt Outstanding upon Issuance of the Bonds	\$ 32,565,000
Ratio of Gross Direct Debt to 2025 Certified Taxable Assessed Valuation	18.78%
Ratio of Gross Direct Debt to Estimated Taxable Assessed Valuation as of August 28, 2025	14.10%
Estimated Road Bond Debt Service Fund Balance (at Delivery Date of the Bonds)	\$ 1,466,473 ⁽³⁾
General Fund Balance as of November 20, 2025	\$ 141,556 ⁽⁴⁾

(1) As provided by the Kaufman Central Appraisal District. Includes \$6,592,886 values under protest as of certification.

(2) As provided by the Kaufman Central Appraisal District for informational purposes only. No taxes will be levied on this amount.

(3) Any funds in the Road Bond Debt Service Fund are pledged only to pay the debt service on the Bonds, the Outstanding Bonds and any additional road bonds. Neither Texas law nor the Bond Order requires the District to maintain any minimum balance in the Road Bond Debt Service Fund. Upon delivery of the Bonds, the District will deposit 12 months of capitalized interest at the Bonds' net effective interest rate plus accrued interest from the Dated Date to the Delivery Date in the Road Bond Debt Service Fund.

(4) See "RISK FACTORS - Operating Funds."

Investments of the District

The District has adopted an Investment Policy as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code. The District’s goal is to preserve principal and maintain liquidity while securing a competitive yield on its portfolio. Funds of the District are invested in short term U.S. Treasuries, certificates of deposit insured by the Federal Deposit Insurance Corporation (“FDIC”) or secured by collateral evidenced by perfected safekeeping receipts held by a third party bank, and public funds investment pools rated in the highest rating category by a nationally recognized rating service. The District does not currently own, nor does it anticipate, the inclusion of long term securities or derivative products in the District portfolio.

Anticipated Issuance of Additional Debt

The District may issue additional unlimited tax debt with in the next 12 months if the taxable assessed valuation increases to allow for the issuance of additional unlimited tax debt.

On May 2, 2020, the District's voters authorized the issuance of a total of \$105,033,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, wastewater and storm drainage facilities, and \$33,772,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing roads and could authorize additional amounts. The District is also authorized to issue unlimited tax refunding bonds in an amount equal to \$131,291,250 for the purpose of refunding Utility Bonds and \$42,215,000 for the purpose of refunding Road Bonds, including the Bonds. The Board is further empowered to borrow money for any lawful purpose and to issue bond anticipation and tax anticipation notes. After issuance of the Bonds, the District will have \$1,182,000 unlimited tax bonds authorized but unissued for road facilities and \$105,033,000 of unlimited tax bonds authorized but unissued for water, wastewater and storm drainage purposes. See "RISK FACTORS—Future Debt."

The Bond Order will impose no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District. The District does not employ any formula with respect to the issuance of additional bonds, but currently must comply with formulas promulgated by the Attorney General of the State of Texas (the "Attorney General") with regard to bonds issued for road purposes, and the Texas Commission on Environmental Quality ("TCEQ"), with regard to bonds issued for water, sanitary sewer and drainage purposes, pertaining to assessed valuation and tax rates of the District that may limit the amount of bonds which may be issued in the future. The total amount of bonds and other obligations of the District issued for road purposes, together with the District's proportionate amount of overlapping road debt, may not exceed one-fourth of the assessed valuation of the real property in the District. All bonds issued by the District must be approved by the Attorney General of the State of Texas. With certain limited exceptions, any bonds issued to acquire or construct water, sanitary sewer, and drainage facilities must additionally be approved by the TCEQ.

Outstanding Unlimited Tax Road Bonds

The District issued \$1,250,000 unlimited tax road bonds in November 2022, \$2,450,000 unlimited tax road bonds in December 2023, \$7,550,000 unlimited tax road bonds in September 2024 and \$5,100,000 unlimited tax road bonds in December 2024. \$16,325,000 unlimited tax road bonds are currently outstanding as of the date of this Official Statement.

Outstanding Unlimited Tax Utility Bonds

The District has never issued unlimited tax utility bonds.

Unlimited Tax Bonds Voted Authorization

Purpose	Date Authorized	Amount Authorized	Amount Previously Issued	Amount Being Issued	Unissued Balance
Utility Bonds	5/2/2020	\$ 105,033,000	\$ -	\$ -	\$ 105,033,000
Refunding Utility Bonds	5/2/2020	131,291,250	-	-	131,291,250
Road Bonds	5/2/2020	33,772,000	16,350,000	16,240,000	1,182,000
Refunding Road Bonds	5/2/2020	42,215,000	-	-	42,215,000
Total		<u>\$ 312,311,250</u>	<u>\$ 16,350,000</u>	<u>\$ 16,240,000</u>	<u>\$ 279,721,250</u>

(Continues on following page)

Pro Forma Debt Service Requirements

The following sets forth the debt service requirements on the Outstanding Bonds and the estimated debt service requirements on the Bonds.

Calendar Year Ending 31-Dec	Outstanding Debt Service			The Bonds ⁽¹⁾			Total Unlimited Tax Debt Service	% of Principal Retired
	Principal	Interest	Total D/S	Principal	Interest	Total D/S		
2025	\$ 25,000	\$ 629,715	\$ 654,715	\$ -	\$ -	\$ -	\$ 654,715	
2026	70,000	730,300	800,300	-	568,400	568,400	1,368,700	
2027	385,000	726,900	1,111,900	-	852,600	852,600	1,964,500	
2028	405,000	707,150	1,112,150	125,000	852,600	977,600	2,089,750	
2029	420,000	686,450	1,106,450	140,000	846,038	986,038	2,092,488	
2030	440,000	664,900	1,104,900	150,000	838,688	988,688	2,093,588	6.63%
2031	460,000	642,400	1,102,400	160,000	830,813	990,813	2,093,213	
2032	480,000	617,750	1,097,750	170,000	822,413	992,413	2,090,163	
2033	505,000	593,469	1,098,469	180,000	813,488	993,488	2,091,956	
2034	530,000	569,569	1,099,569	190,000	804,038	994,038	2,093,606	
2035	555,000	544,356	1,099,356	200,000	794,063	994,063	2,093,419	17.15%
2036	580,000	520,681	1,100,681	210,000	783,563	993,563	2,094,244	
2037	605,000	495,981	1,100,981	220,000	772,538	992,538	2,093,519	
2038	630,000	470,144	1,100,144	230,000	760,988	990,988	2,091,131	
2039	660,000	443,256	1,103,256	240,000	748,913	988,913	2,092,169	
2040	690,000	415,031	1,105,031	250,000	736,313	986,313	2,091,344	30.39%
2041	720,000	384,969	1,104,969	265,000	723,188	988,188	2,093,156	
2042	755,000	353,544	1,108,544	275,000	709,275	984,275	2,092,819	
2043	790,000	320,619	1,110,619	285,000	694,838	979,838	2,090,456	
2044	825,000	286,131	1,111,131	300,000	679,875	979,875	2,091,006	
2045	865,000	250,031	1,115,031	315,000	664,125	979,125	2,094,156	46.95%
2046	905,000	212,169	1,117,169	325,000	647,588	972,588	2,089,756	
2047	945,000	172,494	1,117,494	345,000	630,525	975,525	2,093,019	
2048	990,000	130,944	1,120,944	360,000	612,413	972,413	2,093,356	
2049	1,035,000	88,063	1,123,063	375,000	593,513	968,513	2,091,575	
2050	1,080,000	43,200	1,123,200	395,000	573,825	968,825	2,092,025	67.67%
2051	-	-	-	1,540,000	553,088	2,093,088	2,093,088	
2052	-	-	-	1,620,000	472,238	2,092,238	2,092,238	
2053	-	-	-	1,705,000	387,188	2,092,188	2,092,188	
2054	-	-	-	1,795,000	297,675	2,092,675	2,092,675	
2055	-	-	-	1,890,000	203,438	2,093,438	2,093,438	93.91%
2056	-	-	-	1,985,000	104,213	2,089,213	2,089,213	100.00%
	<u>\$ 16,350,000</u>	<u>\$ 11,700,215</u>	<u>\$ 28,050,215</u>	<u>\$ 16,240,000</u>	<u>\$ 20,372,450</u>	<u>\$ 36,612,450</u>	<u>\$ 64,662,665</u>	

(1) Interest Rate calculated at a market interest rate for illustration purposes only.

Estimated Maximum Annual Debt Service Requirement (2036)	\$2,094,244
Estimated Average Annual Debt Service Requirements (2026-2056).....	\$2,064,773

(Continues on following page)

Estimated Overlapping Debt and Taxes

The following table indicates the outstanding debt payable from ad valorem taxes of governmental entities within which the District is located and the estimated percentages and amounts of such indebtedness attributable to property within the District. Debt figures equated herein to outstanding obligations payable from ad valorem taxes are based upon data obtained from individual jurisdictions or Texas Municipal Reports compiled and published by the Municipal Advisory Council of Texas. Furthermore, certain entities listed below may have issued additional obligations since the date listed and may have plans to incur significant amounts of additional debt. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for the purposes of operation, maintenance and/or general revenue purposes in addition to taxes for the payment of debt service and the tax burden for operation, maintenance and/or general revenue purposes is not included in these figures. The District has no control over the issuance of debt or tax levies of any such entities.

Property within the District is subject to taxation by several taxing authorities in addition to the District. On January 1 of each year a tax lien attaches to property to secure the payment of all taxes, penalties and interest imposed on such property. The lien exists in favor of each taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with tax liens of taxing authorities shown below. In addition to ad valorem taxes required to pay debt service on bonded debt of the District and other taxing authorities, certain taxing jurisdictions, including the District, are also authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Set forth below is an approximate calculation of overlapping debt and the tax rates imposed for the 2025 tax year by all taxing jurisdictions overlapping the District. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges or any other levy of entities other than political subdivisions.

Taxing Jurisdiction	2025 Taxable Assessed Value ⁽¹⁾	2025 Total Tax Rate	Total Debt as of 12/1/2025	Estimated % Applicable	District's Overlapping Debt as of 12/1/2025
The District	\$ 173,388,636	\$ 1.0000	\$ 32,565,000 ⁽²⁾	100.00%	\$ 32,565,000
Kaufman County (incl. Road & Bridge tax rate)	28,412,075,356	0.4151	208,605,000	0.61%	1,273,041
Kaufman County Emergency Services District No. 6	7,555,838,961	0.0492	-	2.29%	-
Forney Independent School District	11,621,681,574	1.2869	1,264,104,911	1.49%	18,859,700
Total Direct and Overlapping Tax Debt		\$ 2.7513	\$ 1,505,274,911		\$ 52,697,741
Ratio of Direct and Overlapping Tax Debt to 2025 Certified Taxable Assessed Valuation					30.39%
Ratio of Direct and Overlapping Tax Debt to Estimated Taxable Assessed Valuation as of August 28, 2025					25.71%

(1) As reported by the Appraisal District.

(2) Includes the Bonds.

TAX DATA

Debt Service Tax

The Board covenants in the Bond Order to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds and any future road bonds. The District may also levy a tax to provide funds to pay the principal and interest on any future utility bonds. On September 11, 2025, the District adopted a \$0.6361 per \$100 of taxable assessed valuation tax to pay road bond debt service. See "TAX DATA— Tax Rate Distribution," and "—Tax Roll Information" and "TAXING PROCEDURES."

Maintenance and Operations Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for the operation and maintenance of the District, if such a maintenance and operations tax is authorized by the District's voters.

A maintenance and operations tax election was conducted on May 4, 2019. The voters of the District authorized, among other things, the Board to levy a maintenance and operations tax rate not to exceed \$1.00 per \$100 of taxable assessed valuation

for operation and maintenance purposes, including but not limited to planning, constructing, acquiring, maintaining, repairing and operating all necessary land, plants, works, facilities, improvements, appliances and equipment of water, sewer and drainage of the District and for paying costs of proper services, engineering and legal fees and organization and administrative expenses, in accordance with the constitution and laws of the State of Texas, including particularly (but not by way of limitation) Section 49.107 of the Texas Water Code.

A maintenance and operations tax is in addition to unlimited debt service taxes which the District is authorized to levy for paying principal of and interest on the Bonds. On September 11, 2025, the District adopted a tax rate of \$0.3639 per \$100 of taxable assessed valuation for maintenance and operation purposes.

Contract Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax to make payments under a contract, if the provisions of the contract have been approved by a majority of the qualified voters of the District, and such tax is approved by the TCEQ. To date, the voters in the District have not approved contracts between the District and other parties and the levy of a tax without legal limitation as to rate or amount in support thereof. Such tax would be in addition to taxes which the District is authorized to levy for paying principal of and interest on its road bonds and water and sewer bonds, and taxes for the maintenance and operations of the District.

Tax Exemptions

The District has not adopted any optional exemptions for property located within the District. See “TAXING PROCEDURES”.

Tax Rate Distribution

Tax Year	Calendar Year	Taxable Assessed Valuation	Total Tax Rate	Distribution		Total Tax Levy	Maintenance & Operations Tax Levy	Total Debt Service Tax Levy
				Maintenance Tax Rate	Debt Service Tax Rate			
2022	2023	\$ 7,608,979	\$ 1.0000	\$ 1.0000	\$ -	\$ 76,090	\$ 76,090	\$ -
2023	2024	16,284,951	1.0000	0.3625	0.6375	162,850	59,033	103,817
2024	2025	66,749,233	1.0000	0.6012	0.3988	667,492	401,296	266,196
2025	2026	173,388,636	1.0000	0.3639	0.6361	1,733,886	630,961	1,102,925

The District levied an ad valorem property tax for the first time in Tax Year 2022.

Historical Tax Collections

Tax Year	Calendar Year	Taxable Assessed Valuation	Total Tax Rate	Total Tax Levy	% Current Collections	% Total Collections	
2022	2023	\$ 7,608,979	\$ 1.0000	\$ 76,090	100.00%	100.00%	
2023	2024	16,284,951	1.0000	162,850	100.00%	100.00%	
2024	2025	66,749,233	1.0000	667,492	99.51% ⁽¹⁾	99.51% ⁽¹⁾	
2025	2026	173,388,636	1.0000	1,733,886	0.00% ⁽²⁾	0.00% ⁽²⁾	

(1) Unaudited.

(1) As of October 31, 2025. Tax Year 2025 property taxes are due on January 31, 2026.

(Continues on following page)

Tax Roll Information

The District's appraised value as of January 1 of each year is used by the District in establishing its tax rate. See "TAXING PROCEDURES—Valuation of Property for Taxation."

	2022	2023	2024	2025
Land	\$ 16,420,210	\$ 22,460,157	\$ 47,159,342	\$ 79,665,494
Improvements	640,408	764,181	25,668,329	99,686,856
Personal Property	-	-	96,157	238,824
Minerals	-	-	-	-
Exemptions	(9,451,639)	(6,939,387)	(6,174,595)	(6,202,538)
Net Taxable Assessed Valuation	\$ 7,608,979	\$ 16,284,951	\$ 66,749,233	\$ 173,388,636

Principal Taxpayers

The following table represents the principal taxpayers, the taxable assessed value of such property, and such property's taxable appraised value as a percentage of the 2025 Net Taxable Assessed Valuation of \$173,388,636.

Name of Taxpayer	Nature of Property	2025 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Mattamy Texas LLC ^(a)	Homebuilder	\$ 11,276,900	6.50%
MM Walden South FL 1 LLC ^(b)	Real Estate/Development	11,063,000	6.38%
MM Walden Pond LLC ^(b)	Real Estate/Development	5,810,343	3.35%
Brightland Homes, Ltd ^(a)	Homebuilder	5,300,680	3.06%
Sumeer Homes Inc. ^(a)	Homebuilder	4,360,503	2.51%
Union Main Homes LLC ^(a)	Homebuilder	2,145,470	1.24%
Rockwell TX LLC (268270) ^(a)	Homebuilder	1,947,936	1.12%
Pacesetter Homes LLC (268893) ^(a)	Homebuilder	1,930,851	1.11%
Rockwell TX LLC (270402) ^(a)	Homebuilder	1,483,189	0.86%
Pacesetter Homes LLC (263637) ^(a)	Homebuilder	1,400,003	0.81%
		<u>\$ 46,718,875</u>	<u>26.94%</u>

(a) See "THE DEVELOPERS – Homebuilders."

(b) Related entities. See "THE DEVELOPERS – The Developers."

(Continues on following page)

Tax Adequacy for Debt Service

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 appraised valuation which would be required to meet estimated average annual and maximum debt service requirements if no growth in the District's tax base occurred beyond the 2025 Certified Net Taxable Assessed Valuation of \$173,388,636 and the Estimated Taxable Assessed Valuation as of August 28, 2025 of \$230,948,530. The calculations contained in the following table merely represent the tax rates required to pay debt service on the Bonds, when due, assuming no further increase or any decrease in taxable values in the District, collection of ninety-seven percent (98%) of taxes levied, the sale of no additional bonds, and no other funds available for the payment of debt service. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."

<i>Estimated</i> Annual Debt Service Requirement (2026)	\$ 1,368,700
<i>Estimated</i> Average Annual Debt Service Requirement (2026-2056)	\$ 2,064,773
<i>Estimated</i> Maximum Annual Debt Service Requirement (2036)	\$ 2,094,244

Based upon the 2025 Certified Net Taxable Assessed Valuation

Tax Rate Required to Pay Annual Debt Service Requirement (2026)	\$ 0.8055
Tax Rate Required to Pay Average Annual Debt Service Requirement (2026-2056)	\$ 1.2151
Tax Rate Required to Pay Maximum Annual Debt Service Requirement (2036)	\$ 1.2325

Based upon the Estimated Taxable Assessed Valuation as of August 28, 2025

Tax Rate Required to Pay Annual Debt Service Requirement (2026)	\$ 0.6047
Tax Rate Required to Pay Average Annual Debt Service Requirement (2026-2056)	\$ 0.9123
Tax Rate Required to Pay Maximum Annual Debt Service Requirement (2036)	\$ 0.9253

TAXING PROCEDURES

Authority to Levy Taxes

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

Property Tax Code and County-Wide Appraisal District

The Texas Property Tax Code (the "Property Tax Code") requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas a single appraisal district with the responsibility for recording and appraising property for all taxing units within a county and a single appraisal review board with the responsibility for reviewing and equalizing the values established by the appraisal district. The Kaufman Central Appraisal District (the "Appraisal District") has the responsibility for appraising property for all taxing units within Kaufman County, including the District. Such appraisal values are subject to review and change by the Kaufman County Appraisal Review Board (the "Appraisal Review Board"). Under certain circumstances, taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Board by filing a petition for review in State district court. In such event, the value of the property in question will be determined by the court or by a jury if requested by any party. Absent any such appeal, the appraisal roll, as prepared by the Appraisal District and approved by the Appraisal Review Board, must be used by each taxing jurisdiction in establishing its tax roll and tax rate. The District is eligible, along with all other conservation and reclamation districts within Kaufman County, to participate in the nomination of and vote for a member of the Board of Supervisors of the Appraisal District.

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property and tangible personal property in the District is subject to taxation by the District; however, it is expected that no effort will be made by the District to collect taxes on personal

property other than on personal property rendered for taxation, business inventories and the property of privately owned utilities. Principal categories of exempt property include: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; farm products owned by the producer; all oil, gas and mineral interests owned by an institution of higher education; certain property owned by exclusively charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; solar and wind-powered energy devices; and most individually owned automobiles. In addition, the District may by its own action exempt certain property owned by qualified organizations engaged primarily in charitable purposes, residential homesteads of persons sixty-five (65) years or older or under a disability for purposes of payment of disability insurance benefits under the Federal Old-Age Survivors and Disability Insurance Act to the extent deemed advisable by the Board. The District has not adopted 65 and older or disabled exemptions. The District would be required to call an election on such residential homestead exemption upon petition by at least twenty percent (20%) of the number of qualified voters who voted in the District's preceding election and would be required to offer such an exemption if a majority of voters approve it at such election. The District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, to between \$5,000 and \$12,000 of assessed valuation depending upon the disability rating of the veteran. A veteran who receives a disability rating of 100% and, subject to certain conditions, the surviving spouse of such a veteran, is entitled to an exemption for the full amount of the veteran's residential homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. This exemption also applies to a residence homestead that was donated by a charitable organization at some cost to such veterans. In addition, the surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the first responder's death, and said property was the first responder's residence homestead at the time of death. Such exemption would be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2011 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2013 and subsequent years, such Goods-in-Transit Exemption is limited to tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken no official action to allow taxation of all such goods-in-transit personal property.

General Residential Homestead Exemption

The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the market value of residential homesteads, but not less than \$5,000, if any exemption is granted, from ad valorem taxation. The law provides, however, that where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The District has not granted a general residential homestead exemption.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Assessments under the Property Tax Code are to be based upon one hundred percent (100%) of market value. The appraised value of residential homestead property may be limited to the lesser of the market value of the property, or the sum of the appraised value of the property for the last year in which it was appraised, plus ten percent (10%) of such appraised value multiplied by the number of years since the last appraisal, plus the market value of all new improvements on the property. Once an appraisal roll is prepared and approved by the Appraisal Review Board, it is used by the District in establishing its tax rate.

The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraised values. The plan must provide for appraisal of all real property by the Appraisal District at least once every three (3) years. It is not known what frequency of reappraisal will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis.

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the District, may appeal orders of the Appraisal Review Board by filing a petition for review in district court within forty-five (45) days after notice is received that a final order has been entered. In such event, the property value in question may be determined by the court, or by a jury, if requested by any party. Additionally, taxing units may bring suit against the Appraisal Districts to comply with the Property Tax Code. The District may challenge the level of appraisal of a certain category of property, the exclusion of property from the appraisal rolls or the grant, in whole or in part, of an exemption. The District may not, however, protest a valuation of any individual property.

The Property Tax Code establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals that are higher than renditions and appraisals of property not previously on an appraisal roll.

Rollback of Operation and Maintenance Tax Rate

Chapter 49 of the Texas Water Code, as amended, classifies districts differently based on the current operation and maintenance tax rate or on the percentage of build-out that the district has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per \$100 of taxable value are classified as "Special Taxing Units." Districts that have financed, completed, and issued bonds to pay for all improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as "Developed Districts." Districts that do not meet either of the classifications previously discussed are classified herein as "Developing Districts." The impact each classification has on the ability of a district to increase its maintenance and operations is described for each classification below. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

Special Taxing Units

Special Taxing Units that adopt a total tax rate that would impose more than 1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Special Taxing Unit is the current year's debt service and contract tax rate plus 1.08 times the previous year's maintenance and operations tax rate.

Developed Districts

Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions for the preceding tax year, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus 1.035 times the previous year's maintenance and operations tax rate plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor or the President (herein defined), alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Special Taxing Unit and a Developed District, the district will be subject to the maintenance and operations tax threshold applicable to Special Taxing Units.

Developing Districts

Districts that do not meet the classification of a Special Taxing Unit or a Developed District can be classified as Developing Districts. The qualified voters of these districts, upon the Developing District's adoption of a total tax rate that would impose more than 1.08 times the amount of the total tax rate imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are authorized to petition for an election to reduce the maintenance and operations tax rate. If an election is called and passes, the total tax rate for Developing Districts is the current year's debt service and contract tax rate plus 1.08 times the previous year's maintenance and operations tax rate.

The District

For the 2025 tax year, the District is designated as a Developing District. For future years, a determination as to the District's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board on an annual basis. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

Agricultural, Open Space, or Timberland Deferment

The Property Tax Code permits land designated for agricultural use (including wildlife management), open space, or timberland to be appraised at its value based on the land's capacity to produce agriculture or timber products rather than at its fair market value. The Property Tax Code permits, under certain circumstances, that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who could continue the business. Landowners wishing to avail themselves of any of such designations must apply for the designation, and the Appraisal District is required by the Property Tax Code to act on each claimant's right to the designation individually. If a claimant receives the designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including such taxes for a period of three (3) years for agricultural use and five (5) years for timberland or open space land prior to the loss of the designation. As of Tax Year 2025, approximately 142.222 acres within the District, all of which was owned by the Developers, qualified for the agricultural exemption under the Property Tax Code.

Tax Abatement

Kaufman County may designate all or part of the District as a reinvestment zone, and the District and Kaufman County may thereafter enter into tax abatement agreements with the owners of property within the zone. The tax abatement agreements may exempt from ad valorem tax, by the applicable taxing jurisdictions, and by the District, for a period of up to ten years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with a comprehensive plan. To date, none of the area within the District has been designated as a reinvestment zone.

Levy and Collection of Taxes

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

period of between 12 and 36 months (as determined by the District) when such person has not entered into another installment agreement with respect to delinquent taxes with the District in the preceding 24 months.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property against which the tax is levied. In addition, on January 1, of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of other such taxing units. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt and Taxes." A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien. Further, personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalties, and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both except as described above under "Levy and Collection of Taxes." In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, or by taxpayer redemption rights (a taxpayer may redeem property that is a residence homestead or was designated for agricultural use within two (2) years after the deed issued at foreclosure is filed of record and all other property within six (6) months after the deed issued at foreclosure is filed of record) or by bankruptcy proceedings which restrict the collection of taxpayer debt. The District's ability to foreclose its tax lien or collect penalties and interest may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act 12 U.S.C. 1825, as amended. Generally, the District's tax lien and a federal tax lien are on par with the ultimate priority being determined by applicable federal law. See "RISK FACTORS—Tax Collections Limitations and Foreclosure Remedies."

LEGAL MATTERS

Legal Opinions

The District will furnish to the Initial Purchaser a transcript of certain certified proceedings incident to the issuance and authorization of the Bonds, including a certified copy of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Attorney General has examined a transcript of proceedings authorizing the issuance of the Bonds, and that based upon such examination, the Bonds are valid and binding obligations of the District payable from the proceeds of an annual ad valorem tax, levied without legal limitation as to rate or amount, upon all taxable property within the District. The District will also furnish the approving legal opinion of Winstead PC, Dallas, Texas, Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding obligations of the District under the Constitution and laws of the State of Texas, except to the extent that enforcement of the rights and remedies of the Registered Owners of the Bonds may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. The legal opinion of Bond Counsel will further state that the Bonds are payable, both as to principal and interest, from the levy of ad valorem taxes, without legal limitation as to rate or amount, upon all taxable property within the District. Certain legal matters will be passed upon for the District by its Disclosure Counsel, McCall, Parkhurst & Horton L.L.P., Dallas, Texas.

The District will also furnish the legal opinion of Bond Counsel to the District to the effect that interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes under existing law, subject to the matters discussed below under "TAX MATTERS," including the alternative minimum tax on corporations.

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

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Legal Review

In its capacity as Bond Counsel, Winstead PC, has reviewed the information appearing in this Preliminary Official Statement under the captioned sections “THE BONDS,” “MANAGEMENT OF THE DISTRICT—District Consultants—Bond and General Counsel,” “TAXING PROCEDURES,” “LEGAL MATTERS (insofar as it relates to the opinion of Bond Counsel),” “TAX MATTERS” and “CONTINUING DISCLOSURE OF INFORMATION (except for the subheading “Compliance with Prior Undertakings”)” solely to determine whether such information fairly summarizes the law referred to therein. In its capacity as General Counsel to the District, Winstead PC has reviewed the information appearing in this Official Statement under the captioned sections “THE BONDS—Annexation,” “—Consolidation,” “THE DISTRICT—General,” “THE WATER, WASTEWATER AND DRAINAGE SYSTEM” and “THE ROAD SYSTEM” solely to determine whether such sections fairly summarize the matters contained therein. Such firm has not independently verified factual information contained in this Official Statement, nor has such firm conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Preliminary Official Statement. No person is entitled to rely upon such firms’ limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of any of the other information contained herein.

TAX MATTERS

Opinion

Winstead PC, Dallas, Texas, Bond Counsel will render its opinion that, under existing law, and assuming compliance with certain covenants and the accuracy of certain representations, discussed below, interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of preference for purposes of the alternative minimum tax; however, such interest is taken into account in determining the “annual adjusted financial statement income” (as defined in section 56A of the Code) of “applicable corporations” (as defined in section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations. See APPENDIX C – Form of Bond Counsel’s Opinion.

Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) establishes certain requirements that must be met at and subsequent to the issuance of the Bonds in order for interest on the Bonds to be and remain excludable from federal gross income. Included among these continuing requirements are certain restrictions and prohibitions on the use of bond proceeds, yield and other restrictions on the investment of gross proceeds and other amounts, and the arbitrage rebate requirement that certain earnings on gross proceeds be rebated to the federal government. Failure to comply with these continuing requirements may cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to the date of their issuance. The District has covenanted to comply with certain procedures, and has made certain representations and certifications designed to assure compliance with these Code requirements. In rendering its opinion, Bond Counsel will rely on these covenants, on representations and certifications of the District relating to matters solely within its knowledge (which Bond Counsel has not independently verified), and will assume continuing compliance by the District.

The statutes, regulations, published rulings, and court decisions on which Bond Counsel has based its opinion are subject to change by Congress, as well as to subsequent judicial and administrative interpretation by courts and the Internal Revenue Service (the “Service”). No assurance can be given that such law or its interpretation will not change in a manner that would adversely affect the tax treatment of receipt or accrual of interest on, or the acquisition, ownership, market value, or disposition of, the Bonds. No ruling concerning the tax treatment of the Bonds has been sought from the Service, and the opinion of Bond Counsel is not binding on the Service. The Service has an ongoing audit program of tax-exempt obligations to determine whether, in the Service’s view, interest on such tax-exempt obligations is excludable from gross income for federal income tax purposes. No assurance can be given regarding whether or not the Service will commence an audit of the Bonds. If such an audit were to be commenced, under current procedures, the Service would treat the District as the taxpayer, and owners of the Bonds would have no right to participate in the audit process. In this regard, in responding to or defending an audit with respect to the Bonds, the District might have different or conflicting interests from those of the owners of the Bonds.

An “applicable corporation” (as defined in section 59(k) of the Code) may be subject to a 15% alternative minimum tax imposed under section 55 of the Code on its “adjusted financial statement income” (as defined in section 56A of the Code) for such taxable year. Because interest on tax-exempt obligations, such as the Bonds, is included in a corporation’s “adjusted financial statement income,” ownership of the Bonds could subject a corporation to alternative minimum tax consequences.

In rendering the foregoing opinions, Bond Counsel will rely upon the representations and certifications of the District made in a certificate dated the date of delivery of the Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance with the provisions of the Bond Order subsequent to the issuance of the Bonds. The Bond Order contains covenants by the District with respect to, among other matters, the use of the proceeds of the Bonds, the manner in which the proceeds of the Bonds are to be invested, the reporting of certain information to the United

States Treasury, and rebating any arbitrage profits to the United States Treasury. Failure to comply with any of these covenants would cause interest on the Bonds to be includable in the gross income of the owners thereof from date of the issuance of the Bonds.

The opinions set forth above are based on existing law and Bond Counsel's knowledge of relevant facts on the date of issuance of the Bonds. Such opinions are an expression of professional judgment and are not a guarantee of result. Except as stated above, Bond Counsel expresses no opinion regarding any other federal, state, or local tax consequences under current law or proposed legislation resulting from the receipt or accrual of interest on, or the acquisition, ownership, or disposition of, the Bonds. Further, Bond Counsel assumes no obligation to update or supplement its opinions to reflect any facts or circumstances that may come to its attention or any changes in law that may occur after the issuance date of the Bonds. In addition, Bond Counsel has not undertaken to advise in the future whether any events occurring after the issuance date of the Bonds may affect the tax-exempt status of interest on the Bonds.

Original Issue Discount

Certain of the Bonds (the "Discount Bonds") may be offered and sold to the public at an "original issue discount" ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of such Bonds. In general, the issue price of Discount Bonds is the first price at which a substantial amount of Discount Bonds of the same maturity are sold to the public (other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers).

For federal income tax purposes, OID accrues to the owner of a Discount Bond over such Discount Bond's period to maturity based on the constant interest rate method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). Bond Counsel is of the opinion that the portion of OID that accrues during the ownership period of a Discount Bond (i) is interest excludable from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as is other interest on the Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, sale, or other disposition of that Discount Bond. OID may be treated as continuing to accrue even if payment of the Discount Bonds becomes doubtful in the event that the District encounters financial difficulties, and it is treated as interest earned by cash-basis owners, even though no cash corresponding to the accrual is received in the year of accrual. An owner's adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Bond.

The federal income tax consequences of the acquisition, ownership, redemption, sale, or other disposition of Discount Bonds not purchased in the initial offering at the initial offering price may be determined according to rules different from those described above. Owners of such Discount Bonds should consult their tax advisors regarding the federal, state, and local income tax treatment and consequences of acquisition, ownership, redemption, sale, or other disposition of such Discount Bonds.

Original Issue Premium

Certain maturities of the Bonds (the "Premium Bonds") may be offered and sold to the public at prices greater than their stated redemption prices (the principal amount) payable at maturity ("Bond Premium"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Collateral Tax Consequences Summary

The following discussion is a brief discussion of certain collateral federal income tax consequences resulting from the purchase, ownership, or disposition of the Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Bond. This discussion is based on existing statutes, regulations, published rulings, and court decisions, all of which are subject to change or modification, retroactively. Prospective investors should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such

as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. PROSPECTIVE INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP, AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Under Section 6012 of the Code, owners of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of tax exempt obligation, such as the Bonds, if such obligation was acquired at a “market discount” and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to “market discount bonds” to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A “market discount bond” is one which is acquired by the owner at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the “revised issue price” (i.e., the issue price plus accrued original issue discount). The “accrued market discount” is the amount which bears the same ratio of the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

State, Local and Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership, or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

Changes in Law

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law or otherwise prevent Owners of the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Bonds.

NO-LITIGATION CERTIFICATE

With the delivery of the Bonds, the authorized members of the Board will, on behalf of the District, execute and deliver to the Initial Purchaser a certificate dated as of the date of delivery, to the effect that no litigation of any nature of which the District has notice is pending against or, to the knowledge of the District’s certifying officers, threatened against the District, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the authorization, execution or delivery of the Bonds; affecting the provision made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the authorization, execution or delivery of the Bonds; or affecting the validity of the Bonds, the corporate existence or boundaries of the District or the title of the then present officers and supervisors of the Board.

NO MATERIAL ADVERSE CHANGE

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

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

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

Municipal Advisor

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

Consultants

Appraisal District: The information contained in this Official Statement relating to the breakdown of the District's historical assessed value and principal taxpayers, including particularly such information contained in the section entitled "TAX DATA" has been provided by the Kaufman Central Appraisal District and is included herein in reliance upon the authority of such acting as an expert in assessing property values and collecting taxes.

Engineer: The information contained in this Official Statement relating to engineering and to the description of the District's road system and water and wastewater system and, in particular that information included in the sections entitled "THE DISTRICT," "THE ROAD SYSTEM," and "THE WATER, WASTEWATER AND DRAINAGE SYSTEM" has been provided by Barraza Consulting Group, LLC and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

Bookkeeper: The information related to the "unaudited" summary of the District's General Operating Fund as it appears in Appendix A has been provided by Dye and Toverly, LLC and is included herein in reliance upon the authority of such company as experts in the tracking and managing the various funds of municipal utility districts.

Auditor: The District engaged McCall Gibson Swedlund Barfoot Ellis PLLC, Certified Public Accountants, to prepare the District's audited financial statements for the year ended June 30, 2025.

Updating the Official Statement

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

Certification of Official Statement

The District, acting through its Board in its official capacity, hereby certifies, as of the date hereof, that the information, statements, and descriptions or any addenda, supplement and amendment thereto pertaining to the District and its affairs

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

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board ("MSRB") pursuant to its Electronic Municipal Market Access System ("EMMA"). This information will be available to securities brokers and others through the MSRB at www.emma.msrb.org.

Annual Reports

The District will provide certain financial information and operating data annually. The financial information and operating data which will be provided is found in the sections titled "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)" (except the information under the heading "-- Estimated Overlapping Debt and Taxes"), "TAX DATA" and "APPENDIX A – Annual Financial Report of the District for the year ended 2025." The District will update and provide this information within six (6) months after the end of each fiscal year ending in and after 2026. The District will provide the updated information to the MSRB in electronic format, which will be available to the public free of charge via the EMMA system at www.emma.msrb.org. To facilitate the District's ability to provide financial information and operating data, the Developer has agreed to provide information needed by the District to comply with the Rule.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Website or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by the Rule. The updated information will include audited financial statements. If audited financial statements are not available by the required time, the District will provide unaudited financial information by the required time and will provide audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles the District may be required to employ from time to time pursuant to State law or regulation.

The District's fiscal year end is June 30. Accordingly, audited financial statements must be provided by December 31 of each year (or unaudited financial statements if audited financial statements are not available), unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Specified Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District; (13) consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of an definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material, and (15) incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the

District, any of which reflect financial difficulties. The term “material” when used in this paragraph shall have the meaning ascribed to it under federal securities laws. The term “financial obligation” when used in this paragraph shall have the meaning ascribed to it under federal securities laws including meaning a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term “financial obligation” does not include municipal securities for which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under Annual Reports.

Availability of Information from the MSRB

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

Limitations and Amendments

The District has agreed to update information and to provide notices of specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders and beneficial owners of the Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

The District may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or operations of the District, but only if the agreement, as amended, would have permitted an Initial Purchaser to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments and interpretations of the Rule to the date of such amendment, as well as changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent or any person unaffiliated with the District (such as a nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Bonds. The District may also amend or repeal the agreement if the United States Securities and Exchange Commission amends or repeals the applicable provisions of such Rule or a court of final jurisdiction determines that such provisions are invalid but in either case, only to the extent that its right to do so would not prevent the Initial Purchaser from lawfully purchasing the Bonds in the offering described herein. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under “Annual Reports” an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Undertakings

The District has been in compliance in all material aspects with its previous continuing disclosure undertakings, except that the District’s fiscal year end filings for 2022 and 2023 did not contain financial information with respect to the Developers of the type included in Appendix C to the Official Statement for the District’s Unlimited Tax Road Bonds, Series 2022.

(Continues on following page)

MISCELLANEOUS

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

This Official Statement was approved by the Board of Supervisors of Walden Pond Fresh Water Supply District of Kaufman County, as of the date shown on the first page hereof.

/s/ _____
President, Board of Supervisors

ATTEST:

/s/ _____
Secretary, Board of Supervisors

DISTRICT LOCATION MAP



PHOTOGRAPHS OF THE DISTRICT

Photographs Taken within the District in December 2025











APPENDIX A

Annual Financial Report of the District for the year ended June 30, 2025

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

KAUFMAN COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JUNE 30, 2025

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McCall Gibson Swedlund Barfoot Ellis PLLC

Certified Public Accountants

*Chris Swedlund
Noel W. Barfoot
Joseph Ellis
Ashlee Martin*

*Mike M. McCall
(retired)
Debbie Gibson
(retired)*

INDEPENDENT AUDITOR'S REPORT

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

Opinions

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

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

Basis for Opinions

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

Change in Accounting Estimate

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

Responsibilities of Management for the Financial Statements

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

Responsibilities of Management for the Financial Statements (Continued)

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

McCall Gibson Swedlund Barfoot Ellis PLLC

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

October 16, 2025

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

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

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

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

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

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

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

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

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

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

As Restated, Note 13

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

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

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

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

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

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

GENERAL FUND BUDGETARY HIGHLIGHTS

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

CAPITAL ASSETS

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

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

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

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

LONG-TERM DEBT ACTIVITY

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

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

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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

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

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

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

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

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

Total Fund Balances - Governmental Funds	\$ 1,851,308
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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
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	42,401,241
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Governmental funds do not record a long-term liability to the Developer for completed projects and operating advances. However, in the Statement of Net Position, the liability for completed projects and operating advances is recorded.	(34,299,477)
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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.	4,283
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Accrued interest on long-term liabilities is not payable with current financial resources and, therefore, is not reported in the funds.	(372,927)
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Bonds Payable, Due Within One Year	\$ (25,000)	
Bonds Payable, Due After One Year	<u>(16,390,104)</u>	<u>(16,415,104)</u>
Total Net Position- Governmental Activities		<u>\$ (4,505,320)</u>

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

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

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

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

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

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

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

Net Change in Fund Balances - Governmental Funds	\$ 1,133,643
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	4,283
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Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(985,415)
--	-----------

Costs incurred but not payable with current financial resources are recorded as an expense in the Statement of Activities.	111,355
--	---------

Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.	10,031,323
---	------------

Governmental funds report bond discounts and premiums as other financing uses in the year paid. However, in the Statement of Net Position, the bond discounts are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.	(75,052)
---	----------

Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Assets, interest is accrued on the long-term debt through fiscal year-end.	(297,573)
---	-----------

Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Assets.	<u>(12,650,000)</u>
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Change in Net Position - Governmental Activities	<u>\$ (2,727,436)</u>
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The accompanying notes to financial
statements are an integral part of this report.

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

NOTE 1. CREATION OF DISTRICT

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Financial Statement Presentation

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

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

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

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

Government-Wide Financial Statements

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (Continued)

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

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

Basis of Accounting

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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

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

Capital Assets

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

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting

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

Pensions

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

Measurement Focus

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

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

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus

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

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

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

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

NOTE 3. LONG-TERM DEBT

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

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

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

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

NOTE 3. LONG-TERM DEBT (Continued)

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

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

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

Fiscal Year	Principal	Interest	Total
2026	\$ 25,000	\$ 895,827	\$ 920,827
2027	70,000	728,600	798,600
2028	385,000	717,025	1,102,025
2029	405,000	696,801	1,101,801
2030	420,000	675,675	1,095,675
2031-2035	2,415,000	3,027,818	5,442,818
2036-2040	3,030,000	2,409,761	5,439,761
2041-2045	3,780,000	1,677,796	5,457,796
2046-2050	4,740,000	750,279	5,490,279
2051	1,080,000	21,600	1,101,600
	<u>\$ 16,350,000</u>	<u>\$ 11,601,182</u>	<u>\$ 27,951,182</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 June 30, 2025, the District levied an ad valorem debt service tax rate of \$0.3988 per \$100 of assessed valuation, which resulted in a tax levy of \$266,196 on the adjusted taxable valuation of \$66,749,233 for the 2024 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on the bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance levy tax.

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

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

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

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

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

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

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

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

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

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments

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

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

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

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

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

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

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

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

Restrictions

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

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

NOTE 6. CAPITAL ASSETS

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

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

NOTE 7. MAINTENANCE TAX

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 10. UNREIMBURSED DEVELOPER COSTS

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

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

NOTE 10. UNREIMBURSED DEVELOPER COSTS (Continued)

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

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

NOTE 11. RISK MANAGEMENT

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

NOTE 12. BOND SALE

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

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

NOTE 13. CHANGE IN ACCOUNTING ESTIMATE

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

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

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2025

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

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

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

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

JUNE 30, 2025

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

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

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

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order approved February 6, 2025.

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

SURCHARGE:

Commission 0.5% of actual water and
Regulatory sewer bill
Assessments

District employs winter averaging for wastewater usage?

 X
Yes No

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

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

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

See accompanying independent auditor's report.

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

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered			x 1.0	
≤¾"	<u>381</u>	<u>378</u>	x 1.0	<u>378</u>
1"			x 2.5	
1½"	<u>1</u>	<u>1</u>	x 5.0	<u>5</u>
2"			x 8.0	
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	<u>382</u>	<u>379</u>		<u>383</u>
Total Wastewater Connections	<u>381</u>	<u>378</u>	x 1.0	<u>378</u>

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

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

Gallons billed to customers: 24,437,000

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

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

See accompanying independent auditor's report.

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

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

Does the District have Debt Service standby fees? Yes ☐ No ☒

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes ☒ No ☐

County or Counties in which District is located:

Kaufman County, Texas

Is the District located within a city?

Entirely ☐ Partly ☐ Not at all ☒

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

Entirely ☒ Partly ☐ Not at all ☐

ETJ's in which District is located:

City of Dallas, Texas

Are Board Members appointed by an office outside the District?

Yes ☐ No ☒

See accompanying independent auditor's report.

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

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

See accompanying independent auditor's report.

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

<u>Fund</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u> LOGIC	XXXX1003	Varies	Daily	\$ 126,804	\$ - 0 -
<u>DEBT SERVICE FUND</u> LOGIC	XXXX1002	Varies	Daily	\$ 1,115,274	\$ - 0 -
<u>CAPITAL PROJECTS FUND</u> LOGIC	XXXX1001	Varies	Daily	\$ 486,000	\$ - 0 -
TOTAL - ALL FUNDS				\$ 1,728,078	\$ - 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, 2025**

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

See accompanying independent auditor's report.

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

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

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

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

See accompanying independent auditor's report.

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

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

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

See accompanying independent auditor's report.

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

S E R I E S - 2 0 2 4 R O A D

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

See accompanying independent auditor's report.

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

S E R I E S - 2 0 2 4 A R O A D B O N D S

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

See accompanying independent auditor's report.

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

S E R I E S - 2 0 2 5 R O A D B O N D S

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

See accompanying independent auditor's report.

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

ANNUAL REQUIREMENTS
FOR ALL SERIES

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

See accompanying independent auditor's report.

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

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

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

See accompanying independent auditor's report.

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

See accompanying independent auditor's report.

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

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

See accompanying independent auditor's report.

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

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

See accompanying independent auditor's report.

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

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

District Telephone Number - (214) 745-5400

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

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

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

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

See accompanying independent auditor's report.

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

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

See accompanying independent auditor's report.

APPENDIX B

General Fund and Operating Budget of the District for the year ending June 30, 2026

The information contained in this appendix includes the Approved Budget of Walden Pond Fresh Water Supply District of Kaufman County for the fiscal year ending June 30, 2026.

RESOLUTION ADOPTING OPERATIONS BUDGET

THE STATE OF TEXAS §

COUNTY OF KAUFMAN §

BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF WALDEN POND FRESH WATER SUPPLY DISTRICT OF KAUFMAN COUNTY THAT:


WHEREAS, the Board of Supervisors of Walden Pond Fresh Water Supply District of Kaufman County (the "District") has reviewed the operating and maintenance expenses and revenues for the District for the period of July 1, 2025, through June 30, 2026, and desires to adopt an operations budget consistent therewith;

NOW THEREFORE KNOW ALL MEN BY THESE PRESENTS;

Section 1. That the Operations Budget attached hereto as Exhibit "A" is hereby adopted.

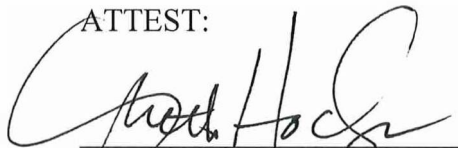
Section 2. That the Secretary of the Board of Supervisors is hereby directed to file a copy of this Resolution Adopting Operations Budget in the official records of the District.

ADOPTED this 24th day of July, 2025.



Linda Patman
President, Board of Supervisors

ATTEST:



Yvette Hodges
Secretary, Board of Supervisors



EXHIBIT "A"

(Operating Budget)

Walden Pond FWSD
General Operating Budget
 July 2025 through June 2026

	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	2026 Total Budget	2025 Budget	2026 to 2025 Difference
Ordinary Revenue/Expense															
Revenue															
Property Tax Revenue	-	-	-	-	38,135	305,081	305,081	76,270	38,135	-	-	-	762,703	325,471	437,232
Penalty Revenue	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	13,200	1,200	12,000
Water Revenue	18,920	18,920	18,920	18,920	18,920	18,920	18,920	18,920	18,920	18,920	18,920	18,920	227,042	117,112	109,930
Sewer Revenue	21,977	22,087	22,197	22,307	22,418	22,528	22,638	22,748	22,859	22,969	23,079	23,189	270,995	89,107	181,887
TCEQ Revenue	2,045	2,050	2,056	2,061	2,067	2,072	2,078	2,083	2,089	2,094	2,100	2,105	24,902	10,311	14,591
Basic Svc (Police/Trash)	25,864	25,993	26,123	26,253	26,383	26,512	26,642	26,772	26,902	27,031	27,161	27,291	318,926	495,638	(176,713)
Transfer Fee	50	50	50	50	50	50	50	50	50	50	50	50	600	-	600
Service Initiation Fee	300	300	300	300	300	300	300	300	300	300	300	300	3,600	-	3,600
Misc Revenue	850	850	850	850	850	850	850	850	850	850	850	850	10,200	-	10,200
Builder Damages	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Revenue	150	150	150	150	150	150	150	150	150	150	150	150	1,800	600	1,200
Total Revenue	71,255	71,501	71,746	71,992	110,372	377,564	377,809	149,244	111,354	73,465	73,710	73,956	1,633,967	1,039,440	594,527
Expense															
Bank Charges	45	45	45	45	45	45	45	45	45	45	45	45	540	60	480
Police Services	51,351	-	-	51,351	-	-	51,351	-	-	51,351	-	-	205,404	48,632	156,772
Trash Services	9,652	9,700	9,749	9,797	9,845	9,894	9,942	9,991	10,039	10,088	10,136	10,184	119,016	51,067	67,950
K1-A Water - Cost Share	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	12,360	12,000	360
Water	13,186	13,252	13,318	13,384	13,451	13,517	13,583	13,649	13,715	13,781	13,847	13,914	162,597	197,472	(34,875)
Sewer	4,841	4,865	4,890	4,914	4,938	4,963	4,987	5,011	5,035	5,060	5,084	5,108	59,696	215,522	(155,826)
TCEQ	-	-	-	-	-	-	24,902	-	-	-	-	-	24,902	8,300	16,602
Accounting	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	33,600	33,000	600
Auditing	-	-	11,500	4,500	-	-	-	-	-	-	-	-	16,000	13,500	2,500
Annual Disclosure	-	-	-	-	-	-	-	-	2,500	-	-	-	2,500	750	1,750
Director's Fees	865	865	865	865	865	865	865	865	865	865	865	865	10,380	10,380	-
Engineering	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	40,000	-	40,000
Insurance	-	-	-	-	-	5,000	-	-	-	-	-	-	5,000	5,000	-
Publications	-	-	-	300	-	-	-	-	-	-	-	-	300	300	-
Electric - Street Lights	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	13,200	9,300	3,900
Legal	11,667	11,667	11,667	11,667	11,667	11,667	11,667	11,667	11,667	11,667	11,667	11,667	140,000	98,400	41,600

Walden Pond FWSD
General Operating Budget
 July 2025 through June 2026

	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	2026 Total Budget	2025 Budget	2026 to 2025 Difference
Operator Expense	5,115	5,115	5,115	5,115	5,115	5,115	5,115	5,115	5,115	5,115	5,115	5,115	61,381	54,360	7,021
Maintenance Expense	13,345	13,345	13,345	13,345	13,345	13,345	13,345	13,345	13,345	13,345	13,345	13,345	160,143	90,000	70,143
Office Supplies	-	-	-	-	-	177	-	-	-	-	-	-	177	150	27
Total Expense	118,330	67,118	78,757	123,547	67,534	72,850	144,065	67,951	70,590	119,580	68,368	68,506	1,067,196	848,193	219,003
Net Ordinary Revenue	(47,075)	4,383	(7,011)	(51,555)	42,838	304,713	233,744	81,293	40,764	(46,115)	5,343	5,449	566,771	191,247	375,524
Other Revenue/Expense															
Other Revenue															
Inspections Revenue	900	900	900	900	900	900	900	900	900	900	900	900	10,800	108,000	(97,200)
Meter Revenue	3,786	3,786	3,786	3,786	3,786	3,786	3,786	3,786	3,786	3,786	3,786	3,786	45,433	153,000	(107,567)
Total Other Revenue	4,686	4,686	4,686	4,686	4,686	4,686	4,686	4,686	4,686	4,686	4,686	4,686	56,233	261,000	(204,767)
Other Expense															
Inspections	900	900	900	900	900	900	900	900	900	900	900	900	10,800	108,000	(97,200)
Meter Installation	3,786	3,786	3,786	3,786	3,786	3,786	3,786	3,786	3,786	3,786	3,786	3,786	45,433	153,000	(107,567)
Total Other Expense	4,686	4,686	4,686	4,686	4,686	4,686	4,686	4,686	4,686	4,686	4,686	4,686	56,233	261,000	(204,767)
Net Other Revenue	-	-	-	-	19,839	-	-	-	-	-	-	-	19,839	-	19,839
Net Revenue	(47,075)	4,383	(7,011)	(51,555)	62,677	304,713	233,744	81,293	40,764	(46,115)	5,343	5,449	586,610	191,247	395,363

*Property tax revenue based on O&M rate of \$0.4144 with a 98.5% collections rate.

APPENDIX C

Form of Bond Counsel's Opinion

An opinion in substantially the following form will be delivered by Winstead PC, Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.

January 15, 2026

**WALDEN POND FRESH WATER SUPPLY DISTRICT OF KAUFMAN COUNTY
UNLIMITED TAX ROAD BONDS, SERIES 2026
IN THE ORIGINAL PRINCIPAL AMOUNT OF \$16,240,000***

Ladies and Gentlemen:

We have acted as “Bond Counsel” to Walden Pond Fresh Water Supply District of Kaufman County (the “District”) in connection with the issuance of the bonds described above (the “Bonds”) for the sole purpose of providing legal advice and traditional legal services to the District including rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas and with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data, or other material, but we have relied solely upon the transcript of certified proceedings, certifications, and other documents described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the District or the disclosure thereof in connection with the sale of the Bonds or with respect to the sufficiency of security or marketability of the Bonds. We have relied solely on information and certifications furnished to us by the District with respect to the current outstanding indebtedness of, and assessed valuation of taxable property within, the District.

In our capacity as Bond Counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Bonds that contains certified copies of certain proceedings of the Board of Supervisors of the District (the “Board”); an order of the Board authorizing the Bonds adopted on December 16, 2025 (the “Order”); the Official Notice of Sale; the awarded bid; the approving opinion of the Attorney General of the State of Texas; customary certificates of officers, agents, and representatives of the District (including a “Federal Tax Certificate”), and other public officials; and other documents relating to the issuance of the Bonds. In such examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the truth and accuracy of the statements contained in such certificates. We have also examined applicable provisions of the Internal Revenue Code of 1986, as amended (the “Code”), court decisions, Treasury Regulations, and published rulings of the Internal Revenue Service (the “Service”) as we have deemed relevant. We have examined executed Bond No. T-1.

Based on said examination and in accordance with customary legal opinion practice, it is our opinion that:

1. The District is a validly existing political subdivision of the State of Texas with power to adopt the Order, perform its agreements therein, and issue the Bonds.
2. The Bonds have been authorized, sold, and delivered in accordance with law.

* Preliminary, subject to change.

3. The Bonds constitute valid and legally binding obligations of the District enforceable in accordance with their terms except as the enforceability thereof may be limited by principles of sovereign immunity, bankruptcy, insolvency, reorganization, moratorium, liquidation, and other similar laws now or hereafter enacted relating to creditors' rights generally.

4. Ad valorem taxes, without legal limitation as to rate or amount, upon all taxable property within the District, necessary to pay the interest on and principal of the Bonds, have been pledged irrevocably for such purpose.

5. Interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Code and is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest may be taken into account in determining the "annual adjusted financial statement income" (as defined in section 56A of the Code) of "applicable corporations" (as defined in Section 56(k) of the Code) for the purpose of computing alternative minimum tax imposed on corporations.

We call your attention to the fact that the ownership of obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, property and casualty insurance companies, life insurance companies, certain foreign corporations doing business in the United States, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust, certain S corporations with Subchapter C earnings and profits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred expenses allocable to, tax-exempt obligations.

The Service has an ongoing audit program to determine compliance with rules relating to whether interest on state or local obligations is excludable from gross income for federal income tax purposes. No assurance can be given regarding whether or not the Service will commence an audit of the Bonds. If such an audit is commenced, under current procedures, the Service would treat the District as the taxpayer, and owners of the Bonds would have no right to participate in the audit process. We observe that the District has covenanted not to take any action, or omit to take any action within its control, that, if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

In rendering these opinions, we have relied upon representations and certifications of the District, the District's financial advisor, and the initial purchaser of the Bonds with respect to matters solely within the knowledge of such parties, respectively, which we have not independently verified, and we assume continuing compliance by the District with covenants pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. If such representations and certifications are determined to be inaccurate or incomplete, or the District fails to comply with the foregoing covenants, interest on the Bonds could become includable in gross income retroactively to the date of issuance of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, we express no opinion as to any other federal, state, or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on or the acquisition, ownership, or disposition of the Bonds.

The opinions set forth above are based on existing laws of the United States (including statutes, regulations, published rulings, and court decisions) and the State of Texas, which are subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to

update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent our legal judgment based on our review of existing law, and are made in reliance on the representations and covenants referenced above that we deem relevant to such opinions.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement relating to the Bonds, the sufficiency of the security for, or the marketability of the Bonds.

This legal opinion expresses the professional judgment of this firm as to the legal issues explicitly addressed therein and is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. In rendering a legal opinion, we do not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of our opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Respectfully submitted,